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Genus plc
('Genus' or the 'Group')

Pre-Close Trading Statement

'On track to deliver market expectations'

Genus, a leading global animal genetics company, today provides the following update on trading for its financial year ended 30 June 2012.

Trading

Genus has continued to perform well in the final two months of the financial year since the Interim Management Statement (IMS) issued on 3 May 2012. As a result, the Group expects to report a good performance for the year to 30 June 2012 with adjusted profit before tax in line with market expectations.

In the year to 30 June 2012, revenue has continued to grow both in porcine and bovine with particularly strong growth in Latin America and Asia. Whilst there has been a modest tightening of margins for some of Genus' customers towards the end of the year, market conditions and customer demand have remained good in most markets although some softness has been experienced in bovine in North America.

With pricing generally firm, adjusted operating profit has improved in line with expectations despite increasing investment in research and development and in strengthening management teams across the Group to support future growth. Profits have improved strongly in Asia, particularly in Russia and China, and in Latin America. The Group's businesses in North America have also performed well with improved royalty income driving growth in porcine and good pricing discipline and cost control in bovine more than offsetting the softness in that market. Europe has performed broadly in line with the prior year.

As indicated in the Group's IMS on 3 May 2012, a new strategy, designed to achieve an improving rate of growth from 2014 onwards, has been developed centred around four key elements; improved product differentiation, targeting key markets and segments, tailoring the business model and strengthening core competencies. The strategy envisages strong growth in emerging markets, particularly in China, where discussions with potential new customers in relation to porcine joint ventures are progressing well.

Exceptional items

The Group is expecting to report a net exceptional credit in the order of up to £5m before tax in the year to 30 June 2012. This comprises three elements:

(1) A restructuring charge principally relating to refocusing the porcine business in Europe on larger integrated customers. As indicated in the IMS on 3 May 2012, we expect the cost of the restructuring to be up to £2m, approximately half of which is non-cash.

(2) A provision for potential pension costs in respect of the multi-employer Milk Pension Fund (MPF). As indicated in Note 34 to Genus' financial statements for the year ended June 2011, Genus is joint and severally liable for the obligations of the MPF. The provision relates to potential future cash payments that may arise over a number of years as a result of the possibility of certain employers in the MPF being unable to meet increased deficit repair contributions that would normally be expected to be payable to the fund. The expected provision is in the order of £20m.

(3) An exceptional credit as a result of a reassessment of the carrying value of the Group's porcine pure line breeding animals under IAS 41. The credit is estimated to be approximately £25m.

Further details on the pension provision (item 2 above) and the exceptional credit (items 3 above) are given in the appendix.

Genus will announce its preliminary results for the year to 30 June 2012 on 4 September 2012.

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

Appendix

Valuation of Porcine Biological Assets

Following a review of its accounting for biological assets under IAS41, Genus has concluded that it should change the basis of valuation of its pure line breeding animals to represent more fairly the likely market value of these animals. Pure line breeding animals are those animals retained by Genus and represent the repository of the elite genetics. As there is no active market for these pure line breeding animals, in previous years they were valued using the fair value of great grand-parent animals since these represented the nearest biological asset for which there was an active market. As the direct sale of the great grand-parent animals has reduced with increased use of the royalty model, Genus has reviewed the basis of valuation and concluded it would be more appropriate to value these animals as a genetic nucleus herd using discounted cash flow techniques.

The impact of this revision in the valuation method of the pure line breeding animals is expected to increase the carrying value of porcine assets at 30 June 2012 by approximately £25m. This increase in valuation has no impact on the Group's cash flow but will be recorded as an exceptional credit in Genus' financial statements for the year ended 30 June 2012.

Pension Provision

As indicated in Note 34 to Genus' financial statements for the year ended June 2011, Genus is a participating employer of the Milk Pension Fund (MPF), and together with other participating employers, is joint and severally liable for the scheme's obligations. In normal circumstances, Genus only accounts for its section and its share of any orphan assets and liabilities. At 30 June 2011, its share represented approx 37% of the Milk Pension Scheme obligations and as a result, the Group's liability for defined benefit obligations at 30 June 2011 calculated under IAS 19 was £23.6m.

The tri-annual valuation of the MPF at March 2012 is expected to show an increased deficit particularly following recent reductions in gilt yields. In the light of this, and the likely difficulty certain other employers may experience in fulfilling their normal obligations to the scheme, the Group has concluded that it will be necessary to make a provision in its financial statements for the year to 30 June 2012. The provision, which will be shown as an exceptional item, will be based on its estimate of the additional amounts it may have to pay to the MPF over a number of years under its joint and several liability obligations. The Group currently estimates that the provision will be in the region of £20m.

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