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('Genus' or 'the Company')

Preliminary Results for the year ended 30 June 2011

Genus, a leading global animal genetics company, announces its preliminary results for the year ended 30 June 2011.

Adjusted Results				**Constant**
	Actual Currency			**Currency+**
Year ended 30 June	**2011**	**2010**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	309.9	285.3	9	9
Operating profit*	42.2	39.9	6	7
Operating profit inc JVs*	45.3	42.2	7	8
Profit before tax*	39.0	32.9	19	19
Basic earnings per share (p)*	44.8	36.7	22	23

Statutory Results

Year ended 30 June	**2011**	**2010**	
	£m	**£m**	**%**
Revenue	309.9	285.3	9
Operating profit	44.8	47.0	(5)
Profit before tax	40.8	40.8	-
Earnings per share (p)	49.0	46.3	6
Dividend per share (p)	13.3	12.1	10

* Adjusted operating profit, adjusted profit before tax and adjusted basic earnings per share are before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items. These are the measures used by the Board to monitor underlying performance.

+ Constant currency percentage movements are calculated by restating 2011 results at the exchange rates applied in 2010.

HIGHLIGHTS

- Record results with strong growth in sales and adjusted profits as recovery in agricultural markets continued

- Adjusted operating profit including joint ventures up 7% to £45.3m:
  - Bovine volumes up 11% and porcine volumes up 6%
  - North America and Latin America led recovery with double digit profit increases
  - Strategic investment in research and development increased by 8% to £25.3m

- Adjusted profit before tax up 19% to £39.0m and earnings per share up 22% to 44.8 pence

- Improved cash generation
  - £17.0m cash inflow before £7.0m swap settlement cost
  - Net debt reduced to £67.9m (2010: £80.0m)

- Good strategic progress in developing markets:
  - Regional management strengthened in Far East and Latin America
  - Bovine stud acquired in Russia became operational in August 2011
  - Production and marketing of locally produced semen started in India with encouraging initial sales

- Recommended dividend increase of 10% to 13.3 pence per share to be paid in November. Board expects to declare an interim dividend for the first time commencing in 2012

- Statutory profit before tax in line with last year because of a smaller increase in the net IAS 41 valuation movement of biological assets, higher share-based payment expense and reduced exceptional gains

Richard Wood, Chief Executive, commented:-

'In this my final year as Chief executive, I am pleased to report record results with adjusted pre-tax profits up 19%.

In addition, good progress has been made in laying the foundations to realise the growth potential in developing markets particularly in Russia, India and China. This together with our global footprint and market leading genetics leave the Group exceptionally well placed to continue its growth in the years ahead.'

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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.

With headquarters in Basingstoke, England, Genus companies operate in thirty countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

GROUP PERFORMANCE

Genus achieved a strong performance in the year to 30 June 2011, delivering record results with revenue up 9% to £309.9m and adjusted profit before tax increasing by 19% to £39.0m.

The recovery in global agricultural markets that began to improve the genetics market in the first half of this year continued to progress. This led to improved demand for genetics from our customers, especially in Latin America and the USA. Genus achieved good volume growth in those markets but the Far East porcine market remained depressed until the final quarter and the European porcine market is yet to recover.

With the benefit of the improved trading and reduced capital expenditure, the cash inflow for the year was £10.0m and this reduced net debt to below £70m.

Results

Revenue for the year of £309.9m was up 9%. The increase was driven principally by growth in sales in both North America and Latin America. Growth was particularly noticeable in the porcine business where sales of breeding animals grew strongly.

Adjusted operating profit, including the contribution from joint ventures, increased by 7% to £45.3m. North America and Latin America both recorded double digit profit growth, due to the strength of the market recovery and, in Latin America, underlying market growth. The porcine operations performed particularly well delivering 8% volume growth. In Europe where the market was more fragile, bovine performed robustly. However the region's profits were held back by the depressed state of the European pig market which is also suffering from the increased cost and uncertainty associated with imminent environmental and welfare legislation. This resulted in lower demand for porcine breeding animals. The Far East profitability was at a similar level to last year. The Chinese pig market was depressed until the final quarter because of widespread outbreaks of disease but has recovered and is now strong. The region made good progress in bovines with volumes well up, particularly in China.

We increased investment in Research and Development by 8% to drive further progress in product development

activities to meet projected future demand and to enhance genetic progress.

Finance costs were reduced by £3.0m to £6.3m. Pension interest and bank interest costs reduced, with the latter benefitting from a tighter control of working capital and improved cash generation from trading.

The increased adjusted operating profit and lower finance costs combined to produce a 19% increase in adjusted profit before tax to £39.0m. Exchange movements had a minimal effect in the year with profit before tax up 19% at constant currency.

As explained in the Financial Review, the statutory operating profit of £44.8m was 5% lower than last year (2010: £47.0m). This result is struck after non-recurring exceptional items and certain non-cash items, particularly the net IAS 41 valuation movement in biological assets. The nature and volatility of these items do not properly reflect the underlying performance of the business. It is for this reason that we report externally and use internally adjusted profit to measure performance. Statutory profit before tax was £40.8m (2010: £40.8m) after the benefit of reduced interest charges. Statutory earnings per share rose 6% to 49.0 pence per share (2010: 46.3 pence).

Markets

The improvement in agricultural markets that began in the second half of last year continued during the year. The North American and Latin American markets were the first to recover. Pig prices rose sufficiently to restore profitability to pig producers despite a 40% increase in feed costs during the year.

In the dairy sector, milk prices rose across both North and Latin America. In the USA, prices reached levels at which farmers became profitable after an 18 month period of being loss making.

In Europe, the increase in pig prices was insufficient to offset the higher feed costs so pig production remained unprofitable.

Disease outbreaks in a number of porcine markets in the Far East delayed recovery until the final quarter when shortages in production led to a firming of prices and farmers returned to updating the genetics in their herds.

Thus, for all markets other than European pigs, producers are operating profitably and are returning to investing in the genetics for their herds.

Strategy

The programme to expand product development and increase production capacity by 30% was successfully completed in the first half of this financial year. This new capacity is helping to maintain and grow our product lead. It is also providing the capacity necessary to meet rising demand both in our established markets and to open up developing markets, particularly Russia, India and China.

A key plank of the Group's strategy is to capture growth in these fast growing developing markets. Our objective is that the Far East and Latin America regions should grow within five years to become 40% of earnings from their current 31%. Good progress has been made in laying the foundations to achieve this growth.

We have strengthened the management teams in both the Far East and Latin America. New regional managers were appointed to an enlarged Far East region that now includes Russia and to oversee operations in the equally important Latin American market. We also recruited a new managing director for China in view of the strong growth envisaged for that market.

We have also progressed our plans to increase sales of domestically produced product in Russia, India and China. A newly acquired stud in Russia has been stocked with bulls from the USA and became operational in August 2011. We commenced the sale of locally produced semen in India. In China, we have increased to 48 the number of Australian sourced progeny-tested bulls available to support growth in that fast developing market. We have also expanded our porcine operation in China, albeit at a slower pace than originally planned because of the temporarily depressed prospects there.

These steps have enabled us to achieve a 9% sales increase in the RIC countries and leave us well placed to benefit from further growth in these markets.

Dividend

The Board is recommending an increase in the final dividend for the year ended 30 June 2011 of 10% to 13.3 pence per share. Subject to shareholder approval at the Company's Annual General Meeting to be held on 10th November 2011, this dividend will be paid on 25 November 2011 to shareholders on the register at the close of business on 11 November 2011.

As the Group has now completed its major investment programme to expand its product development and production facilities and has returned to being strongly cash generative, the Board has reviewed its dividend policy. It has concluded that it will introduce an interim dividend. As a result, the final dividend for the year just ended is being brought forward from January 2012 to November 2011, and the Board expects to pay an interim dividend in April 2012 of approximately one third of the total dividend for the year.

Board

Following an extensive external search, Karim Bitar has been appointed to the Board with effect from 1 September 2011 and will become Chief Executive on Richard Wood's retirement on 30 September 2011.

Karim, a biochemist by training, has an outstanding reputation for delivering international growth with market-leading pharmaceutical products, and the Board believes that his extensive experience combined with his commitment and enthusiasm for innovation will provide further impetus to Genus' development.

Richard has led Genus as Chief Executive for over 14 years. During this period Genus has been transformed from a small UK operation into a truly global business with growth driven by its in-house research and development and worldwide distribution. The Board, on its behalf and on behalf of shareholders, would like to thank Richard for the huge commitment and contribution that he has made to Genus and wish him a long and enjoyable retirement.

Outlook

Despite the current economic uncertainties, by the end of Genus' financial year, most global agricultural markets were considerably more favourable than a year ago and we expect these market conditions to continue.

In July, US bovine sales were reduced by a heat wave in some states but this was offset by a much improved performance in our porcine business across the Far East. Overall trading has been in line with our expectations and we look forward confidently to another year of good growth.

REVIEW OF OPERATIONS

North America

	Actual Currency			Constant Currency
	2011	2010	Movement	Movement
	£m	£m	%	%
Revenue	114.5	103.0	11	13
Adjusted operating profit	35.3	30.9	14	15
Adjusted operating margin	31%	30%		

Revenue rose 11% to £114.5m and operating profit increased by 14%. The improvement in profit was driven by strong sales growth in porcine and improved margins and tight cost control in bovine.

Market conditions in porcine improved considerably during the year. As a result, despite higher feed costs, producer profitability was restored and this led to increased sales of Genus' breeding animals as customers returned to updating the genetics in their herds. A number of new accounts were won and increased business was achieved with existing customers. This resulted in an improved market share, up from 33% to 35% with more than 50% of the pigs in the US market now containing Genus genetics. In addition, increased sales of enhanced genetics under the recently introduced "CBVPlus" programme increased royalties and improved margins on existing accounts.

In bovine, milk prices improved gradually during the year and enabled farmers to return to profitability towards the end of the year. Bovine volumes were down 2% but this was entirely due to a few accounts being lost last year in Western California following a change in sales management in the area. Early in the year, a further $2.5m of annualised cost savings were implemented and the sales organisation reconfigured. The resultant tighter sales management enabled the business to stabilise volumes and improve average selling prices. These steps resulted in a strong increase in profits for the year and the business being well positioned for the year ahead.

Latin America

	Actual Currency			Constant Currency
	2011	2010	Movement	Movement
	£m	£m	%	%
Revenue	47.0	38.6	22	21
Adjusted operating profit exc JV	13.5	12.4	9	7
Adjusted operating profit inc JV	16.3	14.5	12	11
Adjusted operating margin exc JV	29%	32%		

Latin America achieved another record year with growth in revenue of 22% and profits up 12% including the

contribution from the joint venture in Brazil.

We continued to invest in expanding our presence in this fast growing region. A new general manager was appointed to oversee both the bovine and porcine activities. This is enabling the two sectors to operate together more effectively as they grow. For example, key account management for porcine customers is now being handled across the region in one structure with technical services unified across the Americas. As a result, we are using our strongest people to manage key accounts regardless of location.

In buoyant markets, bovine semen sales grew by 17%. Argentina performed particularly well achieving sales growth of 25%. Market share also improved in Mexico and Uruguay. More customers were converted to using reproductive management services (RMS). This increases customer loyalty and was a contributory factor in achieving improved average selling prices. A new business unit was opened in Colombia, the third largest cattle market in Latin America, and has made an encouraging start.

In porcine, the sale of breeding animals was strong as the improved market encouraged customers to update the genetics in their herds. Mexico and Chile both increased market share and important contracts were renewed at improved royalty rates. During the year, a new genetic transfer centre in Mexico containing 400 boars was completed. This is the largest and most modern of its kind in Latin America.

The joint venture in Brazil also had a good year benefitting especially from strong pig prices in the first half of the year. Progress has been made in converting customer royalty contracts from revenue based to volume based royalties.

Europe	**Actual Currency**			**Constant Currency**
	2011	**2010**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	113.3	112.9	-	2
Adjusted operating profit	18.4	19.0	(3)	(3)
Adjusted operating margin	16%	17%		

Performance in Europe was held back by the difficult trading conditions in porcine and this resulted in profits being marginally lower at £18.4m.

With rising milk prices across Europe, Genus' dairy semen revenues increased. Volume rose 10%, aided by strong growth in certain distributor markets including Turkey and Saudi Arabia. In the higher margin French market, volume rose strongly and profitability benefited from an improved mix. Profit in Italy also improved because of an improvement in the ranking of the bulls in the local stud. In the UK market, volume rose more modestly underpinned by good growth in RMS sales. Overall, bovine profitability edged ahead, although net margins were reduced by higher distribution costs, particularly in the UK as fuel and other prices rose steeply.

In porcine, poor market conditions across Europe and concerns over 2013 welfare compliance have led to weak demand and, as a result, sales of breeding animals were lower. Despite this, several markets, including the UK and distributors, performed well. However, elsewhere volumes fell and overall sales were down 4%. Profits in Genus' small farming operations in the Czech Republic, Poland and Romania were also lower. Cost reductions were implemented including the closure of the Kingston office in the UK. With the expectation of only gradual improvements in the market in the short term, plans are being developed for further productivity improvements.

Far East

	Actual Currency			Constant Currency
	2011	2010	Movement	Movement
	£m	£m	%	%
Revenue	35.9	32.1	12	5
Adjusted operating profit exc JV	7.4	8.0	(8)	(6)
Adjusted operating profit inc JV	7.7	8.1	(5)	(4)
Adjusted operating margin exc JV	21%	25%		

Good progress was made in pursuing the growth strategy for the region. However, financial performance was held back by poor market conditions in the first half of the year particularly in the porcine business in China, Korea and Vietnam.

The management team was strengthened by the appointment of a new regional manager and the establishment of a regional office with support functions in Shanghai. In addition, in recognition of the growing importance of our business in China, a new country manager was recruited for this business.

In bovine, we established local production in Russia and India and extended the number of stud animals in China. In Russia, a new stud was acquired and has been refurbished to Genus' standards. The stud became operational in August 2011. In India, we entered into a commercial agreement with Chitale Dairies to establish a bull stud in the South West. This has enabled the marketing of semen from locally sourced bulls. A further 17 bulls have been shipped from Australia to China to bring the total number of progeny-tested bulls available for production in China to 48. The above initiatives have driven strong volume growth of 29% across the region.

Sales increased in porcine as the additional capacity from our new farms in China came on stream. However, profitability in the first half of the year was adversely affected by depressed pig prices and the temporary impact of widespread disease. The reductions in producer herds and supply of animals led to rising pig prices and increased demand in the second half of the year. This in turn resulted in improved profitability. Important new business has been won with the benefit of the increased focus being placed on large key accounts, including international companies expanding in China. In Russia, lack of available funding impacted customer demand, however excellent progress has been made with the country's three largest producers in securing new stockings that will yield future revenue.

Research & Product Development

	Actual Currency			Constant Currency
	2011	2010	Movement	Movement
	£m	£m	%	%
Research & Product Development Costs	25.3	23.5	8	7

The cost of the expanded Research and Product Development programme increased by 8% to £25.3m. Bovine product development rose as a result of the increased size of the bull development programme to provide capacity for anticipated growth. Porcine development costs increased as the use of genomics was further extended in the development programme. The impact of higher feed prices on porcine development costs was offset by improved slaughter realisations.

Bovine Product Development

The expansion of the bull development programme has continued with 278 Holstein bulls joining the programme during the year in the USA. This brings our worldwide programme to over 400 bulls per annum. We plan to increase the animal intake in the USA in the year ahead to 300 bulls per annum. The expanded programme is necessary to meet the anticipated growth in volumes and will also enhance the selection process. In addition, genomics are increasingly being used to further improve selection. The success of the programme continues to be demonstrated in external bull rankings, with 30 of our bulls now in the top 100 of the internationally important US rankings. Our internal evaluations give us confidence in the continued improvement in the merit of the stud, which we expect to be reflected in future bull rankings.

During the year, 56 bulls graduated from our progeny test programmes into our production studs throughout the world. We have also developed bulls to be shipped for local supply in emerging markets. A further 17 bulls were shipped to China from Australia and 9 bulls from the USA to the newly established bull stud in Russia.

Porcine Product Development

Independent porcine product trials continue to demonstrate the market leadership of Genus' porcine genetics. The new genetic nucleus farm in South Dakota became fully operational during the year. The enlarged herd has enabled an increase in selection pressure. The dedicated cross-bred trials undertaken in our own farms together with the extended use of genomics and data from our extensive "PIC Traq" database are enabling improved accuracy of selection. The combination of increased selection pressure and improved accuracy should ensure our products remain world market leaders in the porcine sector.

Fundamental Science

The Group manages much of its fundamental research in education establishments and with specialist research companies. However, as Genus is a market leader in this sector, all work on semen physiology and freezing is carried out in-house. In addition, Genus monitors work undertaken in more than 500 research establishments around the world so that it can quickly identify progress in other biotech industries that might have potential in Genus' research programme.

This approach enables Genus to achieve more progress than would normally be expected from the current level of expenditure directed towards fundamental science.

Research activities continued to be targeted at projects that will both enable a reasonable likelihood of technological advance and offer significant commercial benefit to the business if successful. The Group's Science Committee approves projects for inclusion in the programme and monitors overall progress.

In the current year, the use of genomics has shown impressive improvements in our ability to calculate accurately estimated breeding values, important in our product development selection process. Good progress is also being made with our sexed semen project.

FINANCIAL REVIEW

Adjusted Performance

Adjusted operating profit and adjusted profit before tax are the measures used by the Board to monitor underlying profitability.

The following non-cash or non-recurring items are excluded from adjusted operating profit:

- Net IAS 41 valuation movement in biological assets;
- Amortisation of acquired intangible assets;
- Share-based payment expense; and
- Exceptional items

Exchange Rates

The key average and year end exchange rates used to translate the results for the year were as follows:

	Average		Closing	
	2011	**2010**	**2011**	**2010**
US Dollar/£	1.60	1.58	1.61	1.50
Euro/£	1.16	1.14	1.11	1.22

Overall, exchange rate movements had a minimal impact on reported results for the year.

As in previous years, we have shown changes in performance on a constant exchange rate basis in the Review of Operations.

Revenue

Revenue grew by 9% from £285.3m to £309.9m, with North America and Latin America being the major contributors to the growth in sales.

Adjusted Profit Before Tax

	2011	**2010**
	£m	**£m**
Adjusted operating profit	42.2	39.9
Share of JV profits*	3.1	2.3
Adjusted operating profit inc JV	45.3	42.2
Net finance costs	(6.3)	(9.3)
Adjusted profit before tax	39.0	32.9

* Excludes net IAS 41 valuation movement in biological assets and taxation

Adjusted operating profit including joint ventures increased by 7% to £45.3m (2010: £42.2m) and adjusted profit before tax increased by 19% to £39.0m (2010: £32.9m). The percentage improvement in profits before tax was also 19% at constant exchange rates.

Genus manages its global operations on a regional basis and monitors product performance globally. A detailed review of operating profit performance by region is set out in the Review of Operations.

A review of performance by species is set out below:-

Performance by Species

	Actual Currency			Constant Currency
	2011	**2010**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue				
Bovine	155.1	145.9	6	6
Porcine	145.7	133.8	9	9
Research & Product Development	9.1	5.6		
	309.9	285.3		
Adjusted operating profit inc JV				
Bovine	19.7	18.9	4	5
Porcine	36.6	33.5	9	11
Unallocated	(11.0)	(10.2)		
	45.3	42.2		

Bovine sales increased by 6%. Volumes grew 11% to 14.7m doses driven by strong growth in business from the new local studs in China and India. Sales volumes from semen supplied from our global studs increased by 5%, broadly in line with the historic average. The change in mix from the strong growth in locally supplied semen resulted in a small reduction in average selling prices. The average selling price of product supplied from our global studs, which account for over 80% of current volume, was up 1%. With overall volume growth and cost reductions implemented, particularly in the USA, profitability improved.

Porcine revenues grew by 9%, with royalty income up 6% to £52.2m. Sales of breeding animals rose by 14% as customers returned to updating the genetics in their herds following the slowdown experienced during the global recession. Overall volume growth was 6%.Costs remained well controlled and profits rose as a result of the strong sales growth.

Finance Costs

Net finance costs reduced by £3.0m to £6.3m (2010: £9.3m). The net interest cost on pension liabilities was

considerably lower. In addition, bank interest costs fell through a combination of lower net debt, tighter management of working capital and a reduced average interest rate as the fixed rate swaps entered into at the time of the Sygen acquisition matured.

Exceptional Items

There was a £1.2m (2010: £2.8m) exceptional credit this year. This included a £0.6m favourable insurance recovery relating to an environmental liability settled a number of years ago. In addition, there was a £0.6m curtailment gain from the closure of the only remaining defined benefit scheme open to future accrual. The Group's main defined benefit scheme closed in 2010 and gave rise to the large exceptional credit reported last year.

Statutory Profit Before Tax

Operating profit on a statutory basis was £44.8m compared with £47.0m last year and the statutory profit before tax was £40.8m (2010: £40.8m). These results include a still significant, but smaller increase in the net fair value credit on biological assets under IAS 41 of £9.8m (2010: £11.0m) and a higher share-based payment expense reflecting the improving earnings expected. As noted above, the underlying performance as measured by adjusted operating profit including joint ventures showed growth of 7%, and adjusted profit before tax showed growth of 19%.

Taxation

The effective rate of tax for the year, based on adjusted profit before tax, was 31.5% (2010: 33.7%).

The rate reduced in the year as a result of improved utilisation of tax losses previously considered irrecoverable. The effective rate remains higher than the UK corporate tax rate due to the mix of overseas profits, particularly the proportion of profits generated in North America, where the tax rate is approximately 40%.

Earnings Per Share

Adjusted basic earnings per share rose by 22% to 44.8 pence (2010: 36.7 pence). The increase was slightly higher than the improvement in profit before tax reflecting the reduction in the Group's effective tax rate.

Basic earnings per share on a statutory basis were 49.0 pence per share (2010: 46.3 pence).

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 2011, the carrying value of biological assets was £238.8m (2010: £235.7m) as set out in the table below:-

	2011	**2010**
	£m	**£m**
Non-current assets	187.0	175.5
Current assets	27.3	37.0
Inventory	24.5	23.2

	238.8	235.7
Represented by:		
Porcine	74.6	82.3
Bovine	164.2	153.4
	238.8	235.7

The small increase in the overall carrying value of biological assets masks an underlying increase in value of £13.9m offset by exchange rate movements as a result of the weakening of the US Dollar. The underlying increase was driven by an increase in the bovine biological assets. This arose from higher individual bull values as expected output per bull increased together with higher anticipated realisations as a result of the quality of the stud. The value of porcine biological assets was lower due to the impact of increased selection pressure on the herd. This results in more of the existing herd being sold for slaughter. Under IAS 41, the value of the animals retained for breeding does not reflect the improved royalty income expected to be achieved from these animals.

Cash Flow and Net Debt

	2011	**2010**
	£m	**£m**
Cash generated by operations	39.2	40.5
Interest, tax and dividends	(18.3)	(20.5)
Capital investments	(4.8)	(9.1)
Other	0.9	2.0
Net cash inflow before swap settlement	17.0	12.9
US$ swap settlement	(7.0)	-
	10.0	12.9

The Group had a strong cash flow performance, with a net cash inflow of £17.0m (2010: £12.9m) before the £7.0m outflow relating to the settlement of a US Dollar swap transaction hedging the Group's US Dollar net asset position.

Cash generated from operations was £39.2m compared with £40.5m last year. The benefit of improved profits was offset by the increased investment in biological assets as the bull programme was expanded and by a £1.5m increase in pension deficit repair contributions.

Capital investment in the year reduced to £4.8m in line with depreciation following the completion of the Group's investment in extending capacity to meet future growth.

Net debt was reduced from £80.0m to £67.9m at 30 June 2011. In addition to the cash inflow for the year, borrowings reduced by £2.9m due to exchange rate movements on that part of the Group's debt denominated in US Dollars.

In March 2011, the Group completed a refinancing of its existing facilities to provide £135m of facilities on an unsecured basis through to September 2015. The Group has substantial headroom under these facilities. The lower margins applicable to the new facilities are expected to reduce interest costs in the year to 30 June 2012 by £1.5m.

The Group's financial ratios remained strong. Gearing reduced from 32% to 25%. Interest cover, based on net interest excluding interest on pension liabilities, improved to 7.9 times (2010: 6.3 times).

Retirement Benefit Obligations

The Group's retirement benefit obligations at 30 June 2011, calculated in accordance with IAS 39, were £23.6m (2010: £28.8m) before tax and £17.5m (2010: £20.3m) net of related deferred tax. The reduction in obligations in the year arose from a lower deficit in the Group's defined benefit pension scheme operated as part of the Milk Pension Fund, a multi employer scheme. This deficit fell from £20.3m to £14.3m due to a higher than expected return on the scheme assets.

During the year, revised deficit funding contributions were agreed with the Milk Pension Scheme, following the finalisation of its tri-annual actuarial valuation at 31 March 2009. As a result, the total annual deficit contributions payable in respect of the Group's defined benefit scheme have increased by £1.2m to £1.9m.

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. Genus has continued to enhance the Group's risk management during the year by each of the regional businesses conducting externally facilitated risk management workshops, the results of which were reviewed by the Company's Board of Directors. The principal risks and uncertainties facing Genus that could impact its performance together with actions that are taken by Genus to mitigate their impact on the Company are as follows:

Key Individual Risks	**Mitigating Actions**
Markets	
Achieving growth in developing countries	Investment in local genetic production facilities Availability of superior product both locally produced and imported Development of supply and distributor network Strengthened management team and controls
Sustaining growth in developed countries	Market leading product and technical services Effective research programme maintaining market lead Extensive supply and distributor networks

IPR protection	Strict controls of the Company's intellectual property Application of legal and contractual protection
Impact of fluctuations in agricultural markets on customer profitability and demand	Geographic diversity of businesses Use of the porcine royalty model Efficiency improvement programmes
Disease & Environment	
Ensuring continuity of supply worldwide in the event of a disease outbreak, environment incident or a border closure outside our control	World class animal care practices, strict bio-security systems and pro-active environmental management with comprehensive staff training Dispersed and remote herd locations Business continuity programmes Utilisation of in-country local production
HR	
Ensuring continuity of key staff	Effective succession planning, development and training programmes Competitive retention and incentive packages
Management of emerging markets	Dedicated in-country regional management
Health & safety	Global health & safety function Comprehensive staff training Monitored compliance with legislation Risk assessment and safety audits
Research & Product Development Effectiveness	
Maintaining commercial focus	Ensuring optimum liaison between regional management teams as to market needs
Product development and competitive edge	Alignment of research investment with projected future commercial needs Product development enhancements and diversified product portfolio World class production facilities
Focusing research projects to deliver benefits, eg sexed semen project	Leadership by the Board's Science Committee Dedicated research project teams Strong relationships with technology partners

Finance	
Pensions	Agreement of appropriate actuarial valuations and deficit recovery plans with pension fund trustees Review of investment strategy Closure of pension funds to future service Monitoring of joint and several liability in the Milk Pension Fund.
Commodity prices	Hedging policies Central treasury monitoring and review

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 June 2011

	Note	2011 £m	2010 £m
REVENUE FROM CONTINUING OPERATIONS	2	309.9	285.3
ADJUSTED OPERATING PROFIT FROM CONTINUING OPERATIONS		42.2	39.9
Net IAS 41 valuation movement in biological assets	8	9.8	11.0
Amortisation of acquired intangible assets		(5.2)	(5.1)
Share based payment expense		(3.2)	(1.6)
		43.6	44.2
Exceptional items	3	1.2	2.8
OPERATING PROFIT FROM CONTINUING OPERATIONS		44.8	47.0
Share of post tax profit of joint ventures and associates		2.3	3.1
Net finance costs	4	(6.3)	(9.3)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		40.8	40.8
Taxation	5	(11.6)	(13.3)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		29.2	27.5
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	7		
Basic earnings per share		49.0p	46.3p
Diluted earnings per share		48.2p	45.7p
NON STATUTORY MEASURE OF PROFIT			
Adjusted operating profit from continuing operations		42.2	39.9
Pre tax share of profits from joint ventures and associates excluding net IAS 41 valuation movements		3.1	2.3

ADJUSTED OPERATING PROFIT INCLUDING JOINT VENTURES AND ASSOCIATES	**45.3**	**42.2**
Net finance costs	(6.3)	(9.3)
ADJUSTED PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS	**39.0**	**32.9**
ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Basic adjusted earnings per share	44.8p	36.7p
Diluted adjusted earnings per share	44.1p	36.2p

Group Statement of Comprehensive Income

	2011 £m	2011 £m	2010 £m	2010 £m
PROFIT FOR THE YEAR		29.2		27.5
Foreign exchange translation differences	(11.6)		34.8	
Fair value movement on net investment hedge	4.9		(7.1)	
Fair value movement on cash flow hedges	1.2		0.3	
Actuarial gains and losses on defined employee benefit schemes	0.9		5.2	
Tax relating to components of other comprehensive income	(0.5)		(9.6)	
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(5.1)		23.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24.1		51.1
ATTRIBUTABLE TO:				
Owners of the company		24.1		51.1
Minority interests		-		-
		24.1		51.1

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	Minority interest £m	Total equity £m
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, net of tax		-	-	-	27.0	-	-	27.0	-	27.0
Fair value movement on net investment hedges, net of tax		-	-	-	(7.1)	-	-	(7.1)	-	(7.1)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	0.2	-	0.2	-	0.2
Actuarial gain on retirement benefit obligations, net of tax		-	-	-	-	-	3.5	3.5	-	3.5
Other comprehensive income for the year		-	-	-	19.9	0.2	3.5	23.6	-	23.6
Profit for the year		-	-	-	-	-	27.5	27.5	-	27.5
Total comprehensive income for the year		-	-	-	19.9	0.2	31.0	51.1	-	51.1
Recognition of share-based payments, net of tax		-	-	-	-	-	2.0	2.0	-	2.0
Issue of ordinary shares		-	0.3	-	-	-	-	0.3	-	0.3
Minority interest on acquisition		-	-	-	-	-	-	-	0.3	0.3
Dividends	6	-	-	-	-	-	(6.5)	(6.5)	-	(6.5)
BALANCE AT 30 JUNE		6.0	112.0	(0.1)	30.3	(1.2)	104.5	251.5	0.3	251.8

2010										
Foreign exchange translation differences, net of tax		-	-	-	(9.6)	-	-	(9.6)	-	(9.6)
Fair value movement on net investment hedges, net of tax		-	-	-	3.5	-	-	3.5	-	3.5
Fair value movement on cash flow hedges, net of tax		-	-	-	-	0.9	-	0.9	-	0.9
Actuarial gain on retirement benefit obligations, net of tax		-	-	-	-	-	0.1	0.1	-	0.1
Other comprehensive income for the year		-	-	-	(6.1)	0.9	0.1	(5.1)	-	(5.1)
Profit for the year		-	-	-	-	-	29.2	29.2	-	29.2
Total comprehensive income for the year		-	-	-	(6.1)	0.9	29.3	24.1	-	24.1
Recognition of share-based payments, net of tax		-	-	-	-	-	3.2	3.2	-	3.2
Dividends	6	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
BALANCE AT 30 JUNE 2011		6.0	112.0	(0.1)	24.2	(0.3)	129.8	271.6	0.3	271.9

Group Balance Sheet

	Note	2011 £m	2010 £m	2009 £m
ASSETS				
Goodwill		68.3	68.4	62.5
Other intangible assets		75.6	81.5	81.1
Biological assets	8	187.0	175.5	153.9
Property, plant and equipment		40.8	43.4	39.3
Interests in joint ventures and associates		8.5	7.4	5.3
Available for sale investments		0.2	0.3	0.3
Derivative financial assets		-	0.9	1.7
Deferred tax assets		15.6	17.5	22.1
TOTAL NON-CURRENT ASSETS		396.0	394.9	366.2
Inventories		33.5	31.1	28.0
Biological assets	8	27.3	37.0	28.0
Trade and other receivables		65.0	60.2	53.7
Cash and cash equivalents		18.3	18.1	20.6
Income tax receivable		1.0	0.8	1.4
Asset held for sale		0.3	0.3	-
TOTAL CURRENT ASSETS		145.4	147.5	131.7
TOTAL ASSETS		541.4	542.4	497.9
LIABILITIES				
Trade and other payables		(47.3)	(42.3)	(39.0)
Interest-bearing loans and borrowings		(4.0)	(1.6)	(2.5)
Provisions		(0.2)	(0.4)	(0.2)
Obligations under finance leases		(0.9)	(0.9)	(0.9)
Current tax liabilities		(5.5)	(3.5)	(4.8)
Derivative financial liabilities		(0.4)	(12.2)	-
TOTAL CURRENT LIABILITIES		(58.3)	(60.9)	(47.4)
Interest-bearing loans and borrowings		(80.5)	(94.6)	(104.2)
Retirement benefit obligations	10	(23.6)	(28.8)	(35.4)
Provisions		(1.2)	(1.4)	(1.8)
Deferred tax liabilities		(104.9)	(103.6)	(93.7)
Derivative financial liabilities		(0.2)	(0.3)	(9.8)
Obligations under finance leases		(0.8)	(1.0)	(1.0)
TOTAL NON-CURRENT LIABILITIES		(211.2)	(229.7)	(245.9)
TOTAL LIABILITIES		(269.5)	(290.6)	(293.3)
NET ASSETS		271.9	251.8	204.6
EQUITY				
Called up share capital		6.0	6.0	6.0

Share premium account	112.0	112.0	111.7
Own shares	(0.1)	(0.1)	(0.1)
Translation reserve	24.2	30.3	10.4
Hedging reserve	(0.3)	(1.2)	(1.4)
Retained earnings	129.8	104.5	78.0
Equity attributable to owners of the Company	271.6	251.5	204.6
Minority interest	0.3	0.3	-
Total equity	271.9	251.8	204.6

Group Statement of Cash Flows

	Note	2011 £m	2010 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	9	28.1	26.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associates		1.9	1.1
Purchase of trade and assets		-	(1.1)
Purchase of property, plant and equipment		(3.5)	(6.3)
Purchase of intangible assets		(1.3)	(1.7)
Proceeds from sale of property, plant and equipment		0.7	0.6
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(2.2)	(7.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		16.1	9.5
Repayment of borrowings		(23.4)	(24.7)
Payment of finance lease liabilities		(1.0)	(1.0)
Equity dividends paid		(7.2)	(6.5)
Cash settlement of derivative financial instrument		(7.0)	-
New debt issue costs		(1.7)	-
Issue of ordinary shares		-	0.3
Decrease in bank overdrafts		(1.6)	(0.5)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(25.8)	(22.9)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		0.1	(3.8)
Cash and cash equivalents at start of the year		18.1	20.6
Net increase/(decrease) in cash and cash equivalents		0.1	(3.8)
Effect of exchange rate fluctuations on cash and cash equivalents		0.1	1.3
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE		18.3	18.1

Notes to the Preliminary Results
For the year ended 30 June 2011

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 2011 or the year ended 30 June 2010, but is derived from those accounts. Statutory accounts for the year ended 30 June 2010 have been delivered to the Registrar of Companies and those for the year ended 30 June 2011 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 2011 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		
	2011	2010	2009	2011	2010	2009

US Dollar/£	1.60	1.58	1.60	1.61	1.50	1.65
Euro/£	1.16	1.14	1.17	1.11	1.22	1.17

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 October 2011. These financial statements have also been prepared in accordance with the accounting policies set out in the 2010 Annual Report and Financial Statements, as amended by the following new accounting standards

New standards and interpretations adopted

The following new standards and interpretations have been adopted in the current year but have not impacted the reported results or the financial position:

- Amendments to IAS 32 *'Classification of Rights Issues'*
- Amendment to IFRS 1, *'Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters'*
- Amendments to IFRS 2 *'Group Cash-settled Share-based Payment Transactions'*
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

The adoption of these new standards and interpretation has not changed any previously reported figures.

Notes to the Preliminary Results
For the year ended 30 June 2011

1. BASIS OF PREPARATION (continued)

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 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. This additional non-GAAP measure of operating performance is 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.

This preliminary announcement was approved by the board on 5 September 2011.

Notes to the Preliminary Results
For the year ended 30 June 2011

2. 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 individual customer generating in excess of 2% of revenue.

Revenue

	Gross revenue 2011 £m	Inter-segment revenue 2011 £m	Consolidated revenue 2011 £m
North America	114.5	(6.5)	108.0
Latin America	47.0	(0.6)	46.4
Europe	113.3	(2.3)	111.0
Far East	35.9	(0.5)	35.4
Research & Product Development			
Research	-	-	-
Bovine Product Development	7.4	(6.9)	0.5
Porcine Product Development	12.9	(4.3)	8.6

	20.3	(11.2)	9.1
Revenue	**331.0**	**(21.1)**	**309.9**

Revenue	**Gross revenue 2010 £m**	**Inter-segment revenue 2010 £m**	**Consolidated* revenue 2010 £m**
North America	103.0	(3.6)	99.4
Latin America	38.6	(0.6)	38.0
Europe	112.9	(2.4)	110.5
Far East	32.1	(0.3)	31.8
Research & Product Development			
Research	-	-	-
Bovine Product Development	7.0	(6.5)	0.5
Porcine Product Development	8.4	(3.3)	5.1
	15.4	(9.8)	5.6
	302.0	**(16.7)**	**285.3**

Notes to the Preliminary Results
For the year ended 30 June 2011

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 2011 £m	**Product Development recharges 2011 £m**	**Segment total 2011 £m**
North America	40.9	(5.6)	35.3
Latin America	16.1	(2.6)	13.5
Europe	20.5	(2.1)	18.4
Far East	8.3	(0.9)	7.4
Regional operating profit	**85.8**	**(11.2)**	**74.6**
Research & Product Development			
Research	(3.9)	-	(3.9)
Bovine Product Development	(18.8)	6.9	(11.9)
Porcine Product Development	(13.8)	4.3	(9.5)
	(36.5)	11.2	(25.3)
Segment operating profit	**49.3**	**-**	**49.3**
Central costs	(7.1)	-	(7.1)
Adjusted operating profit	**42.2**	**-**	**42.2**

	Result before recharges 2010 £m	**Product Development recharges 2010 £m**	**Segment* total 2010 £m**
North America	35.3	(4.4)	30.9
Latin America	14.8	(2.4)	12.4
Europe	21.4	(2.4)	19.0
Far East	8.6	(0.6)	8.0
Regional operating profit	**80.1**	**(9.8)**	**70.3**
Research & Product Development			
Research	(3.3)	-	(3.3)

Bovine Product Development	(16.6)	6.5	(10.1)
Porcine Product Development	(13.4)	3.3	(10.1)
	(33.3)	9.8	(23.5)
Segment operating profit	**46.8**	**-**	**46.8**
Central costs	(6.9)	-	(6.9)
Adjusted operating profit	**39.9**	**-**	**39.9**

*Segmental information has been amended to show Russia and India as part of the Far East in line with reporting responsibilities; some reallocations have also been made to prior year numbers to reflect changes introduced during FY11 to ensure comparability with the current year.

Notes to the Preliminary Results
For the year ended 30 June 2011

2. SEGMENTAL INFORMATION (CONTINUED)

	Depreciation		Amortisation		Additions to non current assets	
	2011 £m	**2010 £m**	**2011 £m**	**2010 £m**	**2011 £m**	**2010 £m**
North America	1.0	1.4	2.4	2.4	1.6	-
Latin America	0.4	0.4	0.4	0.4	0.5	0.3
Europe	0.6	1.2	2.7	2.7	0.5	0.7
Far East	0.3	0.2	0.3	0.3	0.4	0.4
Research & Product Development						
Research	0.1	0.1	-	-	-	0.1
Bovine Product Development	0.5	0.5	-	-	0.9	3.2
Porcine Product Development	1.8	1.6	-	-	0.4	2.4
	2.4	2.2	-	-	1.3	5.7
Segment total	**4.7**	**5.4**	**5.8**	**5.8**	**4.3**	**7.1**

	Segment assets			Segment liabilities		
	2011 £m	**2010 £m**	**2009 £m**	**2011 £m**	**2010 £m**	**2009 £m**
North America	121.2	132.0	135.0	(44.4)	(30.5)	(32.3)
Latin America	60.0	61.6	47.5	(13.2)	(10.5)	(9.1)
Europe	94.7	90.0	91.7	(44.2)	(51.8)	(49.6)
Far East	31.5	29.2	23.7	(8.8)	(5.9)	(5.3)
Research & Product Development						
Research	0.5	0.5	0.5	-	-	-
Bovine Product Development	176.3	166.1	136.6	(53.6)	(48.2)	(38.8)
Porcine Product Development	46.4	55.5	42.1	(8.2)	(10.3)	(11.7)
	223.2	222.1	179.2	(61.8)	(58.5)	(50.5)
Segment total	**530.6**	**534.9**	**477.1**	**(172.4)**	**(157.2)**	**(146.8)**
Central and unallocated	10.8	7.5	20.8	(97.1)	(133.4)	(146.5)
Total	541.4	542.4	497.9	(269.5)	(290.6)	(293.3)

Exceptional items of £1.2m gain (2010: £2.8m gain) include £1.2m specifically related to central costs (2010: £2.5m gains: central costs). 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 3.

Notes to the Preliminary Results
For the year ended 30 June 2011

3. EXCEPTIONAL ITEMS

	2011 £m	2010 £m
Operating income:		
Pension curtailment gain	0.6	2.5
Insurance settlement	0.6	-
Integration and restructuring credit	-	0.3
	1.2	2.8

The pension curtailment gain in the year ended 30 June 2011 of £0.6m arose on the closure to future accrual of defined benefit pensions within the Dalgety Pension Fund. In the prior year, the pension curtailment gain of £2.5m arose on the closure to future accrual of defined benefit pensions within the Milk Pension Fund.

The insurance settlement income relates to cash received from an insurance claim which was previously thought to be irrecoverable.

4. NET FINANCE COSTS

	2011 £m	2010 £m
Interest payable on bank loans and overdrafts	(3.1)	(3.5)
Amortisation of debt issue costs	(1.7)	(1.6)
Net interest cost in respect of pension scheme liabilities	-	(1.7)
Other interest payable	(0.3)	(0.1)
Net interest cost on derivative financial instruments	(1.6)	(2.7)
Total interest expense	(6.7)	(9.6)
Interest income on bank deposits	0.2	0.3
Net interest income in respect of pension scheme liabilities	0.2	-
Total interest income	0.4	0.3
Net finance costs	(6.3)	(9.3)

Notes to the Preliminary Results
For the year ended 30 June 2011

5. INCOME TAX EXPENSE

	2011 £m	2010 £m
Current tax expense		
Current period	8.7	7.7
Adjustment for prior periods	(0.7)	(0.7)
	8.0	7.0
Deferred tax expense		
Origination and reversal of temporary differences	3.4	6.2
Adjustment for prior period	0.2	0.1
Total deferred tax expense in the Group income statement	3.6	6.3
Total income tax expense excluding share of income tax of equity accounted investees	11.6	13.3
Share of income tax of equity accounted investees	0.4	1.0
Total income tax expense in the Group income statement	12.0	14.3

6. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2011 £m	2010 £m
Final dividend 12.1p (2009: 11.0p) per share	7.2	6.5

A dividend of 13.3p per share has been proposed by the Directors for 2011. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and therefore has not been included as a liability in these financial statements.

Notes to the Preliminary Results
For the year ended 30 June 2011

7. EARNINGS PER SHARE

Basic earnings per share from continuing operations

The calculation of basic earnings per share from continuing operations for the year ended 30 June 2011 is based on the profit attributable to ordinary shareholders from continuing operations of £29.2m (2010: £27.5m) and a weighted average number of ordinary shares outstanding of 59,652,000 (2010: 59,385,000), calculated as follows:

Weighted average number of ordinary shares (basic)

	2011 000s	2010 000s
Issued ordinary shares at start of the year	59,678	59,525
Effect of own shares held	(214)	(254)
Shares issued on exercise of stock options	34	114
Shares issued in relation to EBT	154	-
Weighted average number of ordinary shares in year	59,652	59,385

Diluted earnings per share from continuing operations

The calculation of diluted earnings per share at 30 June 2011 is based on profit attributable to ordinary shareholders from continuing operations of £29.2m (2010: £27.5m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,566,000 (2010: 60,163,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011 000s	2010 000s
Weighted average number of ordinary shares (basic)	59,652	59,385
Dilutive effect of share options	914	778
Weighted average number of ordinary shares for the purposes of diluted earnings per share	60,566	60,163

Notes to the Preliminary Results
For the year ended 30 June 2011

7. EARNINGS PER SHARE (CONTINUED)

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 payment expense and exceptional items after charging taxation associated with those profits, of £26.7m (2010: £21.8m) as follows:

	2011 £m	2010 £m
Profit before tax from continuing operations	40.8	40.8
Add/(deduct):		
Net IAS 41 valuation movements in biological assets	(9.8)	(11.0)
Amortisation of acquired intangible assets	5.2	5.1
Share based payment expense	3.2	1.6
Pension curtailment gain	(0.6)	(2.5)

Insurance settlement	(0.6)	-
Integration and restructuring credit	-	(0.3)
Net IAS 41 valuation movements in biological assets in joint ventures and associates	0.4	(1.8)
Tax on joint ventures and associates	0.4	1.0
Adjusted profit before tax	39.0	32.9
Adjusted tax charge	(12.3)	(11.1)
Adjusted profit after taxation	26.7	21.8
Effective tax rate on adjusted profit	31.5%	33.7%

Notes to the Preliminary Results
For the year ended 30 June 2011

8. BIOLOGICAL ASSETS

Fair value of biological assets	**Bovine £m**	**Porcine £m**	**Total £m**
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
Increases due to purchases	3.9	56.0	59.9
Decreases attributable to sales	-	(117.6)	(117.6)
Decrease due to harvest	(29.2)	(6.7)	(35.9)
Changes in fair value less estimated sale costs	39.9	66.8	106.7
Effect of movements in exchange rates	9.7	7.8	17.5
Balance at 30 June 2010	130.2	82.3	212.5
Non current biological assets	130.2	45.3	175.5
Current biological assets	-	37.0	37.0
Balance at 30 June 2010	130.2	82.3	212.5
Increases due to purchases	5.2	69.4	74.6
Decreases attributable to sales	-	(124.4)	(124.4)
Decrease due to harvest	(26.1)	(7.2)	(33.3)
Changes in fair value less estimated sale costs	38.2	57.2	95.4
Effect of movements in exchange rates	(7.8)	(2.7)	(10.5)
Balance at 30 June 2011	139.7	74.6	214.3
Non current biological assets	139.7	47.3	187.0
Current biological assets	-	27.3	27.3
Balance at 30 June 2011	139.7	74.6	214.3

Bovine biological assets include £1.6m (2010: £1.9m, 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 and are therefore treated as assets held under finance leases.

There are no movements in the carrying value of the bovine biological assets in respect of sales or other changes during the year.

The current market determined post-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% (2010: 8.0%, 2009: 8.0%).

Decreases due to harvest represent the semen extracted from the biological assets.

Notes to the Preliminary Results
For the year ended 30 June 2011

8. BIOLOGICAL ASSETS (CONTINUED)

Porcine biological assets include £30.9m (2010: £32.4m, 2009: £36.7m) 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 £64.4m (2010: £58.8m) in respect of these contracts comprising £12.2m (2010: £9.8m) on initial transfer of animals to customers and £52.2m (2010: £49.0m) in respect of royalties received. Decreases attributable to sales during the period of £124.4m (2010: £117.6m) include £30.2m (2010: £36.2m) in respect of the reduction in fair value of the retained interest in the genetics of animals sold under royalty contracts.

Included in increases due to purchases, the aggregate gain arising during the period on initial recognition of biological assets in respect of multiplier purchases was £22.0m (2010: £16.5m).

Year ended 30 June 2011

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	38.2	57.2	95.4
Inventory transferred to cost of sales at fair value	(22.2)	(7.2)	(29.4)
Biological assets transferred to cost of sales at fair value	-	(56.2)	(56.2)
	16.0	(6.2)	9.8

Year ended 30 June 2010

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	39.9	66.8	106.7
Inventory transferred to cost of sales at fair value	(25.9)	(6.7)	(32.6)
Biological assets transferred to cost of sales at fair value	-	(63.1)	(63.1)
	14.0	(3.0)	11.0

*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 Preliminary Results
For the year ended 30 June 2011

9. NOTES TO THE CASH FLOW STATEMENT

	2011 £m	2010 £m
Profit for the year	29.2	27.5
Adjustment for:		
Net IAS 41 valuation movements in biological assets	(9.8)	(11.0)
Amortisation of intangible assets	5.8	5.8
Share based payment expense	3.2	1.6
Share of profit of joint ventures and associates	(2.3)	(3.1)
Finance costs	6.3	9.3
Income tax expense	11.6	13.3
Pension curtailment gain	(0.6)	(2.5)
Depreciation of property, plant and equipment	4.7	5.4
Gain on disposal of plant and equipment	(0.1)	-
Other movements in biological assets and harvested produce	(4.1)	(2.6)
Decrease in provisions	(0.4)	(0.1)
Additional pension contributions in excess of pension charge	(3.2)	(1.0)
Other	(0.1)	-
Operating cash flows before movement in working capital	40.2	42.6
Increase in inventories	(1.1)	(0.9)
Increase in receivables	(4.1)	(3.2)
Increase in payables	4.2	2.0
Cash generated by operations	39.2	40.5
Interest received	0.2	0.3
Interest and other finance costs paid	(3.5)	(3.8)
Cash flow from derivative financial instruments	(1.6)	(2.7)
Income taxes paid	(6.2)	(7.8)
Net cash from operating activities	28.1	26.5

The cash impact of exceptional items for the year ended 30 June 2011 was an inflow of £0.6m (2010: £nil).

Notes to the Preliminary Results
For the year ended 30 June 2011

9. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

Analysis of net debt

	At 1 July 2010 £m	Cash flows £m	Foreign exchange £m	Non cash movements £m	At 30 June 2011 £m
Cash and cash equivalents	18.1	0.1	0.1	-	18.3
	18.1	0.1	0.1	-	18.3
Interest bearing loans - current	(3.0)	0.2	-	(1.2)	(4.0)
Obligation under finance leases - current	(0.9)	1.0	-	(1.0)	(0.9)
	(3.9)	1.2	-	(2.2)	(4.9)
Interest bearing loans - non-current	(93.2)	8.7	2.8	1.2	(80.5)
Obligation under finance lease - non current	(1.0)	-	-	0.2	(0.8)
	(94.2)	8.7	2.8	1.4	(81.3)
Net debt	(80.0)	10.0	2.9	(0.8)	(67.9)

Included within non-cash movements is £0.8m in relation to new finance leases.

10. RETIREMENT BENEFIT OBLIGATIONS

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. The liability split by principal scheme is set out below.

	2011 £m	2010 £m	2009 £m
The Milk Pension Fund - Genus share	14.3	20.3	27.7
The Dalgety Pension Fund	1.5	-	-
Other retirement benefit obligations	7.8	8.5	7.7
Gross liability	23.6	28.8	35.4
Deferred taxation	(6.1)	(8.5)	(10.1)
Net liability	17.5	20.3	25.3

Notes to the Preliminary Results
For the year ended 30 June 2011

10. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expense recognised in the income statement

The expense recognised in the income statement consists of the current service costs, interest on the obligation for employee benefits, the expected return on plan assets and exceptional items. For the year ended 30 June 2011, the Group recognised an income of £0.6m (2010: £0.1m expense).

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

	2011	2010	2009

Discount rate	5.7%	5.5%	6.0%
Expected return on plan assets	7.2%	6.9%	6.6%
Future salary increases	4.6%	4.1%	3.8%
Medical cost trend rate	7.6%	7.1%	7.4%
Future pension increases	3.6%	3.1%	2.8%

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. As in 2010, the mortality tables used are the SN1A tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages (2009: PxA00 tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages).

11. CONTINGENCIES

The retirement benefit obligations referred to in note 10 include obligations relating to the Milk Pension defined benefit scheme. Although Genus only account for its section and its share of any orphan assets and liabilities, collectively representing approximately 37% of the Milk Pension Fund, the Group together with the other participating employers, is joint and severally liable for the scheme's obligations.

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