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('Genus' or 'the Company')

Preliminary Results for the year ended 30 June 2012

Genus, a leading global animal genetics company, announces its preliminary results for the year ended 30 June 2012.

	Actual currency			Constant currency+
Adjusted results	**2012**	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Year ended 30 June				
Revenue	**341.8**	309.9	10	12
Operating profit*	**45.8**	42.2	9	10
Operating profit inc JVs*	**48.6**	45.3	7	9
Profit before tax*	**46.5**	39.0	19	22
Basic earnings per share (p)*	**53.5**	44.8	19	22

Statutory results	**2012**	**2011**	
	£m	**£m**	**%**
Year ended 30 June			
Revenue	**341.8**	309.9	10
Operating profit	**54.2**	44.8	21
Profit before tax	**54.4**	40.8	33
Earnings per share (p)	**65.9**	49.0	34
Dividend per share (p)	**14.6**	13.3	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 2012 results at the exchange rates applied in 2011.

Highlights

- Record results with strong growth in revenue and adjusted profits;
- Adjusted operating profit including joint ventures up 7% to £48.6m
  - Bovine volumes up 8% and porcine volumes up 7%
  - Strong performances in Asia, North America and Latin America
  - Continued investment in research & development; up 13% to £28.7m;
- Adjusted profit before tax up 19% to £46.5m and earnings per share up 19% to 53.5 pence;

- Statutory profit before tax up 33% to £54.4m, benefiting additionally from a higher increase in the net IAS 41 valuation movement of biological assets;

- Strong cash generation: £14.5m cash inflow reduced net debt to £56.4m; and

- Significant strategic progress achieved under new CEO
  - New strategy for growth developed
  - Organisation structure aligned to new strategy
  - Progress on strategy execution, including announcement of first porcine joint venture in China.

Commenting on the results, Karim Bitar, Chief Executive said:

"In this, my first year as CEO at Genus, I am pleased to report very good progress both in financial and strategic terms.

"Once again, the Group achieved record results, with operating profits up 7% and pre-tax profits up 19%.

"In addition, we have developed a new vision and strategy. With the investments we are making in R & D, the BRIC countries and core competencies, we believe this strategy will enable Genus to continue to make progress in the year ahead and will see an improving rate of growth from 2014 onwards."

For further information please contact:-

Genus plc: Tel: 01256 345970

Karim Bitar, Chief Executive
John Worby, Finance Director

Buchanan: Tel: 0207 466 5000

Charles Ryland

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

About Genus

Genus creates advances to animal breeding and genetic improvement by applying biotechnology and sells added value products for livestock farming and food producers. Its technology is applicable across all livestock species and is currently commercialised by Genus in the dairy, beef and pork food production 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. Genus' customers' animals produce offspring with greater production efficiency, 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 supply chain, technical service and sales and distribution network.

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

Preliminary announcement

Year ended 30 June 2012

We are pleased to report a year of significant progress for the Group.

We have achieved record results for the year to 30 June 2012 with adjusted pre-tax profits up 19%. Also, under the leadership of new Chief Executive Karim Bitar, a new vision, strategy and organisational structure are in place to enable the Group to seize the very significant opportunities in our chosen field of improving animal genetics on a global basis.

Group performance

In a year in which market conditions were generally favourable for Genus customers, revenue for the year ended 30 June 2012 of £341.8m was up 10%. Growth in volumes was the primary driver. Porcine volumes were up 7% and bovine volumes up 8%. Growth was particularly strong in Asia, Latin America and the porcine business in North America.

Adjusted operating profit increased by 9% to £45.8m. We achieved double digit growth in profits in North America, Latin America and in Asia. In North America, the porcine business performed particularly well, with royalty income up 10%. Latin America benefited from good volume growth in both bovine and porcine. Volumes also grew strongly in Asia. This, together with a buoyant market in the first half of the year, resulted in a 41% increase in Asian profits. Progress was more restrained in Europe, where profits rose 3%.

The statutory results show a significantly higher operating profit of £54.2m, an increase of 21% on last year. The statutory profit before tax of £54.4m is 33% up on last year. These results are struck after non-recurring exceptional items and certain non-cash items, particularly the net IAS 41 valuation movement in biological assets. In this respect, in the year, we reported a small net credit of £0.9m in respect of exceptional items. This includes a credit in relation to the carrying value of our pure line porcine animals following a revision to the basis of valuation, and an increase in the provision relating to the Milk Pension Fund in which we are a participating employer. Also, the underlying credit reported under IAS 41 was significantly higher this year compared to the previous year. The nature and volatility of these items do not reflect the underlying performance of the business. It is for this reason that we report externally and use internally adjusted profits to measure performance.

Along with the improved profits, we have once again demonstrated the cash generative nature of the Group's operations. The cash inflow for the year was £14.5m and net debt consequently reduced to £56.4m.

Dividend

During the year, the Board introduced, for the first time, an interim dividend that was paid in March 2012. The Board is recommending a final dividend of 10.1 pence per share. This, together with the interim dividend of 4.5 pence per share, would result in a dividend for the full year of 14.6 pence per share, an increase of 10% over last year's dividend.

Subject to approval at the Company's Annual General Meeting, to be held on 8 November 2012, the final dividend will be paid on 23 November 2012 to shareholders on the register at the close of business on 9 November 2012.

Strategy

During the past year, we undertook a thorough review of the Group's strategy. This involved an extensive analysis of our business examining the scale of the opportunity for Genus and developing the strategy to seize that opportunity and the way in which we should be structured to deliver it. Over 60 senior managers in the Group were actively involved in this process.

As part of the process, we established a new vision for the Group: 'Pioneering animal genetic improvement to help nourish the world'. The vision confirms our intention to focus on Genus' core strengths in animal genetic improvement on a global basis.

The strategy we developed to deliver on this vision is designed to take advantage of the very significant growth opportunities provided in the animal genetics markets; particularly in our existing dairy, porcine and beef animal genetics markets, and especially in the BRIC countries (Brazil, Russia, India and China). To seize these opportunities, Genus will increasingly focus on the needs of its customers and adopt a stronger marketplace orientation.

Important drivers in this strategy will be:

- **Accelerating Genus' product lead over competitors**:

- The research and development team now reports directly to the Chief Executive and will focus on quickening the pace of genetic improvement and ensuring that products meet specific customer requirements.

- **Targeting key markets and segments**:
  - We will place particular emphasis on continuing to grow in those large markets and segments in which the Group currently operates, as well as in newer markets offering strong growth potential such as the BRIC countries.

- **Tailoring the business model**:
  - We will ensure that our product and service offerings meet the specific requirements of the target market/segment and that we implement best practice in areas such as value-capture across the Group.

- **Strengthening core competencies**:
  - We will place renewed emphasis on strengthening core competencies. These include marketing, key account management, product development, supply chain and technical services.

Our prime focus will be on our existing markets of porcine, dairy and beef animal genetics but we will also continue to explore opportunities in other species where we believe we can add value.

As part of the strategy, we have also reviewed the way Genus is structured. As a result, we implemented changes to the organisational structure at the beginning of July 2012 to align the business with our customers, and increase our marketplace orientation.

The new structure involves three business units; Genus PIC, Genus ABS and Genus Asia (covering the porcine and dairy/AI beef business in that region). All three units report directly to the Chief Executive.
Genus PIC and Genus ABS will focus on meeting the unique needs of our pork customers and dairy and AI beef customers respectively and ensure consistent implementation of best practices. Genus Asia is a separate business unit which will drive growth in this fast-growing and increasingly important region. In achieving this, Genus Asia will collaborate closely with Genus PIC and Genus ABS, especially with their global supply chain, marketing and technical service teams.

In addition, research and development ('R & D') will continue to report to the Chief Executive to ensure continued high focus on this critical area. Working with the Chief Executive, the heads of these business units and the head of R & D together with the heads of the key support functions - Finance, HR and Legal/Company Secretariat - will now form the Genus Executive Leadership Team (GELT). Its task is to lead the business and implement the strategy going forward.

The Group will amend its segmental analysis of results in the year ahead to align it to the new organisation structure. Details of the results for the year to 30 June 2012 in this new format as set out in the Appendix.

Having established the new strategy, we are now focused on its execution. A key part of the strategy is to take advantage of the strong growth opportunities in the BRIC countries. In the porcine market in China we envisage the creation of joint ventures with the leading integrated pork producers, who will utilise a significant proportion of the breeding animals produced by the joint venture to build their own pig production system. We announced in July 2012 the first such joint venture with BeSun, a leading integrated pork producer in the Shaanxi Province. We are also in discussions with other potential partners for such joint ventures.

Our people

We believe strongly in the philosophy of delivery through people. As a result, during the year we established a new global human resources function and appointed Catherine Glickman as Group Human Resources (HR) Director. Catherine joined us from a 20 year career at Tesco, one of the five largest global retailers with over 500,000 employees in 14 countries, where she was the Head of HR. Under her direction, we now have an extensive programme underway to ensure we have the right people in place to deliver on our ambitions.

Outlook

Market conditions remained generally favourable for Genus and our customers in the year just ended. However, towards the end of the period, markets became more challenging. This was in large part due to increased feed costs in North America caused by drought conditions and by weakening global commodity dairy prices. These conditions are

likely to impact a number of our customers in the year ahead. Although this may lead to some slowing in demand, we believe the strength of Genus' business model will enable the Group to continue to make progress during the year.

Furthermore, with the new strategy and investments in R & D, the BRIC countries and core competencies to support delivery of the strategy, we believe this strategy will enable Genus to continue to make progress in the year ahead and will see an improving rate of growth from 2014 onwards.

Financial and operating review
Financial review

Adjusted performance

The results for the year ended 30 June 2012 show that Genus has continued to make good progress. We achieved record results with revenues up 10% to £341.8m and adjusted profit before tax up 19% to £46.5m. As in previous years, we continue to use adjusted operating profit and adjusted profit before tax as the prime measures of financial performance, particularly in monitoring underlying performance.

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.

Revenue

Revenue increased by 10% from £309.9m to £341.8m. Revenue grew across the Group's activities, with porcine revenues up 14% and dairy and AI beef revenues up 6%. Growth was particularly strong in developing markets, with Latin America revenues up 12% and Asia up over 30%.

Adjusted profit before tax

Adjusted operating profit, including joint ventures, increased by 7% to £48.6m (2011: £45.3m) and adjusted profit before tax increased by 19% to £46.5m (2011: £39.0m). The percentage improvement in operating profit and profit before tax, at constant exchange rates, was 9% and 22% respectively.

		Actual currency		Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Adjusted operating profit	**45.8**	42.2	9	10
Share of JV profits*	**2.8**	3.1		
Adjusted operating profit inc JV	**48.6**	45.3	7	9
Net finance costs	**(2.1)**	(6.3)		
Adjusted profit before tax	**46.5**	39.0	19	22

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

Operating profits increased in all four regions. Profit growth was strongest in Asia, where significant volume growth and a buoyant market in porcine, especially in China, led to a 41% increase in profits to £10.4m. In North America, profits increased by 12% to £39.5m, driven by increased volumes in porcine and higher margins in both porcine and dairy and AI beef. Latin American profits also increased by 20% to £16.2m. In the more mature European market, profits improved to £18.9m, an increase of 3%.

R & D costs were 13% higher including increased investment in research activities, particularly in relation to genomic

evaluation work. Central costs were also higher, reflecting investment in the establishment of an enhanced Group HR function and a dedicated strategy unit in support of the new Genus strategy.

A more detailed review of operating profit performance by region is set out below.

It is also relevant to look at the Group's performance by species, particularly in light of the change in structure introduced in July 2012 to align the organisational structure with the new strategy.

In this respect, both porcine and dairy and AI beef increased revenues and profits. Porcine revenues grew by 14%, with royalty income up 10% to £57.6m. Underlying volumes were up 7%. Margins improved as a result of initiatives such as the CBVPlus and CBVMax programmes in North America whereby we deliver improved value to our customers using higher quality boars. The increased volumes and improved margins led to an 19% increase in porcine profits.

Dairy and AI beef revenues increased by 6%. Volumes increased by 8%, with growth strongest in China, India and Russia. In these countries, we saw a benefit from increased sales of lower priced locally produced semen as well as continuing growth in sales of imported semen. Sales volumes of semen from our global studs, which represent over 82% of semen sales, increased by 4% and average selling prices improved by 3%. The resultant improvement on margins was partly offset by the higher costs of the increased bull development programme to support future volume growth. Overall, profits increased by 6%.

Performance by species

	Actual currency			Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue				
Dairy & AI beef	**165.1**	155.1	6	7
Porcine	**165.5**	145.7	14	15
Research & development	**11.2**	9.1		
	341.8	309.9		
Adjusted operating profit inc JV				
Dairy & AI beef	**20.8**	19.7	6	8
Porcine	**43.6**	36.6	19	20
Central Costs & Research	**(15.8)**	(11.0)		
	48.6	45.3		

Exchange rates

The Group's products and services are sold to customers in 70 countries across six continents. Consequently, our results are subject to variation based on the translation of profits at different exchange rates. As in previous years, we have shown changes in performance on a constant exchange rate basis to illustrate underlying business performance.

In the year ended 30 June 2012, the Group's adjusted operating profits were reduced by £0.9m. This was due to a modest strengthening of sterling against currencies such as the Brazilian real and Mexican peso in the last quarter of the year. This had the impact of reducing the growth in adjusted operating profits for the Group from 9% to 7%.

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

	Average		Closing	
	2012	**2011**	**2012**	**2011**
US dollar/£	**1.59**	1.60	**1.57**	1.61
Euro/£	**1.19**	1.16	**1.24**	1.11
Brazilian real/£	**2.86**	2.65	**3.17**	2.51
Mexican peso/£	**20.90**	19.47	**21.06**	18.83

Finance costs

Net finance costs reduced by £4.2m to £2.1m (2011: £6.3m). Approximately £2.0m of this reduction arose from the benefits of the Group's refinancing in March 2011. The remainder was due to a combination of reduced net borrowings, lower interest on pension liabilities and a reduced average interest rate; the latter was due to the fixed rate swaps entered into at the time of the Sygen acquisition maturing.

Following the increased pension deficit at 30 June 2012, including the additional one-off pension provision made, the interest cost on pension liabilities will be higher in the year ahead.

Exceptional items

There was a £0.9m (2011: £1.2m) net exceptional credit this year. This comprises three elements:

1. a restructuring charge of £2.0m principally relating to refocusing the European porcine business on larger integrated customers;

2. a provision of £20.1m (2011: nil) for potential additional pension costs in respect of the multi-employer Milk Pension Fund (MPF). The triennial valuation of the MPF at March 2012 is expected to show an increased deficit particularly following recent reductions in gilt yields. In light of this, and the difficulty certain other employers may experience in fulfilling their obligations to the scheme, the Group concluded that it was necessary to make a provision for its potential joint and several obligations in connection with the MPF scheme. 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. These potential costs are additional to the pension liabilities in respect of Genus' past and present employees in the now closed MPF. They arise because of Genus' joint and several liability with the other employers for the obligations of the MPF;

3. an exceptional credit of £23.0m as a result of a change in the basis of calculating the value of the Group's porcine pure line breeding animals under IAS 41. This change has increased the carrying value of biological assets under IAS 41 but has no cash impact. Further details are given in note 8 to the preliminary results.

Statutory profit before tax

Operating profit on a statutory basis was £54.2m compared with £44.8m last year. The statutory profit before tax was £54.4m (2011: £40.8m). These statutory results benefit from the impact of the exceptional items discussed above combined with a higher underlying net fair value credit on biological assets under IAS 41 of £15.8m (2011: £9.8m). As noted above, the performance as measured by adjusted operating profit including joint ventures showed growth of 7%, and adjusted profit before tax showed growth of 19%. The Board believes these adjusted profit measures provide a better measure of the Group's underlying performance.

Taxation

The effective rate of tax for the year, based on adjusted profit before tax, was virtually unchanged at 31.0% (2011: 31.5%).

The effective rate remains higher than the UK corporate tax rate. This is due to the mix of overseas profits, particularly the proportion of profits generated in North America, where the tax rate is approximately 39%.

Earnings per share

Adjusted basic earnings per share rose by 19% to 53.5 pence (2011: 44.8 pence). The increase was in line with the improvement in profit before tax.

Basic earnings per share on a statutory basis were 65.9 pence per share (2011: 49.0 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 2012, the carrying value of biological assets was £282.2m (2011: £238.8m) as set out in the table below:

	2012 £m	2011 £m
Non-current assets	**223.0**	187.0
Current assets	**36.8**	27.3
Inventory	**22.4**	24.5
	282.2	238.8
Represented by:		
Porcine	**107.6**	74.6
Dairy & AI beef	**174.6**	164.2
	282.2	238.8

The increase in the overall carrying value of biological assets includes a £33.0m increase in the carrying value of porcine biological assets; £23.0m of this increase relates to a reassessment in the method of calculation of the value of pure line animals in the Group's two nucleus farms, valuing the herds as entities and using discounted cash flows from the herds' saleable product. This better reflects the true value of these animals. The remaining increase is due principally to the higher number of animals held in the Group's farms, particularly those in China, to meet customer needs. The carrying value of biological assets related to dairy and AI beef has increased by £10.4m mainly due to an increase in the value of the bulls in the development programme.

Cash flow and net debt

	2012 £m	2011 £m
Cash generated by operations	**43.9**	39.2
Interest, tax and dividends	**(22.0)**	(18.3)
Capital investments	**(9.1)**	(4.8)
Other	**1.7**	0.9
Net cash inflow before swap settlement	**14.5**	17.0
US dollar swap settlement	**-**	(7.0)
	14.5	10.0

The Group had a strong cash flow performance, with a net cash inflow for the year of £14.5m (2011: £10.0m). This was notwithstanding increased capital investment and higher tax payments as a result of the Group's growing profits.

Capital investment in the year increased to £9.1m (2011: £4.8m). This includes expenditure in expanding the Group's dairy and AI beef production facilities in Canada and additional spend in porcine on product development facilities in

North America and a production farm in China.

We reduced net debt from £67.9m to £56.4m at 30 June 2012.

The Group's financial position and ratios remained strong and there is substantial headroom under our £132m borrowing facilities. Interest cover, based on net interest excluding interest on pension liabilities, improved to 17.7 times (2011: 7.9 times) and the ratio of net debt to EBITDA as calculated under our financing facilities reduced from 1.4 to 1.1.

Retirement benefit obligations

The Group's retirement benefit obligations at 30 June 2012, calculated in accordance with IAS 39, were £67.3m (2011: £23.6m) before tax and £51.0m (2011: £17.5m) net of related deferred tax. The significant increase in obligations in the year arose from an increase in the deficit in the Milk Pension Fund (MPF) a multi-employer defined benefit scheme, together with an additional provision of £20.1m. The total deficit of the MPF scheme, calculated in accordance with IAS19 at 30 June 2012, increased from £39m to £102m. This was due to the impact of lower bond yields and only modest investment returns in the year. Genus' estimated share of this deficit increased from £14.3m to £57.2m. This is after taking into account the £20.1m exceptional provision made in connection with the Group's potential joint and several liabilities under the scheme. We consider this exceptional provision to be necessary in light of the higher underlying deficit and the likely difficulty of certain other employers in the MPF being able to meet their obligations.

During the year, annual deficit contributions payable in respect of the Group's defined benefit scheme amounted to £1.9m. A triennial actuarial valuation of the MPF as at 31 March 2012 is underway. We expect this valuation to result in higher deficit contributions in the future.

Review of operations

North America

	Actual currency			Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	**121.5**	114.5	6	5
Adjusted operating profit	**39.5**	35.3	12	11
Adjusted operating margin	**33%**	31%		

Revenues rose by 6% to £121.5m and operating profit increased by 12%. The porcine business performed strongly, with more modest progress in dairy and AI beef.

Market conditions provided reasonable profitability for Genus customers throughout most of the year. During the last quarter, however, market conditions became more difficult for some customers due to increased feed costs and declining milk prices.

In porcine, we continued to gain market share, which improved to 36% as volumes grew by 4%. Sales of animals under royalty contracts were also higher. This will lead to further increases in royalty income in the years ahead. In addition, we continued to implement successfully our CBVPlus and CBVMax programmes whereby we deliver improved value to our customers through using boars of higher genetic merit. This, along with price increases, has enabled us to improve margins whilst at the same time providing better service to customers. Our North American porcine production multiplication network was expanded by 9%. This will provide the necessary supply to continue the expansion of our business in North America and provide an increased number of animals for export to Genus customers in other countries. In particular, this supported our growth in the Latin America and Asia regions.

In May 2012, Genus PIC celebrated its 50th anniversary in conjunction with the annual PIC Symposium. Over 500 key customers representing 22 countries attended.

The dairy and AI beef business had a more difficult year; hot weather at the beginning of the year and lower milk prices

towards year-end had an impact on the demand for dairy semen. This was most notable in the large dairy enterprise sector. Beef sales were more encouraging and rose modestly. Overall, however, volumes were down 2%. More effective sales management enabled a small improvement in average selling prices. This, together with continuing tight management of costs, resulted in a small improvement in dairy and AI profits.

Latin America

		Actual currency		Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	**52.5**	47.0	12	23
Adjusted operating profit exc JV	**16.2**	13.5	20	26
Adjusted operating profit inc JV	**18.2**	16.3	12	18
Adjusted operating margin exc JV	**31%**	29%		

Latin America achieved another year of strong growth. Revenue increased 12% to £52.5m and operating profit (excluding joint ventures) grew 20% to £16.2m. A disappointing performance in our Brazilian joint venture caused by weak pig prices in Brazil held back growth in operating profit including joint ventures to 12%.

Volumes in porcine grew by 16%. We continued to focus on converting customers to royalty contracts. Consequently, royalty income grew 34%. Our business in Chile performed well, benefiting from increased volumes and improved margins due to the superior performance of our animals in customers' herds.

Our joint venture in Brazil had a difficult year, with customer demand impacted by higher feed costs and lower pig prices caused by the temporary closure of the export market to Russia. As a result, our share of profits was lower. Progress continues in converting more Brazilian customers towards the royalty model.

In dairy and AI beef, volumes grew by 11% in markets that generally remained favourable. Mexico was the exception, due to weak milk prices. Chile and Argentina had a particularly good year, with strong volume growth and improved prices. The new business in Colombia, that opened in February 2011, has made good progress.

The performance across Latin America benefited from improved customer services. In beef, the fixed AI programme continued to grow. In dairy, customer support services were enhanced through an increased level of dairy technical services support made available to our key customers.

Europe

		Actual currency		Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	**117.3**	113.3	4	4
Adjusted operating profit	**18.9**	18.4	3	4
Adjusted operating margin	**16%**	16%		

Revenue in Europe increased by 4% and operating profits increased by 3%.

Our porcine business in Europe continued to improve in a difficult market. Market conditions for European pig farmers remained challenging. Short term profitability for farmers improved as a result of higher pig prices. However, with the

likely need for many producers to invest in order to comply with the European welfare legislation that becomes effective in 2013, demand has been weak. Consequently, volumes in the porcine business in Europe were down 3%. Firmer pig prices together with cost reductions helped to improve margins.

During the year, we began to implement the restructuring of the European porcine business to sharpen the focus on larger integrated pork producers and to reduce our exposure to directly owned farming activities. We implemented cost reductions in Germany, the benefits of which started to become apparent in business performance towards the end of the year. Another milestone was the recent appointment of a new senior executive with considerable industry experience to lead our European porcine operations.

Demand for dairy and beef semen has been reasonable, with European milk prices higher than the comparable prior period for most of the year, albeit there was a modest fall towards year-end. Volumes grew by 6%, aided by an increased emphasis in a number of markets on our reproductive management services (RMS).

In the important UK market, we increased market share. We contained the impact of cost increases in fuel and other areas by replacing a large proportion of the fleet with more fuel-efficient and lower CO2 emitting vehicles. We also implemented the latest fuel efficiency monitoring technology. In Italy, we achieved benefits through an improved local bull line up and increased emphasis on RMS. During the year, we acquired our small Polish distributor, which will enable us to accelerate expansion of our presence in the large Polish dairy market. Elsewhere in our distributor markets, we saw good volume progress in Hungary and Saudi Arabia. However, volumes in Turkey were affected by a difficult market. Promar, our agriculture consulting business, continued to perform well, winning new contracts in the year.

Asia

		Actual currency		Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	**48.9**	35.9	36	40
Adjusted operating profit exc JV	**10.4**	7.4	41	39
Adjusted operating profit inc JV	**11.1**	7.7	44	43
Adjusted operating margin exc JV	**21%**	21%		

The Asian region achieved an excellent performance, with strong growth broadly across the region and in both the porcine and dairy and AI beef businesses. Revenues increased by 36% and operating profits (including joint ventures) by over 40% to £11.1m.

In porcine, volumes grew strongly by 33%. In Russia, we further strengthened our position in a number of key accounts with new stockings. This included a number of animals provided directly from our US operations. Similarly, volumes grew in the Philippines, despite more difficult market conditions there for part of the year. In both countries, we have continued to convert customers to the royalty model, which now accounts for over 40% and 20% respectively of volumes in these two countries. In China, where to date we have not operated the royalty model, direct sales grew. Profitability in China also benefited from buoyant market conditions in the first half of the year. We also achieved higher volumes elsewhere, including a large multiplication and nucleus farm stocking in South Korea.

In China, we are realigning our production to be more in line with the new strategy that focuses on large integrated pork producers. This strategy envisages entering into joint ventures with such customers and less reliance on direct sales from our own local production of breeding animals. We announced the first such joint venture, involving a large 4,250-sow nucleus farm with an existing customer, BeSun, shortly after the year end. We are also progressing discussions regarding potential joint ventures with other integrated producers.

During the year, milk prices were stable in China and steadily increased in most of our other key dairy markets in Asia. This, combined with growing demand, resulted in the volume of semen sold by our dairy and AI beef business increasing by 24%. Semen produced locally from studs in China, India and Russia (which started production in August 2011) was the key driver of the high level of growth. Increased volumes of imported semen from Genus global studs supplemented

this growth. During the year, we received approval to open a warehouse for imported semen in India. This will enable us to improve further availability and service to our customers. Our business in Australia performed well, with volumes up 8% and firmer prices as farms recovered from the drought of the previous year.

Across our business in Asia, and particularly in China, we have strengthened the management and supporting technical service teams. This will ensure the business is well placed to achieve our planned growth in the years ahead.

Research and development

	Actual currency			Constant currency
	2012	**2011**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Research & development costs	**28.7**	25.3	13	14

Genus continues to invest ahead of the rate of inflation in R & D to ensure that our products meet customer needs and put us ahead of our competitors. During the year, the costs of our R & D programme increased by 13% to £28.7m. Porcine product development costs rose principally as a result of higher feed costs, net of increased slaughter revenue, as part of running the two nucleus farms in North America. Dairy and beef product development costs were higher due to the additional costs associated with the increased size of the bull development programme, which is crucial to providing capacity for anticipated growth. We also invested more heavily on research activities targeted on programmes devoted to genomic evaluation, gender skew and disease resistance.

Porcine product development

During the year, we completed the implementation of genome wide selection in our breeding programme using our extensive proprietary database of over 14 million performance records and genomics software developed in house. We now have a database of over 20,000 animals that have been genotyped for 60,000 genomic regions across all chromosomes of the pig. In addition, we have completed the development of imputation programmes that will allow us to use this information to genotype an even larger number of animals going forward at a much lower cost per animal. This will allow us to increase the accuracy of selection based on estimated breeding values within our programme.

As feed costs continue to rise, feed efficiency remains an important trait. With programmes such as our cross-bred trials and the increased use of specialist feeders to record feed usage, PIC continues to deliver the most feed-efficient animals in the industry.

Dairy and AI Beef product development

Throughout the past year, ABS bulls continued to perform well in the national rankings of the countries where we progeny-test bulls. In the US, ABS averaged 30 bulls in the internationally important top 100 TPI rankings across all three sire summaries in the year. The UK had similar results, while Italy contributed with some key bulls during the year that drove additional volume and improved prices.

We continued to supply differentiated genetics into Russia, China, and India. Bulls shipped to our new stud in Russia produced their first saleable units in September 2011. During the year, we shipped a total of 29 dairy and 6 beef bulls to our partners in China, where we now have a population of 64 dairy bulls and 14 beef bulls. In India, we shipped embryos produced in Canada from elite Holstein pedigrees to our partner's stud. We expect the first calves from these imported embryos will be born in the autumn of 2012.

Research and development

We re-focused and enhanced Genus research activities during the year to place increased emphasis on our three key research programmes: genomic evaluation, gender skew and disease resistance. We continue to make progress in these areas, although our initiative to develop a proprietary sexed semen product is progressing but longer than originally anticipated. We have extended key sexed semen supply contracts to ensure continuity of supply in this growing segment of our dairy and AI beef business.

Principal Risks and Uncertainties

Genus operates a structured and embedded risk management system that identifies, evaluates and prioritises risks and uncertainties and actively reviews control and mitigation activities performed by the Group globally. The principal risks and uncertainties facing Genus that could affect its performance together with the actions that are taken by Genus to mitigate their impact on the Company are as follows:

Risk	Risk description	Mitigating actions
Markets		
Intellectual property protection	• Genus-developed porcine genetic material could become freely available to third parties	• Strict contractual restrictions imposed on counterparties to limit use of genetic material within pure lines • Careful selection of multipliers and joint venture partners (including in emerging markets) to ensure trustworthiness • Ability to undertake genetic testing of animals to determine genetic origin
Agricultural recession and commodity pricing	• Impact of fluctuations in agricultural markets on customer profitability and demand • Increase in operating costs owing to commodity pricing volatility	• Geographic diversity of businesses • Use of the porcine royalty model • Hedging transactions to fix pricing of inputs and outputs where appropriate
Emerging markets	• Fail to appropriately develop business in emerging markets	• Experienced management team blending local and expatriate executives • High level of Board oversight • Dedicated development, technical services and veterinary staff within emerging markets • Adoption of joint venture business model in appropriate regions
Disease & environment		
Bio security	• Loss of key livestock owing to disease outbreak	• Formal bio-security standards featuring movement controls, veterinary inspection, independent bio-security reviews • Key facilities placed in different countries to avoid over-reliance on single production sites.
Continuity of supply	• Loss of ability to move animals and semen freely (including across borders) owing to, for example, disease outbreak, environmental incident, or international trade sanctions	• Formal bio-security standards featuring movement controls, veterinary inspection, independent bio-security reviews • Care taken to avoid over-reliance on single production sites with key facilities placed in different countries • Recent appointment of dedicated Head of Supply Chain
Environmental pollution incident	• Environmental incident on porcine development facility	• High standards of facility development and operation • Independent assessment of operational compliance
Business continuity	• Unavailability of key research, production or administrative site • Failure of IT system	• Business continuity plans in place for key locations • Testing programme established • Care taken to avoid over-reliance on single production sites with key facilities placed in different countries • Formal IT disaster recovery plans in place with testing programme

		• Property damage and business interruption insurance cover
HR		
Human resources	• Fail to attract or retain skills and experience within executive, management and employee cohorts	• Executive pay levels recently reviewed by external consultants • Regular scrutiny of senior management performance and remuneration at Remuneration Committee • Recent appointment of dedicated experienced Group-wide HR Director • Development of people and talent plans • Historic low level of turnover experienced • Special focus on HR issues in emerging markets, with blend of local and expatriate management
Research & development		
Product development and competitive edge	• Development programme fails to produce best genetics for customers • Increased competition in developed and emerging markets drives down market share and margins	• Formal communication process to ensure development is aligned with customer requirements • Dedicated product development team • Focus on key account management • Use of porcine royalty model • Offering technical services and support to customers • High density of bulls in Top 100 listings
Commercialisation of research	• Fail to focus research initiatives on commercially important areas • Fail to lead on future 'game-changing' technology	• Regular oversight of research by R & D Portfolio Management Team and Executive management • Continuing appropriate budget allocated to research and development
Finance		
Pensions	• Exposure to costs associated with failure of third party member of joint and several pension scheme • Exposure to costs as a result of external factors (e.g. mortality rates, investment values etc.)	• 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 MPF • Third-party review of pension arrangements undertaken

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, the Board of Directors continues to adopt the going concern basis in preparing the Financial Statements.

Group Income Statement

For the year ended 30 June 2012

Genus plc

	Note	**2012 £m**	2011 £m
REVENUE FROM CONTINUING OPERATIONS	2	**341.8**	309.9
ADJUSTED OPERATING PROFIT FROM CONTINUING OPERATIONS		**45.8**	42.2

Net IAS 41 valuation movement on biological assets (includes exceptional credit of £23.0m (2011: £nil))	8	**38.8**	9.8
Amortisation of acquired intangible assets		**(5.2)**	(5.2)
Share-based payment expense		**(3.1)**	(3.2)
		76.3	43.6
Other exceptional items	3	**(22.1)**	1.2
OPERATING PROFIT FROM CONTINUING OPERATIONS		**54.2**	44.8
Share of post-tax profit of joint ventures and associates		**2.3**	2.3
Net finance costs	4	**(2.1)**	(6.3)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**54.4**	40.8
Taxation	5	**(14.8)**	(11.6)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**39.6**	29.2
ATIRIBUTABLE TO:			
Owners of the Company		**39.5**	29.2
Minority interests		**0.1**	-
		39.6	**29.2**
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	7		
Basic earnings per share		**65.9p**	**49.0p**
Diluted earnings per share		**65.0p**	**48.2p**

NON STATUTORY MEASURE OF PROFIT			
Adjusted operating profit from continuing operations		**45.8**	42.2
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		**2.8**	3.1
ADJUSTED OPERATING PROFIT INCLUDING JOINT VENTURES AND ASSOCIATES		**48.6**	45.3
Net finance costs	4	**(2.1)**	(6.3)
ADJUSTED PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		**46.5**	39.0
ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	7		
Basic adjusted earnings per share		**53.5p**	44.8p
Diluted adjusted earnings per share		**52.7p**	44.1p

Group Statement of Comprehensive Income
For the year ended 30 June 2012

Genus plc

	2012 £m	**2012 £m**	2011 £m	2011 £m
PROFIT FOR THE YEAR		**39.6**		29.2
Foreign exchange translation differences	**(7.0)**		(11.6)	
Fair value movement on net investment hedges	**1.1**		4.9	
Fair value movement on cash flow hedges	**(0.2)**		1.2	
Actuarial loss/(gain) on retirement benefit obligations	**(27.2)**		0.9	

Tax relating to components of other comprehensive income	**5.2**	(0.5)	
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR		**(28.1)**	(5.1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11.5**	24.1
ATTRIBUTABLE TO:			
Owners of the Company		**11.4**	24.1
Minority interests		**0.1**	-
		11.5	24.1

Group Statement of Changes in Equity

Genus plc

	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 2010		6.0	112.0	(0.1)	30.3	(1.2)	104.5	251.5	0.3	251.8
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
Issue of ordinary shares		-	-	-	-	-	-	-	-	-
Minority interest on acquisition		-	-	-	-	-	-	-	-	-
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
Foreign exchange translation differences, net of tax		-	-	-	(7.9)	-	-	(7.9)	-	(7.9)
Fair value movement on net investment hedges, net of tax		-	-	-	0.8	-	-	0.8	-	0.8
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(20.8)	(20.8)	-	(20.8)
Other comprehensive expense for the year		-	-	-	(7.1)	(0.2)	(20.8)	(27.5)	-	(27.5)
Profit for the year		-	-	-	-	-	39.5	39.5	0.1	39.6
Total comprehensive (expense)/income for the year		-	-	-	(7.1)	(0.2)	18.7	11.4	0.1	11.5
Recognition of share-based payments, net of tax		-	-	-	-	-	2.8	2.8	-	2.8
Issue of ordinary shares		-	0.1	-	-	-	-	0.1	-	0.1
Dividends	6	-	-	-	-	-	(10.7)	(10.7)	-	(10.7)
BALANCE AT 30 JUNE 2012		**6.0**	**112.1**	**(0.1)**	**17.1**	**(0.5)**	**140.6**	**275.2**	**0.4**	**275.6**

Group Balance Sheet
As at 30 June 2012

Genus plc

	Note	2012 £m	2011 £m	2010 £m
ASSETS				
Goodwill		**66.4**	68.3	68.4
Other intangible assets		**71.2**	75.6	81.5
Biological assets	8	**223.0**	187.0	175.5
Property, plant and equipment		**41.7**	40.8	43.4
Interests in joint ventures and associates		**9.2**	8.5	7.4
Available for sale investments		**0.1**	0.2	0.3
Derivative financial assets		**0.3**	-	0.9
Deferred tax assets		**23.1**	15.6	17.5
TOTAL NON-CURRENT ASSETS		**435.0**	396.0	394.9
Inventories		**30.2**	33.5	31.1
Biological assets	8	**36.8**	27.3	37.0
Trade and other receivables		**66.5**	65.0	60.2
Cash and cash equivalents		**18.6**	18.3	18.1
Income tax receivable		**0.8**	1.0	0.8
Asset held for sale		**0.3**	0.3	0.3
TOTAL CURRENT ASSETS		**153.2**	145.4	147.5
TOTAL ASSETS		**588.2**	541.4	542.4
LIABILITIES				
Trade and other payables		**(48.9)**	(47.3)	(42.3)
Interest-bearing loans and borrowings		**(8.2)**	(4.0)	(1.6)
Provisions		**(1.4)**	(0.2)	(0.4)
Obligations under finance leases		**(0.9)**	(0.9)	(0.9)
Current tax liabilities		**(4.6)**	(5.5)	(3.5)
Derivative financial liabilities		**(0.2)**	(0.4)	(12.2)
TOTAL CURRENT LIABILITIES		**(64.2)**	(58.3)	(60.9)
Interest-bearing loans and borrowings		**(64.6)**	(80.5)	(94.6)
Retirement benefit obligations	10	**(67.3)**	(23.6)	(28.8)
Provisions		**(1.1)**	(1.2)	(1.4)
Deferred tax liabilities		**(113.5)**	(104.9)	(103.6)
Derivative financial liabilities		**(0.6)**	(0.2)	(0.3)
Obligations under finance leases		**(1.3)**	(0.8)	(1.0)
TOTAL NON-CURRENT LIABILITIES		**(248.4)**	(211.2)	(229.7)
TOTAL LIABILITIES		**(312.6)**	(269.5)	(290.6)
NET ASSETS		**275.6**	271.9	251.8
EQUITY				
Called up share capital		**6.0**	6.0	6.0
Share premium account		**112.1**	112.0	112.0
Own shares		**(0.1)**	(0.1)	(0.1)
Translation reserve		**17.1**	24.2	30.3
Hedging reserve		**(0.5)**	(0.3)	(1.2)
Retained earnings		**140.6**	129.8	104.5
Equity attributable to owners of the Company		**275.2**	271.6	251.5
Minority interest		**0.4**	0.3	0.3
Total equity		**275.6**	271.9	251.8

Group Statement of Cash Flows

Genus plc

For the year ended 30 June 2012

	Note	**2012 £m**	2011 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	9	**32.6**	28.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associates		**0.5**	1.9
Purchase of trade and assets		**(0.2)**	-
Purchase of property, plant and equipment		**(7.1)**	(3.5)
Purchase of intangible assets		**(1.8)**	(1.3)
Proceeds from sale of property, plant and equipment		**1.1**	0.7
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(7.5)**	(2.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		**7.5**	16.1
Repayment of borrowings		**(21.6)**	(23.4)
Payment of finance lease liabilities		**(1.0)**	(1.0)
Equity dividends paid		**(10.7)**	(7.2)
Cash settlement of derivative financial instrument		**-**	(7.0)
New debt issue costs		**-**	(1.7)
Issue of ordinary shares		**0.1**	-
Increase/(decrease) in bank overdrafts		**0.9**	(1.6)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(24.8)**	(25.8)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**0.3**	0.1
Cash and cash equivalents at start of the year		**18.3**	18.1
Net increase in cash and cash equivalents		**0.3**	0.1
Effect of exchange rate fluctuations on cash and cash equivalents		**-**	0.1
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE		**18.6**	18.3

Notes to the Preliminary Results
For the year ended 30 June 2012

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 2012 or the year ended 30 June 2011, but is derived from those accounts. Statutory accounts for the year ended 30 June 2011 have been delivered to the Registrar of Companies and those for the year ended 30 June 2012 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 2012 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**		
	2012	2011	2010	**2012**	2011	2010

US Dollar/£	**1.59**	1.60	1.58	**1.57**	1.61	1.50
Euro/£	**1.19**	1.16	1.14	**1.24**	1.11	1.22
Brazilian Real/£	**2.86**	2.65	2.83	**3.17**	2.51	2.70
Mexican Peso/£	**20.90**	19.47	20.41	**21.06**	18.83	19.28

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 in October 2012. These financial statements have also been prepared in accordance with the accounting policies set out in the 2011 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:

- Amendment to IFRS 1 *'Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters'*
- Amendments to IFRS 7 *'Financial Instruments: Disclosures'*
- Amendments to IAS 1 *'Presentation of Financial Statements';* and
- Amendments to IAS 24 *'Related Party Disclosures'*

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

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 movement on biological assets, amortisation of acquired intangible assets, share-based payment expense, exceptional items and other gains and losses. These additional non-GAAP measures of operating performance are included as the Directors believe that they provide useful alternative measures 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 Group Income Statement.

This preliminary announcement was approved by the Board on 3 September 2012.

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'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 2012 £m	**Inter-segment revenue 2012 £m**	**Consolidated revenue 2012 £m**
North America	**121.5**	**(6.5)**	**115.0**
Latin America	**52.5**	**(0.8)**	**51.7**
Europe	**117.3**	**(1.6)**	**115.7**
Asia	**48.9**	**(0.7)**	**48.2**
Research & Product Development			
Research	**-**	**-**	**-**
Bovine Product Development	**7.8**	**(7.5)**	**0.3**
Porcine Product Development	**15.3**	**(4.4)**	**10.9**
	23.1	**(11.9)**	**11.2**
Revenue	**363.3**	**(21.5)**	**341.8**

Revenue

	Gross	Inter-segment	Consolidated

	revenue 2011 £m	revenue 2011 £m	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
Asia	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
	331.0	(21.1)	309.9

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 2012 £m	**Product Development recharges 2012 £m**	**Segment total 2012 £m**
North America	**44.9**	**(5.4)**	**39.5**
Latin America	**19.1**	**(2.9)**	**16.2**
Europe	**21.1**	**(2.2)**	**18.9**
Asia	**11.8**	**(1.4)**	**10.4**
Regional operating profit	**96.9**	**(11.9)**	**85.0**
Research & Product Development			
Research	**(5.3)**	**-**	**(5.3)**
Bovine Product Development	**(20.8)**	**7.5**	**(13.3)**
Porcine Product Development	**(14.5)**	**4.4**	**(10.1)**
	(40.6)	**11.9**	**(28.7)**
Segment operating profit	**56.3**	**-**	**56.3**
Central costs	**(10.5)**	**-**	**(10.5)**
Adjusted operating profit	**45.8**	**-**	**45.8**

	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
Asia	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

2. SEGMENTAL INFORMATION (CONTINUED)

	Depreciation		Amortisation		Additions to non-current assets	
	2012 £m	2011 £m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
North America	**1.2**	1.0	**2.4**	2.4	**2.0**	1.6
Latin America	**0.3**	0.4	**0.4**	0.4	**0.7**	0.5
Europe	**0.5**	0.6	**2.7**	2.7	**0.5**	0.5
Asia	**0.4**	0.3	**0.3**	0.3	**0.4**	0.4
Research & Product Development						
Research	**0.1**	0.1	**-**	-	**-**	-
Bovine Product Development	**0.7**	0.5	**-**	-	**3.7**	0.9
Porcine Product Development	**1.8**	1.8	**-**	-	**0.8**	0.4
	2.6	2.4	**-**	-	**4.5**	1.3
Segment total	**5.0**	4.7	**5.8**	5.8	**8.1**	4.3
Central	**0.1**	-	**-**	-	**0.4**	-
Total	**5.1**	4.7	**5.8**	5.8	**8.5**	4.3

	Segment assets			Segment liabilities		
	2012 £m	2011 £m	2010 £m	**2012 £m**	2011 £m	2010 £m
North America	**125.9**	121.2	132.0	**(54.5)**	(44.4)	(30.5)
Latin America	**61.3**	60.0	61.6	**(11.5)**	(13.2)	(10.5)
Europe	**87.6**	94.7	90.0	**(86.7)**	(44.2)	(51.8)
Asia	**33.2**	31.5	29.2	**(7.1)**	(8.8)	(5.9)
Research & Product Development						
Research	**0.5**	0.5	0.5	**-**	-	-
Bovine Product Development	**191.3**	176.3	166.1	**(52.5)**	(53.6)	(48.2)
Porcine Product Development	**68.4**	46.4	55.5	**(16.4)**	(8.2)	(10.3)
	260.2	223.2	222.1	**(68.9)**	(61.8)	(58.5)
Segment total	**568.2**	530.6	534.9	**(228.7)**	(172.4)	(157.2)
Central and unallocated	**20.0**	10.8	7.5	**(83.9)**	(97.1)	(133.4)
Total	**588.2**	541.4	542.4	**(312.6)**	(269.5)	(290.6)

Other exceptional items of £22.1m cost (2011: £1.2m gain), relate to the Europe region. Details of these exceptional items are given in note 3. Share-based payments are considered on a Group-wide basis and are therefore not allocated to reportable segments.

The exceptional credit of £23.0m which has arisen as a result of a change in the basis of calculating the value of the Group's porcine pure line breeding animals under IAS 41 relates to Porcine Product Development.

3. EXCEPTIONAL ITEMS

Operating (expenses)/income:	**2012 £m**	2011 £m
Additional pension provision	**(20.1)**	-
Integration and restructuring	**(2.0)**	-
Pension curtailment gain	**-**	0.6
Insurance settlement	**-**	0.6

Other exceptional items	**(22.1)**	1.2
Exceptional credit - IAS 41 (see note 8)	**23.0**	-
Total exceptional items	**0.9**	1.2

The additional pension provision of £20.1m is in respect of the multi-employer Milk Pension Fund (MPF). The triennial valuation of the MPF at March 2012 is expected to show an increased deficit particularly following recent reductions in gilt yield. In the light of this, and the difficulty certain other employers may experience in fulfilling their obligations to the scheme, the Group concluded that it was necessary to make a provision in its financial statements for the year to 30 June 2012 for its potential joint and several obligation in connection with the MPF scheme. 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. These potential costs are additional to the normal pension liabilities in respect of Genus's past and present employees in the now closed MPF. They arise because of Genus's joint and several liability with the other employers for the obligations of the MPF.

The integration and restructuring charge of £2.0m relates principally to a refocusing the European porcine business on larger integrated customers.

An exceptional credit of £23.0m has arisen as a result of a change in the basis of calculating the value of the Group's porcine pure line breeding animals under IAS 41. This change has increased the carrying value of biological assets under IAS 41 but has no cash impact. The pure line assets were previously valued by applying fair values of the nearest similar assets. The new methodology employs a discounted cash flow calculation applied to the expected output of each herd of breeding animals as a whole. This is considered to be a more relevant basis of estimating the fair value of the pure line assets.

In the prior year, the pension curtailment gain of £0.6m arose on the closure to future accrual of defined benefit pensions within the Dalgety Pension Fund.

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

4. NET FINANCE COSTS

	2012 £m	2011 £m
Interest payable on bank loans and overdrafts	**(1.9)**	(3.1)
Amortisation of debt issue costs	**(0.5)**	(1.7)
Other interest payable	**(0.2)**	(0.3)
Net interest cost on derivative financial instruments	**(0.6)**	(1.6)
Total interest expense	**(3.2)**	(6.7)
Interest income on bank deposits	**0.2**	0.2
Net interest income in respect of pension scheme liabilities	**0.9**	0.2
Total interest income	**1.1**	0.4
Net finance costs	**(2.1)**	(6.3)

5. INCOME TAX EXPENSE

	2012 £m	2011 £m
Current tax expense		
Current period	**9.9**	8.7
Adjustment for prior periods	**(1.5)**	(0.7)
Total current tax expense in the Group Income Statement	**8.4**	8.0
Deferred tax expense		
Origination and reversal of temporary differences	**8.1**	3.4
Adjustment for prior period	**(1.7)**	0.2
Total deferred tax expense in the Group Income Statement	**6.4**	3.6

Total income tax expense excluding share of income tax of equity accounted investees	**14.8**	11.6
Share of income tax of equity accounted investees	**0.6**	0.4
Total income tax expense in the Group Income Statement	**15.4**	12.0

The prior year deferred tax credit in the year principally arises from a reassessment of the underlying US tax rate applicable to the future taxation of the Group's biological assets in that territory.

6. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2012	2011
	£m	£m
Final dividend		
13.3 pence (2011: 12.1 pence) per share	**8.0**	7.2
Interim dividend		
4.5 pence (2011:nil) per share	**2.7**	-
	10.7	7.2

A final dividend of 10.1 pence per share has been proposed by the Directors for 2012. 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.

7. EARNINGS PER SHARE

Basic earnings per share from continuing operations

	2012	2011
Basic earnings per share	**65.9p**	49.0p

The calculation of basic earnings per share from continuing operations for the year ended 30 June 2012 is based on the profit attributable to ordinary shareholders from continuing operations of £39.6m (2011: £29.2m) and a weighted average number of ordinary shares outstanding of 60,055,000 (2011: 59,652,000), calculated as follows:

Weighted average number of ordinary shares (basic)

	2012	2011
	000s	000s
Issued ordinary shares at start of the year	**59,933**	59,678
Effect of own shares held	**(148)**	(214)
Shares issued on exercise of stock options	**37**	34
Shares issued in relation to EBT	**233**	154
Weighted average number of ordinary shares in year	**60,055**	59,652

Diluted earnings per share from continuing operations

	2012	2011
Diluted earnings per share	**65.0p**	48.2p

The calculation of diluted earnings per share at 30 June 2012 is based on profit attributable to ordinary shareholders from continuing operations of £39.6m (2011: £29.2m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,883,000 (2011: 60,566,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012	2011
	000s	000s
Weighted average number of ordinary shares (basic)	**60,055**	59,652
Dilutive effect of share options	**828**	914
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**60,883**	60,566

7. EARNINGS PER SHARE (CONTINUED)

Adjusted earnings per share from continuing operations

	2012	2011
Adjusted earnings per share	**53.5p**	44.8p
Diluted adjusted earnings per share	**52.7p**	44.1p

Adjusted earnings per share is calculated on profit before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items after charging taxation associated with those profits, of £32.1m (2011: £26.7m) as follows:

	2012 £m	2011 £m
Profit before tax from continuing operations	**54.4**	40.8
Add/(deduct):		
Net IAS 41 valuation movement on biological assets	**(38.8)**	(9.8)
Amortisation of acquired intangible assets	**5.2**	5.2
Share-based payment expense	**3.1**	3.2
Additional pension provision	**20.1**	-
Integration and restructuring costs	**2.0**	-
Pension curtailment gain	**-**	(0.6)
Insurance settlement	**-**	(0.6)
Net IAS 41 valuation movement on biological assets in joint ventures and associates	**(0.1)**	0.4
Tax on joint ventures and associates	**0.6**	0.4
Adjusted profit before tax	**46.5**	39.0
Adjusted tax charge	**(14.4)**	(12.3)
Adjusted profit after taxation	**32.1**	26.7
Effective tax rate on adjusted profit	**31.0%**	31.5%

8. BIOLOGICAL ASSETS

Fair value of biological assets	**Bovine £m**	**Porcine £m**	**Total £m**
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
Increases due to purchases	4.2	91.9	96.1
Decreases attributable to sales	-	(141.5)	(141.5)
Decrease due to harvest	(21.1)	(8.6)	(29.7)
Changes in fair value less estimated sale costs	26.7	90.7	117.4
Effect of movements in exchange rates	2.7	0.5	3.2
Balance at 30 June 2012	**152.2**	**107.6**	**259.8**

Non-current biological assets	152.2	70.8	223.0
Current biological assets	-	36.8	36.8
Balance at 30 June 2012	**152.2**	**107.6**	**259.8**

Bovine biological assets include £1.6m (2011: £1.6m, 2010: £1.9m) 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% (2011: 8.0%, 2010: 8.0%).

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

8. BIOLOGICAL ASSETS (CONTINUED)

Porcine biological assets include £41.4m (2011: £30.9m, 2010: £32.4m) 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 £73.2m (2011: £64.4m) in respect of these contracts comprising £14.9m (2011: £12.2m) on initial transfer of animals to customers and £57.6m (2011: £52.2m) in respect of royalties received. Decreases attributable to sales during the period of £141.5m (2011: £124.4m) include £31.9m (2011: £30.2m) in respect of the reduction in fair value of the retained interest in the genetics of animals sold under royalty contracts.

For pure line porcine herds, the net cash flows from the expected output of the herds are discounted back at the group's required rate of return adjusted for the greater risk implicit in including output from future generations in the discounted cash flow model. This adjusted rate has been assessed as 11.0%.

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 £29.7m (2011: £22.0m).

Year ended 30 June 2012

	Bovine £m	**Porcine £m**	**Total £m**
Net IAS 41 valuation movement on biological assets*			
Changes in fair value of biological assets+	26.7	91.9	118.6
Inventory transferred to cost of sales at fair value	(18.7)	(8.6)	(27.3)
Biological assets transferred to cost of sales at fair value	-	(52.5)	(52.5)
	8.0	**30.8**	**38.8**

Year ended 30 June 2011

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement on 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

*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.

+An exceptional credit of £23.0m has arisen as a result of a change in the basis of calculating the value of the Group's porcine pure line breeding animals under IAS 41. This change has increased the carrying value of biological assets under IAS 41 but has no cash impact.

9. NOTES TO THE CASH FLOW STATEMENT

	2012 £m	2011 £m
Profit for the year	**39.6**	29.2
Adjustment for:		
Net IAS 41 valuation movement on biological assets	**(38.8)**	(9.8)

Amortisation of intangible assets	**5.8**	5.8
Share-based payment expense	**3.1**	3.2
Share of profit of joint ventures and associates	**(2.3)**	(2.3)
Finance costs	**2.1**	6.3
Income tax expense	**14.8**	11.6
Pension curtailment gain	**-**	(0.6)
Other non cash exceptional items	**21.1**	-
Depreciation of property, plant and equipment	**5.1**	4.7
Gain on disposal of plant and equipment	**-**	(0.1)
Other movements in biological assets and harvested produce	**(2.0)**	(4.1)
Increase/(decrease) in provisions	**0.4**	(0.4)
Additional pension contributions in excess of pension charge	**(2.7)**	(3.2)
Other	**(0.7)**	(0.1)
Operating cash flows before movement in working capital	**45.5**	40.2
Increase in inventories	**(0.7)**	(1.1)
Increase in receivables	**(5.3)**	(4.1)
Increase in payables	**4.4**	4.2
Cash generated by operations	**43.9**	39.2
Interest received	**0.2**	0.2
Interest and other finance costs paid	**(2.2)**	(3.5)
Cash flow from derivative financial instruments	**(0.6)**	(1.6)
Income taxes paid	**(8.7)**	(6.2)
Net cash from operating activities	**32.6**	28.1

The cash impact of exceptional items for the year ended 30 June 2012 was an outflow of £1.0m (2011: inflow £0.6m).

9. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

Analysis of net debt

	At 1 July 2011 £m	Cash flows £m	Foreign exchange £m	Non cash movements £m	**At 30 June 2012 £m**
Cash and cash equivalents	18.3	0.3	-	-	**18.6**
Interest bearing loans - current	(4.0)	(3.7)	-	(0.5)	**(8.2)**
Obligation under finance leases - current	(0.9)	1.0	-	(1.0)	**(0.9)**
	(4.9)	(2.7)	-	(1.5)	**(9.1)**
Interest bearing loans - non-current	(80.5)	16.9	(1.0)	-	**(64.6)**
Obligation under finance lease - non-current	(0.8)	-	-	(0.5)	**(1.3)**
	(81.3)	16.9	(1.0)	(0.5)	**(65.9)**
Net debt	(67.9)	14.5	(1.0)	(2.0)	**(56.4)**

Included within non-cash movements is £1.5m 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.

	2012 £m	2011 £m	2010 £m
The Milk Pension Fund - Genus' share	**37.1**	14.3	20.3
The Dalgety Pension Fund	**1.4**	1.5	-
Other retirement benefit obligations	**8.7**	7.8	8.5
	47.2	23.6	28.8

The Milk Pension Fund - additional provision	**20.1**	-	-
Overall pension liability	**67.3**	23.6	28.8

The Milk Pension Fund additional provision of £20.1m relates to Genus' joint and several liabilities under the scheme as explained in note 3.

10. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expense recognised in the income statement

	2012	2011	2010
	£m	£m	£m
Administrative expenses	**0.1**	0.2	0.9
Exceptional item -additional provision - The Milk Pension Fund	**20.1**	-	-
Exceptional item - curtailment gain in administrative expenses	**-**	(0.6)	(2.5)
Finance (income)/costs	**(0.9)**	(0.2)	1.7
	19.3	(0.6)	0.1

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

	2012	2011	2010
Discount rate	**4.5%**	**5.7%**	5.5%
Expected return on plan assets	**6.3%**	**7.2%**	6.9%
Future salary increases	**3.8%**	**4.6%**	4.1%
Medical cost trend rate	**6.8%**	**7.6%**	7.1%
Future pension increases and inflation	**2.8%**	**3.6%**	3.1%

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 2011, the mortality tables used are the SN1A 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. Genus, together with the other participating employers, is jointly and severally liable for the scheme's obligations. Genus has accounted for its section and its share of any orphan assets and liabilities, collectively representing approximately 37% of the Milk Pension Fund and a £20.1m additional pension provision. As a result of the joint and several liability, Genus has a contingent liability for those of the scheme's obligations that Genus has not accounted for.

12. POST BALANCE SHEET EVENT

On the 31 July 2012, Genus has signed a joint venture ("JV") agreement with Shaanxi Yangling Besun Agricultural Group Co., a leading integrated pork producer in China. Genus will become a 49% partner in the JV through a cash investment of approximately £8.7m.

Appendix

Revised Segmental Analysis

Applicable in FY13

	2012	2011	Change
	£m	£m	%
Revenue			
Genus ABS	**146.2**	139.6	5
Genus PIC	**147.4**	134.9	9
Genus Asia	**48.2**	35.4	36
	341.8	309.9	10

Operating profit

Genus ABS	**25.0**	24.2	3
Genus PIC	**36.3**	32.1	13
Genus Asia	**10.9**	7.3	49
	72.2	63.7	13
Research & development	**(13.1)**	(11.3)	
Central costs	**(10.5)**	(7.1)	
Adjusted operating profit (inc JV)	**48.6**	45.3	7

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