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('Genus' or 'the Company' or 'the Group')

Preliminary Results for the year ended 30 June 2013

Genus, a leading global animal genetics company, announces its preliminary results for the year ended 30 June 2013.

			Actual currency	Constant currency+
Adjusted results	**2013**	**2012**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Year ended 30 June				
Revenue	**345.3**	341.8	1	1
Operating profit*	**45.9**	45.8	-	-
Operating profit inc JVs*	**49.1**	48.6	1	2
Profit before tax*	**47.2**	46.5	2	2
Basic earnings per share (p)*	**55.0**	53.5	3	3

Statutory results	**2013**	2012	
	£m	£m	**%**
Year ended 30 June			
Revenue	**345.3**	341.8	1
Operating profit	**37.2**	54.2	(31)
Profit before tax	**38.1**	54.4	(30)
Earnings per share (p)	**44.7**	65.9	(32)
Dividend per share (p)	**16.1**	14.6	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 2013 results at the exchange rates applied in 2012.

Highlights

Laying the foundations for growth

- Adjusted profit before tax up 2% to £47.2m and earnings per share up 3% to 55 pence, surpassing last year's record results, despite challenging agricultural markets
- Statutory profit before tax lower by 30% at £38.1m, reflecting a decrease in the net IAS 41 valuation movement in biological assets, while the prior year benefited from an IAS41 exceptional credit
- Revenue up 1% led by growth in Asia of 15%, whilst in Genus PIC a mix shift towards higher margin business reduced revenues by 3%

- Adjusted operating profit including joint ventures up 1% (2% in constant currency) to £49.1m
    - Bovine volumes up 5% and porcine volumes up 6%
    - Strong performance in Asia, with growth of 14%
    - Genus PIC growth of 4%, led by Latin America
    - Genus ABS profit reduced by 5% (3% at constant currency) in challenging markets
    - Continued investment in research and development, up 12% to £28.0m
- Cash inflow of £8.1m reduced net debt to £52.9m
- Strong progress with implementing new strategy
    - Organisation structure aligned to new strategy, operating effectively through the year
    - Pace of genetic improvement and dissemination accelerating
    - Joint ventures in China: announced porcine joint venture with Shennong and made strong operational progress in joint venture with Besun
    - Core competencies strengthened to support growth strategy

Commenting, Karim Bitar, Chief Executive said:

"Genus has improved on last year's record results, with adjusted pre-tax profits up 2% in market conditions made challenging by high feed costs during the year. We have done this while also increasing our investment in key markets, accelerating our research and product development and strengthening our core competencies.

"Genus has made substantial progress in implementing the strategy set out last year. We expect to make further progress in the year ahead and anticipate an improving rate of growth from the second half of 2014 fiscal year onwards. As a sign of our continuing confidence in the Group's prospects, we are recommending an increase in the full-year dividend of 10%"

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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

Chief Executive's Report

Laying the Foundations for Growth

Last year, I set out our new vision, strategy and organisation. In 2013, we made substantial progress implementing the strategy and laying the foundations for growth. Aligning the organisation by species, giving more focus to Research and Development and Asia, and strengthening our core capabilities have been very well received by both customers and employees. I am encouraged by the energy and pace of change. The opportunity for Genus is large and we are now better placed to capture a growing share.

We made these changes in a challenging year for the global agriculture industry, with record feed costs holding back customer demand. Despite this, Genus was able to fund its investment plans while surpassing last year's record results.

Group Performance

Revenue was 1% higher than in 2012, at £345.3m. Porcine volumes grew by 6%, with strong increases in Asia and particularly in China. Bovine volumes rose 5%, driven by semen produced in India at lower price points. Sales of our globally produced semen grew 1%, held back by poor conditions in Latin America in the first half.

Adjusted operating profit including joint ventures increased by 1% to £49.1m. Higher porcine volumes drove double-digit profit growth in Asia. Genus PIC grew 4%, with positive contributions from all regions and particular strength in Latin America, where we continue to transition customers to our royalty model. In Genus ABS, trading was challenging and profit declined by 5%. Drought affected key markets including Brazil and North America, leading to subdued demand. Research and development costs increased by 12%, as we invested in key research projects and were affected by high feed costs in our genetic nucleus farms.

Strategy

The strategy we defined in 2012 is designed to deliver our vision of 'Pioneering animal genetic improvement to help nourish the world'. Our focus in 2013 has been on implementing this strategy.

Increasing genetic control and product differentiation

In 2013, we became the first company to implement single-step genomic evaluation across a full range of animal traits in our porcine business. The early results are very encouraging, with the much higher accuracy in breeding programmes more than doubling the rate of genetic improvement in key traits such as litter size.

In dairy product development, we have established a very large animal database, enabling us to produce proprietary and economically focused indices of bull merit, specific to our customers' needs. In North America, we launched Real World Data™, a genetic index focused on economic traits such as milk production, fertility and lifetime feed efficiency. We initiated an elite female programme to gain greater genetic control and increased the proportion of genomic young sires in our dairy product portfolio.

Our research programmes focus on areas that can produce step changes in product differentiation, including genomic evaluations, disease resistance and gender skew. Our 'discovery without walls' approach has continued to bring the best genetics into Genus from wherever we find them.

Targeting key markets and segments

Over half the world's porcine market is in China. To build a business to address it effectively, we have invested in high-health production capacity and strengthening customer relationships. In 2013, we opened a new porcine nucleus farm, Chun Hua, stocked with the latest North American genetics, to reduce the genetic lag of our Chinese product offering. We recruited a general manager for our porcine business in China and significantly grew the team's size and capability across all disciplines.

We also announced two joint ventures with customers, to provide multiplication capacity and to serve these growing integrated pork producers. The first, Besun, is now operational and delivering very good performance. The second, with

Shennong, is on track to establish operations in a new farm in 2014. We continue to have active discussions with other customers and partners.

Genus also made good progress in a wide range of other growth markets in 2013, including the Philippines, Russia and Mexico, while in the important North American market our performance was solid in both porcine and bovine.

In dairy, we are focusing on ten key markets and targeting the rapidly growing large commercial and enterprise farms. This segment requires profit-focused indices and high-touch technical services. We are steadily introducing this model in the USA, with plans to expand it in other key markets.

Tailoring the business model

Our focus here is to ensure our products meet the needs of our target markets and to implement best practices to maximise value capture. For example, to provide differentiated high-merit genetics in the large Indian dairy market, we imported embryos from North America and now have four young bulls and a pipeline of further pregnancies.

In porcine in Europe, we have moved away from direct sales of parent gilts and rebuilt our team to create the skills and structure for an indirect, royalty-based business, similar to our successful Americas porcine business. We are making clear progress and this transition will gather momentum over time.

Strengthening core competencies

We have implemented globally consistent organisations and practices in key account management, technical services and supply chain. This has enabled us to spread best practice to customers around the world. We have strengthened these teams with targeted hiring and international assignments. In addition, we created a marketing organisation to improve product branding and pricing. Lastly, we introduced a consistent performance management process across geographies and functions, to ensure we embed our values and to strengthen our performance culture.

Our People

In March 2013, John Worby retired from Genus. I would like to pay tribute to his outstanding contribution and to thank him for helping my induction to the Company and for assisting Stephen Wilson, our new Group Finance Director, with his seamless transition into the role. John was a source of great knowledge and wisdom and we wish him well.

The Genus Executive Leadership Team ('GELT') welcomed three new members during the year. In addition to Stephen, Saskia Korink joined us as Chief Marketing Officer and Tom Kilroy is our new General Counsel and Company Secretary. Each brings a wealth of experience and talent and I am delighted with the way that they have integrated with the team. In July 2013, Ricardo Campos, the Chief Operating Officer for Genus ABS, decided for personal reasons to step down from GELT and refocus on the important Latin America ABS business. His passion and energy will continue to be valuable to Genus. Saskia Korink has assumed the role of acting ABS Chief Operating Officer, to provide leadership to our bovine business.

Over the course of the year, we introduced new company-wide performance, development and talent processes. We also added strength and depth by recruiting many talented individuals. I would like to thank all employees for their commitment to our new strategic direction and for delivering results in challenging markets.

Outlook

Good harvests are predicted in the northern hemisphere which should result in lower input costs and an improvement in profitability in the dairy, beef and porcine industries. We expect this to lead to a gradual improvement in market conditions for our customers and demand for our products. We therefore expect the second half of this fiscal year to be stronger than the first.

Our strategic initiatives better position Genus to capture the significant growth potential in the animal genetics market. I am confident that 2014 will be a year of accelerating progress, both operationally and financially.

Karim Bitar

2 September 2013

Financial and operating review

Financial review

Adjusted performance

In the year ended 30 June 2013, Genus delivered a solid performance which surpassed last year's strong results, while investing in implementing its new strategy. Revenue was 1% ahead of last year at £345.3m and adjusted profit before tax was up 2% to £47.2m. We continue to use adjusted operating profit and adjusted profit before tax as the prime measures of financial performance and to monitor underlying performance. Adjusted profits exclude the following non-cash or non-recurring items:

- net IAS 41 valuation movement in biological assets;
- amortisation of acquired intangible assets;
- share-based payment expense; and
- exceptional items.

Revenue

Revenue rose 1%, from £341.8m to £345.3m. Revenue growth was particularly strong in Asia, with a 15% increase, more than offsetting lower revenues in Genus PIC in Latin America and Europe, which were due to an increased mix of royalty business and the planned exit from the European parent gilt market, as part of our strategy to focus on higher value business.

Adjusted profit before tax

Adjusted operating profit, including joint ventures, increased by 1% (2% in constant currency) to £49.1m (2012: £48.6m). Adjusted profit before tax increased by 2% to £47.2m (2012: £46.5m).

	Actual currency			Constant currency
	2013	**2012**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Genus PIC	**48.2**	46.5	4	3
Genus ABS	**22.8**	24.1	(5)	(3)
Genus Asia	**12.3**	10.8	14	13
Research & Development	**(28.0)**	(25.1)	(12)	(12)
Central Costs	**(9.4)**	(10.5)	10	10
Adjusted operating profit	**45.9**	45.8	-	-
Share of JV profits*	**3.2**	2.8		
Adjusted operating profit inc JV	**49.1**	48.6	1	2
Net finance costs	**(1.9)**	(2.1)		
Adjusted profit before tax	**47.2**	46.5	2	2

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

Profit growth was strongest in Asia as a result of significant porcine volume growth, especially from new stockings in China, leading to a 14% increase in profits to £12.3m. In Genus PIC, profits increased by 4% to £48.2m. This was driven by strong double digit growth in Latin America, as a result of a higher mix of royalty business. In Genus ABS, profits fell 5% to £22.8m, reflecting difficult market conditions, caused by higher feed costs and low milk prices in key markets such as the US and parts of Latin America, and the severe weather conditions which affected the beef season in Brazil.

Research and Development costs were 12% higher, including increased investment in research activities, particularly in relation to genomic evaluation work. Product development costs in porcine were higher due to increased costs of running the genetic nucleus farms. Central costs were 10% lower than the prior year, which included the Genus strategy review.

Performance by species

Genus also monitors its global performance by species, after allocating product development costs specific to each species.

		Actual currency		Constant currency
	2013	**2012**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue				
Dairy & beef	**167.2**	165.1	1	2
Porcine	**168.6**	165.5	2	1
Research & Development	**9.5**	11.2	(14)	(14)
	345.3	341.8	1	1
Adjusted operating profit inc JV				
Dairy & beef	**17.7**	18.7	(5)	(3)
Porcine	**43.5**	42.6	2	2
Central Costs & Research	**(12.1)**	(12.7)	5	6
	49.1	48.6	1	2

Dairy and beef revenues grew 1% against the previous year. Total volumes increased by 5%, with growth strongest in Asia, and particularly India and Russia, where we benefited from increased sales of lower-priced locally produced semen, as well as continuing growth in sales of imported semen. Sales of semen from our global studs, which represent 79% of semen sales by volume, increased by 1%. Profits decreased by 5% on last year (3% in constant currency), primarily due to lower sales in Latin America and increased investment in technical services and supply chain.

Porcine revenues grew by 2%, with royalty income up 8% to £62.4m, while volumes were up 6%. Margins were stable as the impact of feed cost increases in the genetic nucleus herds was offset by the benefits of increased royalty mix in Latin America and higher margins in Asia. Throughout the Group, and particularly in China, there has been significant investment in technical service teams to strengthen core competencies. Overall, there was a 2% increase in porcine profits.

Exchange rates

The Group sells products and services to customers in more than 70 countries, across six continents. Consequently, our results are subject to the effects of translating revenue and 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 2013, the Group's adjusted operating profits were reduced by £0.2m when reflected in actual currencies. This was due to modest net changes in sterling, relative to the key currencies detailed below. This had little impact on the growth in adjusted operating profits.

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

	Average		Closing	
	2013	**2012**	**2013**	**2012**
US dollar/£	**1.57**	1.59	**1.52**	1.57
Euro/£	**1.21**	1.19	**1.17**	1.24
Brazilian real/£	**3.22**	2.86	**3.35**	3.17
Mexican peso/£	**20.16**	20.90	**19.76**	21.06

Finance costs

Net finance costs reduced by £0.2m to £1.9m (2012: £2.1m). The reduction reflected the combination of lower net borrowings and a reduced average interest rate.

Next year, a change in accounting standard (IAS19 revised) will lead to a significantly higher non-cash pension interest charge, with an offsetting gain in the Statement of Comprehensive Income. As a result, we expect an increase in finance costs of approximately £4m in 2014 and a restatement of prior year results on the same basis.

Exceptional items

There was a £4.2m (2012: £0.9m) net exceptional credit this year. This comprises two elements:

1. a restructuring charge of £2.8m, principally relating to the restructuring of our European porcine business, to implement our strategy of focusing on larger integrated customers and exiting the parent gilt business; and

2. during the year, the multi-employer Milk Pension Fund (MPF) triennial valuation as at 31 March 2012 was completed and a new funding agreement between the employers was agreed. In addition, two participating employers exited the scheme and made cash payments of £31m. These changes gave rise to an exceptional credit of £7m. This credit reflects Genus's share of deficit repair contributions agreed in the valuation and the effect of the two employers' exits, compared with the pension provision of £20.1m made in the previous year to recognise the risk that some employers could be unable to meet their share of the deficit.

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 2013, the carrying value of biological assets was £289.0m (2012: £282.2m), as set out in the table below:

	2013	**2012**
	£m	**£m**
Non-current assets	**224.0**	223.0
Current assets	**40.5**	36.8
Inventory	**24.5**	22.4
	289.0	282.2
Represented by:		
Porcine	**117.5**	107.6
Dairy and beef	**171.5**	174.6
	289.0	282.2

The movement in the overall carrying value of biological assets, excluding the effect of exchange rate translation changes, includes a £4.4m increase in the carrying value of porcine biological assets and a £9.3m decrease in dairy and beef biological assets. In porcine, the increase is due principally to higher value animals, particularly boars, in the pure line herds. The decrease related to dairy and beef is mainly due to an expected increase in sales of genomic young sires over time, meaning that less of Genus's future forecast semen sales are represented by bulls currently in our studs.

Statutory profit before tax

Operating profit on a statutory basis was £37.2m, compared with £54.2m last year. The statutory profit before tax was £38.1m (2012: £54.4m). These statutory results reflect the impact of the exceptional items discussed above and the net fair value debit on biological assets under IAS 41 of £4.9m (2012: credit including exceptional item £38.8m), as explained above. The Board believes the volatile non-cash nature of these items is not representative of the Group's underlying performance. The performance as measured by adjusted operating profit including joint ventures showed growth of 1%, and adjusted profit before tax showed growth of 2%.

Taxation

The effective rate of tax for the year, based on adjusted profit before tax, was 30% (2012: 31%), with the decrease primarily due to higher R&D tax credits and lower UK statutory rates.

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 statutory tax rate is approximately 39%.

Earnings per share

Adjusted basic earnings per share rose by 3% to 55.0 pence (2012: 53.5 pence) reflecting the increase in profit before tax and the lower tax rate.

Basic earnings per share on a statutory basis were 44.7 pence (2012: 65.9 pence), and were affected by the exceptional items and IAS 41 fair value movements noted above.

Dividend

The Board is recommending to shareholders a final dividend of 11.1 pence per ordinary share. Taking into account the interim dividend of 5.0 pence per share paid in April 2013, this will result in a total dividend for the year of 16.1 pence per ordinary share, representing an increase of 10% for the year as a whole. Subject to shareholder approval at Genus's forthcoming Annual General Meeting, this dividend will be paid on 6 December 2013 to shareholders on the register at the close of business on 18 November 2013.

Dividend cover remains strong, with the dividend covered 3.4 times by adjusted earnings (2012: 3.7 times).

Cash flow and net debt

	2013	**2012**
	£m	**£m**
Cash generated by operations	**34.9**	43.9
Interest, tax and dividends	**(20.0)**	(22.0)
Capital investments	**(8.6)**	(9.1)
Other	**1.8**	1.7
Net cash inflow	**8.1**	14.5

The Group recorded a cash inflow for the year of £8.1m (2012: £14.5m).

Cash generated by operations reduced to £34.9m (2012: £43.9m). Working capital at the end of the year included a receivable balance from the stocking of the Besun farm in China, which will form part of our investment in the Besun joint venture in the first half of 2014. In addition there was higher seasonality in working capital, and investment in stocking the Chun Hua porcine nucleus farm.

Interest, tax and dividends reduced to £20.0m (2012: £22.0m) primarily as a result of the introduction of an interim dividend in the prior year.

Net debt reduced from £56.4m to £52.9m at 30 June 2013.

The Group's financial position remains strong and there is substantial headroom under our borrowing facilities of £137m, which we renegotiated in August 2013 and extended to September 2017 on improved terms. Additionally, Genus's covenant ratios are strong, with interest cover, based on net interest excluding interest on pension liabilities, improved to 21.7 times (2012: 17.7 times) and the ratio of net debt to EBITDA, as calculated under our financing facilities, reduced from 1.1 to 0.95.

Retirement benefit obligations

The Group's retirement benefit obligations at 30 June 2013, calculated in accordance with IAS 19, were £65.0m (2012: £67.3m) before tax and £49.9m (2012: £51.0m) net of related deferred tax.

During the year, contributions payable in respect of the Group's defined benefit scheme amounted to £2.9m. The triennial actuarial valuations of the Milk Pension Fund (MPF) and Dalgety Pension Fund as at 31 March 2012 were completed during the year. Under the recovery plans resulting from these valuations, approximately £6m is expected to be paid in 2014.

As a result of the completion of the MPF triennial valuation, a new funding agreement has been reached between the participating employers and the scheme's trustees. Genus's estimated share of the MPF's total deficit, calculated in accordance with IAS19, is £55.7m or approximately 75%.

Review of Operations

Genus PIC	Actual currency			Constant currency
	2013	2012	Movement	Movement
	£m	£m	%	%
Revenue	**133.5**	137.2	(3)	(3)
Adjusted operating profit exc joint venture ('JV')	**48.2**	46.5	4	3
Adjusted operating profit inc JV	**50.6**	48.6	4	4
Adjusted operating margin	**36%**	34%		

Genus PIC comprises the Group's porcine business in North America, Latin America and Europe. It also includes the technical services and supply chain functions supporting the porcine business globally.

Market

Market conditions during 2013 were very challenging in North America, with high feed prices and low slaughter prices pushing the industry into losses. As a result, customers put expansion plans on hold and delayed genetic updates within royalty contracts. In Latin America, conditions were more favourable, with pig prices higher than historical averages. In Europe, the impact of higher feed costs was reduced by rising pig prices, as industry capacity reduced as sow stalls were phased out.

Performance

Volumes grew by 3%, with particularly strong growth in Latin America. However revenues fell by 3% to £133.5m due to limited customer expansions, the continuing move to royalty contracts and the exit from low-margin parent gilt sales. Operating profit increased by 4% and operating margin improved by 2 percentage points to 36% as our business model continued its favourable shift to a royalty basis. In addition, we successfully pursued the CBVPlus and CBVMax programmes to produce boars of high genetic merit, delivering margin improvements while providing a better quality product to customers.

North American profits were up 3% on a 2% increase in volumes. Royalty income was 4% higher than the previous year, compensating for lower animal sales, which were suppressed by a lack of expansion activity in a tough market.

In Latin America, volumes grew by 10%, with significant progress on conversions to royalty contracts, pushing profits up 21% and substantially improving margins across the region.

Our joint venture in Brazil had a successful year and progress continues with converting more customers to the royalty model. As a result, profits increased by 14%.

The planned restructure of the European business, to target the larger integrated pork producers and reduce exposure to directly owned operations, continued apace and is expected to yield further profit improvements in 2014. During the year, the owned farm in the Czech Republic was franchised and several other cost-saving initiatives were undertaken. Despite the reduction in volumes from the Czech operation, volumes were up 2% for the region, driven by increases in Germany and Spain. The restructuring activities have reduced revenue but improved profits and margins.

Genus ABS	Actual currency			Constant currency
	2013	2012	Movement	Movement
	£m	£m	%	%
Revenue	**146.8**	145.4	1	2

Adjusted operating	**22.8**	24.1	(5)	(3)
Adjusted operating margin	**16%**	17%		

Genus ABS comprises the Group's dairy and beef business in North America, Latin America and Europe. It also includes the technical services, marketing, production and supply chain functions supporting the dairy and beef business globally.

Market

High feed costs and low milk prices in all the key markets created difficult conditions, with many customers trending towards breakeven through the year. While there was a recovery in prices in the second half of the fiscal year, customer confidence was slow to return. Certain markets such as Brazil were substantially affected by unusual weather, which disrupted normal breeding seasons.

Performance

The dairy and beef business had a difficult year, experiencing a combination of adverse weather conditions, particularly in Latin America, and lower milk prices, affecting the demand for dairy semen. Overall, volumes for Genus ABS were down 1%, principally driven by Brazil, but partially offset by improvement in Europe. Effective sales management enabled a small improvement in average selling prices across the Group, with average sales prices up 2% overall, leading to an increase in revenues of 1%.

In North America, profits were up 5% on volumes and blends which were essentially flat on last year, due to a strong focus on increasing efficiencies and cost management. In Europe, 4% growth in volumes was achieved with modest blend increases driven by France and Italy. Profits were 2% up on last year.

Across Latin America, extreme weather conditions affected customers and volumes were down 6% in the region. This decline was driven by Brazil, where the beef breeding season was affected and total volumes were down 10%. In spite of this, average sales prices increased on last year and market share remained stable. Profits declined 13% (down 6% in constant currency).

Reflecting the above, and whilst there was a continued focus on cost management, profits in Genus ABS were down 5% on last year (3% in constant currency) as it invested in technical services and marketing, and revamped its global supply chain function.

Genus Asia				**Constant**
	Actual currency			**currency**
	2013	**2012**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Revenue	**55.5**	48.2	15	14
Adjusted operating profit exc joint venture ('JV')	**12.3**	10.8	14	13
Adjusted operating profit inc JV	**13.1**	11.5	14	13
Adjusted operating margin	**22%**	22%		

Genus Asia includes the porcine and bovine businesses across the region. In addition to the businesses in China, the Philippines and India, the region also includes the Group's operations in Russia and Australia.

Market

In China, pork prices were low through the year after the record highs enjoyed last year and it is estimated that a majority of farms were loss making in the spring. The government's inventory purchase scheme in April and May firmed prices and stabilised the market.

Elsewhere, the Russian pig industry experienced a difficult year as import barriers were removed. Slaughter prices dropped by 30% before rallying in May and June, and high feed prices reduced producer profitability. In the Philippines, live pig prices increased by 13% as a result of supply shortfalls, keeping farmers profitable.

Australian milk prices were low through the year, with many producers struggling. As a consequence, there has been less spend on breeding programmes. Milk prices in China, India and Russia were stable.

Performance

The division achieved strong growth across the region in the porcine, and dairy and beef businesses. Revenues increased by 15% and operating profits (including joint ventures) by 14% to £13.1m. This was in spite of substantial investment in key skills and infrastructure, to support future growth. We have strengthened the management and supporting functions in the areas of business development, supply chain and technical services.

Volumes grew by 24% in porcine and by 29% in dairy and beef.

The porcine volume growth reflects particularly strong growth in upfront animal sales in China, including the animals transferred to Besun as part of the initial stocking of this 4,250-sow nucleus farm, and in the Philippines, where volumes grew by 54%, as we pursued the policy of converting more customers to the royalty model.

In China, operating profits were up 38% on last year, after bearing the initial start-up costs on the new Chun Hua genetic nucleus farm, which has been established to bring Genus's latest genetics into the Chinese market.

Milk prices were stable in China, India and Russia, and steadily increased in most of our other key dairy markets in Asia, with the exception of Australia. This, combined with growing demand, resulted in the volume of semen sold by our dairy and beef business increasing by 29%. Semen produced locally from studs in China, India and Russia was the key driver of this growth, supplemented by higher volumes of imported semen from Genus's global studs. Our Australian business struggled against the backdrop of low milk prices and volumes were down 9%.

Considerable strategic progress was made in the region during the year and Genus continues to pursue joint venture opportunities in China, to maximise the opportunities presented by this expanding market.

Research and Development

	Actual currency			Constant currency
	2013	**2012**	**Movement**	**Movement**
	£m	**£m**	**%**	**%**
Research	**2.7**	2.2	23	23
Porcine Product Development	**14.7**	12.1	21	21
Bovine Product Development	**10.6**	10.8	(2)	1
	28.0	25.1	12	12

Investment in research and product development for the year increased by 12% to £28.0m. This reflected higher research expenditure, as well as further investment in product development to ensure our products meet customer needs and keep us ahead of our competitors.

Genus's research activities during the year were focused on the following key programmes: genomic evaluation and selection, gender skew and disease resistance. We continue to make progress in all these areas.

Porcine product development

Porcine product development costs rose principally as a result of higher feed costs, net of decreased slaughter revenue, as part of the running of the two nucleus farms in North America, and increased investment in additional product validation trials, focused on demonstrating our product differentiation.

Leveraging our extensive proprietary database of over 14 million performance records, we have achieved progress in single-step genomic evaluation in our breeding programme, which is improving selection accuracy and speeding up the rate of genetic progress. 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.

Dairy and beef product development

In dairy product development, we successfully launched proprietary customer-tailored indices (Real World Data^{TM}) for our enterprise and large commercial customers in the US, and have since expanded to incorporate data from Mexico, Chile, Argentina, Brazil and UK. This will provide a platform to tailor differentiated customer-centric products.

Throughout the year, we were committed to increasing the competitiveness of the core bull programme. ABS bulls continued to perform well in the national rankings of the countries where we progeny-test. In the US, ABS achieved 28 (2012: 28) bulls in the internationally important top 100 Net Merit rankings in the most recent sire summary. The UK had

similar results, while Italy contributed with some key bulls that drove additional volume and improved prices. In China, Genus leads the rankings of imported bulls based on overall genetic merit.

Genus also introduced more genomic young sires into its portfolio, initiated an elite female programme to gain greater genetic control and invested in additional facilities to support these programmes.

Principal Risks and Uncertainties

Our risk management system identifies and prioritises risks and threats to the achievement of our strategic objectives. We respond to these risks through well-defined mitigation activities, which we regularly assess.

Progress Against 2013 Objectives

Last year, we committed to continuing to improve our risk management system. In particular, we planned to:

- implement Group-wide reviews of selected risks identified on the corporate risk register; and
- arrange for senior operational and financial management to present to the Audit Committee or Board on the risk areas they own.

In 2013, we delivered on these commitments by:

- improving the process of identifying and evaluating risks, by implementing both top-down and bottom-up methods;
- embedding risk management into our major projects and change initiatives, to ensure we respond to changes in our operating environment;
- simplifying our internal risk-reporting process and further aligning it to our decision-making process; and
- providing regular updates to the Audit Committee and Board by risk owners.

Our Priorities in 2014

In 2014, we will continue to review, refine and enhance our risk management system. In particular, we plan to:

- further embed risk management into our day-to-day decision making process; and
- test many of our risk mitigation activities as we deliver our risk-based FY14 internal audit plan, to provide assurance that these are operating effectively.

Risk Management Framework

THE BOARD			
Has overall responsibility for the Group's risk management and internal control systems	Sets strategic objectives	Monitors the nature and extent of risk exposure against risk appetite for our principal risks	Provides direction on the importance of risk management and risk management culture

GENUS EXECUTIVE LEADERSHIP TEAM

- Identifies, addresses and mitigates risks Group-wide
- Monitors our risk management process and internal controls

AUDIT COMMITTEE

- Supports the Board in monitoring risk exposure against risk appetite
- Reviews the effectiveness of our risk management and internal control system

RISK MANAGEMENT & INTERNAL AUDIT FUNCTION

- Oversees the risk management process and provides guidance on risk management
- Engages with senior management to review risks and their mitigation

RISK	RISK DESCRIPTION	MITIGATING ACTIONS
Strategic risks		
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, with clear objectives and measurable targets • Technical services and support for customers, to enable them to make best use of our products • Frequent benchmarking of performance against competitors in customers' systems
Commercialisation of research	• Failure to focus research initiatives on commercially important areas • Failure to lead on 'game-changing' technology or to bring new initiatives to commercial viability	• Regular oversight of research by R&D Portfolio Management Team and executive management • Allocation of appropriate budget to research and development • Regular Board updates on key development projects
Emerging markets	• Failure to appropriately develop business in China and emerging markets	• Experienced management team, blending local and expatriate executives • Separate Asia business unit, reporting directly to CEO, ensures appropriate focus on region • High level of Board oversight • Dedicated development, technical services and veterinary staff within emerging markets • Adoption of joint venture business model in appropriate regions, with a robust process in place for selecting JV partners • Global species team supports the growth initiatives and ensures compliance with global standards
Capturing value through acquisitions	• Failure to identify appropriate investment opportunities or perform sound due diligence • Failure to successfully integrate an acquired business	• Board review of all investment opportunities and approval of transactions • Rigorous due diligence process • Structured post-acquisition integration planning and execution
Operational risks		
Intellectual property protection	• Genus-developed genetic material, methods and technology could become freely available to third parties	• Global cross-functional process, to identify and protect intellectual property • 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 genetically test animals, to determine genetic origin
Bio-security and continuity of supply	• Loss of key livestock, owing to disease outbreak • Loss of ability to move animals or 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 and independent bio-security reviews • Independent reviews of bio-security measures, to assess standards and ensure compliance • Products sourced from increasing number of facilities in different countries, to avoid over-reliance on single production site
Human resources	• Failure to attract or retain skills and experience within executive, management and employee cohorts	• Comprehensive talent and people plans, covering recruitment, performance management, reward, organisation design, talent, communication and engagement • Regular review of senior management performance and remuneration at Remuneration Committee, with external advice where appropriate
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, to ensure continuity plans are effective • 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 in place
Financial risks		
Agricultural market and commodity prices volatility	• Fluctuations in agricultural markets affect customer profitability and demand for our products and services • Increase in our operating costs, owing to commodity pricing volatility	• Global footprint balances our exposure across different markets • Porcine royalty model mitigates impact of cyclical price reductions or cost increases in hog production • Hedging transactions fix pricing of inputs and outputs, where appropriate
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 affecting size of pension deficit (e.g. mortality rates, investment values etc.)	• Actuarial valuations performed as at March 2012 and deficit recovery plans agreed with pension fund trustees • Review of investment strategy, to ensure appropriate risk/reward profile • Closure of pension funds to future service • Monitoring of joint and several liability in the Milk Pension Fund • Appointed principal employer for the Milk Pension Fund in 2012 and chair the group of participating employers.

Group Income Statement
For the year ended 30 June 2013

Genus plc

	Note	2013 £m	2012 £m
REVENUE FROM CONTINUING OPERATIONS	2	**345.3**	341.8
ADJUSTED OPERATING PROFIT FROM CONTINUING OPERATIONS	2	**45.9**	45.8
Net IAS41 valuation movement on biological assets (includes exceptional credit of £nil (2012: £23.0m))	8	**(4.9)**	38.8
Amortisation of acquired intangible assets		**(5.2)**	(5.2)
Share-based payment expense		**(2.8)**	(3.1)
		33.0	76.3
Exceptional items			
- Release/(additional) pension provision	3	**7.0**	(20.1)
- Integration and restructuring	3	**(2.8)**	(2.0)
OPERATING PROFIT FROM CONTINUING OPERATIONS		**37.2**	54.2
Share of post-tax profit of joint ventures and associates		**2.8**	2.3
Net finance costs	4	**(1.9)**	(2.1)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**38.1**	54.4
Taxation	5	**(11.1)**	(14.8)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**27.0**	39.6
ATTRIBUTABLE TO:			
Owners of the Company		**27.0**	39.5
Minority interests		**-**	0.1
		27.0	39.6
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	7		
Basic earnings per share		**44.7p**	**65.9p**
Diluted earnings per share		**44.3p**	**65.0p**
NON STATUTORY MEASURE OF PROFIT			
Adjusted operating profit from continuing operations	2	**45.9**	45.8
Pre-tax share of profits from joint ventures and associates excluding net IAS41 valuation movement		**3.2**	2.8
ADJUSTED OPERATING PROFIT INCLUDING JOINT VENTURES AND ASSOCIATES		**49.1**	48.6
Net finance costs	4	**(1.9)**	(2.1)
ADJUSTED PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**47.2**	46.5
ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	7		
Basic adjusted earnings per share		**55.0p**	53.5p
Diluted adjusted earnings per share		**54.3p**	52.7p

Group Statement of Comprehensive Income
For the year ended 30 June 2013

Genus plc

	Note	2013 £m	2013 £m	2012 £m	2012 £m
PROFIT FOR THE YEAR			**27.0**		39.6
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on defined benefit pension schemes	3	**(1.0)**		3.0	
Tax on items that will not be reclassified	5	**0.2**		(0.6)	
			(0.8)		2.4
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(0.2)**		0.1	
Tax on items that may be reclassified		**-**		-	
			(0.2)		0.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**26.0**		42.1
ATTRIBUTABLE TO:					
Owners of the Company			**26.0**		42.0
Minority interests			**-**		0.1
			26.0		42.1

PROFIT FOR THE YEAR		**27.0**		39.6
Items that may be reclassified subsequently to Profit or Loss				
Foreign exchange translation differences	**13.8**		(7.0)	
Fair value movement on net investment hedges	**(2.4)**		1.1	
Fair value movement on cash flow hedges	**0.2**		(0.2)	
Tax relating to components of other comprehensive income	**(3.1)**		(1.2)	
		8.5		(7.3)
Items that may not be reclassified subsequently to Profit or Loss				
Actuarial loss on retirement benefit obligations	**(8.4)**		(27.2)	
Tax relating to components of other comprehensive income	**1.4**		6.4	
		(7.0)		(20.8)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**1.5**		(28.1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28.5**		11.5
ATIRIBUTABLE TO:				
Owners of the Company		**28.5**		11.4
Minority interests		**-**		0.1
		28.5		11.5

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 2011 - previously reported		6.0	112.0	(0.1)	24.2	(0.3)	129.8	271.6	0.3	271.9
Prior year adjustment (see note 1)		-	-	-	-	-	2.4	2.4	-	2.4
BALANCE AT 30 JUNE 2011 - restated		6.0	112.0	(0.1)	24.2	(0.3)	132.2	274.0	0.3	274.3
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)	(28.1)	-	(28.1)
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)	143.0	277.6	0.4	278.0
Foreign exchange translation differences, net of tax		-	-	-	10.1	-	-	10.1	-	10.1
Fair value movement on net investment hedges, net of tax		-	-	-	(1.8)	-	-	(1.8)	-	(1.8)
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		-	-	-	-	-	(7.0)	(7.0)	-	(7.0)
Other comprehensive income/ (expense) for the year		-	-	-	8.3	0.2	(7.0)	1.5	-	1.5
Profit for the year		-	-	-	-	-	27.0	27.0	-	27.0
Total comprehensive										

income for the year		-	-	-	8.3	0.2	20.0	28.5	-	28.5
Recognition of share-based payments, net of tax		-	-	-	-	-	3.0	3.0	-	3.0
Issue of ordinary shares		0.1	-	-	-	-	-	0.1	-	0.1
Dividends	6	-	-	-	-	-	(9.1)	(9.1)	-	(9.1)
BALANCE AT 30 JUNE 2013		**6.1**	**112.1**	**(0.1)**	**25.4**	**(0.3)**	**156.9**	**300.1**	**0.4**	**300.5**

Group Balance Sheet
As at 30 June 2013

Genus plc

	Note	**2013 £m**	2012* £m	2011* £m
ASSETS				
Goodwill		**67.8**	66.4	68.3
Other intangible assets		**68.3**	71.2	75.6
Biological assets	8	**224.0**	223.0	187.0
Property, plant and equipment		**45.0**	41.7	40.8
Interests in joint ventures and associates		**11.4**	9.2	8.5
Available for sale investments		**0.1**	0.1	0.2
Derivative financial assets		**-**	0.3	-
Deferred tax assets		**20.4**	23.1	15.6
TOTAL NON-CURRENT ASSETS		**437.0**	435.0	396.0
Inventories		**34.9**	30.2	33.5
Biological assets	8	**40.5**	36.8	27.3
Trade and other receivables	9	**78.9**	70.2	68.7
Cash and cash equivalents		**18.4**	18.6	18.3
Income tax receivable		**0.4**	0.8	1.0
Asset held for sale		**0.3**	0.3	0.3
TOTAL CURRENT ASSETS		**173.4**	156.9	149.1
TOTAL ASSETS		**610.4**	591.9	545.1
LIABILITIES				
Trade and other payables		**(51.7)**	(48.9)	(47.3)
Interest-bearing loans and borrowings		**(7.5)**	(8.2)	(4.0)
Provisions		**(1.1)**	(1.4)	(0.2)
Obligations under finance leases		**(1.2)**	(0.9)	(0.9)
Current tax liabilities		**(6.7)**	(4.6)	(5.5)
Derivative financial liabilities		**(0.8)**	(0.2)	(0.4)
TOTAL CURRENT LIABILITIES		**(69.0)**	(64.2)	(58.3)
Interest-bearing loans and borrowings		**(60.7)**	(64.6)	(80.5)
Retirement benefit obligations	11	**(65.0)**	(67.3)	(23.6)
Provisions		**(0.1)**	(1.1)	(1.2)
Deferred tax liabilities		**(113.1)**	(114.8)	(106.2)
Derivative financial liabilities		**(0.1)**	(0.6)	(0.2)
Obligations under finance leases		**(1.9)**	(1.3)	(0.8)
TOTAL NON-CURRENT LIABILITIES		**(240.9)**	(249.7)	(212.5)
TOTAL LIABILITIES		**(309.9)**	(313.9)	(270.8)
NET ASSETS		**300.5**	278.0	274.3
EQUITY				
Called up share capital		**6.1**	6.0	6.0
Share premium account		**112.1**	112.1	112.0
Own shares		**(0.1)**	(0.1)	(0.1)

Translation reserve	**25.4**	17.1	24.2
Hedging reserve	**(0.3)**	(0.5)	(0.3)
Retained earnings	**156.9**	143.0	132.2
Equity attributable to owners of the Company	**300.1**	277.6	274.0
Minority interest	**0.4**	0.4	0.3
Total equity	**300.5**	278.0	274.3

*See note 1 for details of restatement to the 2012 and 2011 balance sheets.

Group Statement of Cash Flows
For the year ended 30 June 2013

Genus plc

	Note	**2013 £m**	2012 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	10	**24.0**	32.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associates		**0.6**	**0.5**
Purchase of trade and assets		**-**	**(0.2)**
Purchase of property, plant and equipment		**(6.7)**	**(7.1)**
Purchase of intangible assets		**(1.9)**	**(1.8)**
Proceeds from sale of property, plant and equipment		**1.1**	**1.1**
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(6.9)**	**(7.5)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		**20.8**	**7.5**
Repayment of borrowings		**(26.3)**	**(21.6)**
Payment of finance lease liabilities		**(1.3)**	**(1.0)**
Equity dividends paid		**(9.1)**	**(10.7)**
Issue of ordinary shares		**0.1**	**0.1**
(Decrease)/increase in bank overdrafts		**(2.0)**	**0.9**
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(17.8)**	**(24.8)**
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(0.7)**	**0.3**
Cash and cash equivalents at start of the year		**18.6**	**18.3**
Net (decrease)/ increase in cash and cash equivalents		**(0.7)**	**0.3**
Effect of exchange rate fluctuations on cash and cash equivalents		**0.5**	**-**
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE		**18.4**	**18.6**

Notes to the Preliminary Results
For the year ended 30 June 2013

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 2013 or the year ended 30 June 2012, but is derived from those accounts. Statutory accounts for the year ended 30 June 2012 have been delivered to

the Registrar of Companies and those for the year ended 30 June 2013 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 2013 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.

Restatement in the 2012 and 2011 balance sheet

The balance sheet comparatives for the years ended 30 June 2012 and 30 June 2011 have been restated to recognise trade receivables due under royalty contract when they become receivable.

In order to rectify the position, the prior period balance sheet at 30 June 2012 has been restated in accordance with IAS 8, and, in accordance with IAS 1 (revised), a balance sheet at 30 June 2011 is also presented together with related notes. The amounts involved are an increase in trade receivables at 30 June 2012 of £3.7m (2011: £3.7m), an increase in deferred tax liabilities at 30 June 2012 of £1.3m (2011: £1.3m) and an increase in shareholders' equity at 30 June 2012 of £2.4m (2011: £2.4m).

There has been no effect on the income statement or cash flows recorded as a result of this restatement.

The principal exchange rates were as follows:

	Average			Closing		
	2013	2012	2011	**2013**	2012	2011
US Dollar/£	**1.57**	1.59	1.60	**1.52**	1.57	1.61
Euro/£	**1.21**	1.19	1.16	**1.17**	1.24	1.11
Brazilian Real/£	**3.22**	2.86	2.65	**3.35**	3.17	2.51
Mexican Peso/£	**20.16**	20.90	19.47	**19.76**	21.06	18.83

Going concern

As set out in the Directors' Responsibilities Statement, 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.

At 30 June 2013 the Group had net debt of £52.9 million (2012: £56.4 million) and undrawn committed borrowing facilities of £63.7 million. In August 2013, the Group completed a bank refinancing exercise, which now includes an option to increase the existing credit facility by an additional $50m. The new credit facilities are now due to expire on 30 September 2017. Whilst these facilities have certain financial covenants, they are not expected to prevent further utilisation of the facilities if required. This, together with the maturity profile of debt, provides confidence that the Group has sufficient financial resources for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business despite the current uncertain economic environment.

Notes to the Preliminary Results
For the year ended 30 June 2013

1. BASIS OF PREPARATION (continued)

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 2013. These financial statements have also been prepared in accordance with the accounting policies set out in the 2012 Annual Report and Financial Statements, as amended by the following new accounting standards.

New standards and interpretations not yet adopted

At the date of authorisation of these Group Financial Statements, the following Standards and Interpretations which have not been applied in preparing these Group Financial Statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendments to IAS 19, IAS 27, IAS 28 and IAS 32
- IFRS 7 *'Financial Instruments : Disclosures'*
- IFRS 9 *'Financial Instruments - Classification and Measurement'*
- IFRS 10 *'Consolidated Financial Statements'*
- IFRS 11 *'Joint Arrangements'*
- IFRS 12 *'Disclosure of Interests in Other Entities';* and
- IFRS 13 *'Fair Value Measurement'*

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except as follows:

- IFRS 9 '*Financial Instruments*', which will introduce a number of changes in the presentation of financial instruments; and

- IAS 19 *'Employee Benefits'* will impact the measurement of the various components representing movements in the defined pension obligation and associated disclosures, but not the Group's total obligation. Expected returns on plan assets will be replaced by a net finance cost in the income statement, consequently reducing the profit for the period by £3.7m and accordingly other comprehensive income increased by £3.7m. A prior period restatement will reflect these amendments in next year's annual report.

Non-GAAP measures - adjusted operating profit, adjusted profit before tax and adjusted earnings per share

Adjusted operating profit, adjusted operating profit before tax from continuing operations and adjusted earnings per share 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 2 September 2013.

Notes to the Preliminary Results
For the year ended 30 June 2013

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

	2013 £m	2012 £m
Genus PIC	**133.5**	137.2
Genus ABS	**146.8**	145.4
Genus Asia	**55.5**	48.2
Research and Development		
Research	**-**	-
Porcine Product Development	**9.5**	11.0
Bovine Product Development	**-**	-
	9.5	11.0
	345.3	341.8

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.

Operating profit

	2013 £m	2012 £m
Genus PIC	**48.2**	46.5
Genus ABS	**22.8**	24.1
Genus Asia	**12.3**	10.8
Research and Development		
Research	**(2.7)**	(2.2)
Porcine Product Development	**(14.7)**	(12.1)
Bovine Product Development	**(10.6)**	(10.8)
	(28.0)	(25.1)
Segment operating profit	**55.3**	56.3
Central costs	**(9.4)**	(10.5)
Adjusted operating profit	**45.9**	45.8

Notes to the Preliminary Results
For the year ended 30 June 2013

2. SEGMENTAL INFORMATION (CONTINUED)

Other segment information

	Depreciation	**Amortisation**	**Additions to non-current assets**

	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Genus PIC	**0.4**	0.7	**5.2**	5.2	**0.4**	0.6
Genus ABS	**1.3**	1.2	**0.6**	0.6	**2.1**	3.7
Genus Asia	**0.5**	0.3	**-**	-	**0.5**	0.4
Research and Development						
Research	**-**	0.2	**-**	-	**0.8**	0.4
Bovine Product Development	**0.1**	0.1	**-**	-	**3.3**	2.4
Porcine Product Development	**1.9**	1.8	**-**	-	**0.9**	0.8
	2.0	2.1	**-**	-	**5.0**	3.6
Segment total	**4.2**	4.3	**5.8**	5.8	**8.0**	8.3
Central	**1.1**	0.8	**-**	-	**2.6**	2.0
Total	**5.3**	5.1	**5.8**	5.8	**10.6**	10.3

	Segment assets		Segment liabilities	
	2013 £m	2012 £m	2013 £m	2012 £m
Genus PIC	**194.6**	192.4	**(45.4)**	(50.1)
Genus ABS	**118.5**	124.3	**(28.1)**	(15.6)
Genus Asia	**36.5**	30.9	**(9.0)**	(5.9)
Research and Development				
Research	**1.1**	-	**-**	(0.3)
Bovine Product Development	**166.3**	157.9	**(51.6)**	(53.3)
Porcine Product Development	**80.6**	72.7	**(36.8)**	(33.6)
	248.0	230.6	**(88.4)**	(87.2)
Segment total	**597.6**	578.2	**(170.9)**	(158.8)
Central	**12.8**	13.7	**(139.0)**	(155.1)
Total	**610.4**	591.9	**(309.9)**	(313.9)

Other exceptional items of £4.2m gain (2012: £22.1m cost), relate to Genus PIC and central segment. Details of these exceptional items are given in note 7. Share-based payments are considered on a Group-wide basis and are therefore not allocated to reportable segments.

In the prior year an exceptional credit of £23.0m which arose 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.

Notes to the Preliminary Results
For the year ended 30 June 2013

2. SEGMENTAL INFORMATION (CONTINUED)

Geographical information

The following is an analysis of the Group's revenue by geographical segments

Revenue

	2013 £m	2012 £m
North America	**127.5**	126.2
Latin America	**47.9**	51.7
Europe	**114.4**	115.7
Asia	**55.5**	48.2
	345.3	341.8

Non-current assets (excluding deferred taxation and financial instruments)

	2013 £m	2012 £m
North America	**274.8**	253.0
Latin America	**40.8**	51.7
Europe	**82.3**	89.1
Asia	**18.7**	17.8
	416.6	411.6

Notes to the Preliminary Results
For the year ended 30 June 2013

3. EXCEPTIONAL ITEMS

Operating income/(expenses):	**2013 £m**	2012 £m
Release /(additional) pension provision	**7.0**	(20.1)
Integration and restructuring	**(2.8)**	(2.0)
Other exceptional items	**4.2**	(22.1)
Exceptional credit - IAS 41 (see note 15)	**-**	23.0
Total exceptional items	**4.2**	0.9

During the year, the multi-employer Milk Pension Fund ('MPF') triennial valuation as at 31 March 2012 was completed and a new funding agreement between the employers was agreed. In addition, two participating employers exited the scheme and made cash payments of £31m. These changes gave rise to an exceptional credit of £7.0m. This credit reflects Genus's share of deficit repair contributions agreed in the valuation and the effect of the two employers' exits, compared with the pension provision of £20.1m made in the previous year to recognise the risk that some employers could be unable to meet their share of the deficit.

The integration and restructuring charge of £2.8m (2012: £2.0m) relates principally to a refocusing of the European porcine business as it continued to reduce direct farm operations, whilst widening its restructuring programme in line with the Group's global strategy. The fundamental aims of the restructure were to increase the rate of genetic progress, and to tailor the business model to meet the current and emerging needs of our customers. Where the business was historically split by country, this was re-organised into four distinct regions based on customer behaviours and the physical cross-border flow of animals. At the same time support services such as supply chain, technical service and genetic services have been centralised, ensuring improved alignment to long-term goals.

In the prior year an exceptional credit of £23.0m arose 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.

Notes to the Preliminary Results
For the year ended 30 June 2013

4. NET FINANCE COSTS

	2013 £m	2012 £m
Interest payable on bank loans and overdrafts	**(1.6)**	(1.9)
Amortisation of debt issue costs	**(0.5)**	(0.5)
Other interest payable	**(0.1)**	(0.2)
Net interest cost on derivative financial instruments	**(0.5)**	(0.6)
Total interest expense	**(2.7)**	(3.2)
Interest income on bank deposits	**0.1**	0.2
Net interest income in respect of pension scheme liabilities	**0.7**	0.9
Total interest income	**0.8**	1.1
Net finance costs	**(1.9)**	(2.1)

Notes to the Preliminary Results
For the year ended 30 June 2013

5. INCOME TAX EXPENSE

	2013 £m	2012 £m
Current tax expense		
Current period	**12.3**	9.9
Adjustment for prior periods	**(0.3)**	(1.5)
Total current tax expense in the Group Income Statement	**12.0**	8.4
Deferred tax expense		
Origination and reversal of temporary differences	**(0.9)**	8.1
Adjustment for prior periods	**-**	(1.7)
Total deferred tax (income)/expense in the Group Income Statement	**(0.9)**	6.4
Total income tax expense excluding share of income tax of equity accounted investees	**11.1**	14.8
Share of income tax of equity accounted investees	**0.6**	0.6
Total income tax expense in the Group Income Statement	**11.7**	15.4

6. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2013 £m	2012 £m
Final dividend		
Final dividend for the year ended 30 June 2011 of 13.3 pence per share	**-**	8.0
Final dividend for the year ended 30 June 2012 of 10.1 pence per share	**6.1**	-
Interim dividend		
Interim dividend for the year ended 30 June 2012 of 4.5 pence per share	**-**	2.7
Interim dividend for the year ended 30 June 2013 of 5.0 pence per share	**3.0**	-
	9.1	10.7

A final dividend of 11.1 pence per share has been proposed by the Directors for 2013. 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 2013

7. EARNINGS PER SHARE

Basic earnings per share from continuing operations

	2013	2012
Basic earnings per share	**44.7p**	65.9p

The calculation of basic earnings per share from continuing operations for the year ended 30 June 2013 is based on the profit attributable to ordinary shareholders from continuing operations of £27.0m (2012: £39.6m) and a weighted average number of ordinary shares outstanding of 60,344,000 (2012: 60,055,000), calculated as follows:

Weighted average number of ordinary shares (basic)

	2013 000s	2012 000s
Issued ordinary shares at start of the year	**60,296**	59,933
Effect of own shares held	**(204)**	(148)
Shares issued on exercise of stock options	**100**	37
Shares issued in relation to Employee Benefit Trust	**152**	233
Weighted average number of ordinary shares in year	**60,344**	60,055

Diluted earnings per share from continuing operations

	2013	2012

	2013	2012
Diluted earnings per share	**44.3p**	65.0p

The calculation of diluted earnings per share from continuing operations for the year ended 30 June 2013 is based on profit attributable to ordinary shareholders from continuing operations of £27.0m (2012: £39.6m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 60,952,000 (2012: 60,883,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	2012
	000s	000s
Weighted average number of ordinary shares (basic)	**60,344**	60,055
Dilutive effect of share options	**608**	828
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**60,952**	60,883

Notes to the Preliminary Results
For the year ended 30 June 2013

7. EARNINGS PER SHARE (CONTINUED)

Adjusted earnings per share from continuing operations

	2013	2012
Adjusted earnings per share	**55.0p**	53.5p
Diluted adjusted earnings per share	**54.3p**	52.7p

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 £33.2m (2012: £32.1m) as follows:

	2013	2012
	£m	£m
Profit before tax from continuing operations	**38.1**	54.4
Add/(deduct):		
Net IAS 41 valuation movement on biological assets	**4.9**	(38.8)
Amortisation of acquired intangible assets	**5.2**	5.2
Share-based payment expense	**2.8**	3.1
(Release)/additional pension provision	**(7.0)**	20.1
Integration and restructuring costs	**2.8**	2.0
Net IAS 41 valuation movement on biological assets in joint ventures and associates	**(0.2)**	(0.1)
Tax on joint ventures and associates	**0.6**	0.6
Adjusted profit before tax	**47.2**	46.5
Adjusted tax charge	**(14.0)**	(14.4)
Adjusted profit after taxation	**33.2**	32.1
Effective tax rate on adjusted profit	**29.7%**	31.0%

Notes to the Preliminary Results
For the year ended 30 June 2013

8. BIOLOGICAL ASSETS

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
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
Increases due to purchases	5.4	89.0	94.4
Decreases attributable to sales	-	(131.2)	(131.2)
Decrease due to harvest	(27.2)	(9.4)	(36.6)
Changes in fair value less estimated sale costs	12.2	57.5	69.7
Effect of movements in exchange rates	4.4	4.0	8.4
Balance at 30 June 2013	**147.0**	**117.5**	**264.5**
Non-current biological assets	147.0	77.0	224.0
Current biological assets	-	40.5	40.5
Balance at 30 June 2013	**147.0**	**117.5**	**264.5**

Bovine biological assets include £3.2m (2012: £1.6m) 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% (2012: 8.0%).

Decreases due to harvest represent the semen extracted from the biological assets. Inventories of such semen are shown as biological asset harvest.

8. BIOLOGICAL ASSETS (CONTINUED)

Porcine biological assets include £36.9m (2012: £41.4m) 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 £73.0m (2012: £73.2m) in respect of these contracts comprising £10.6m (2012: £15.6m) on initial transfer of animals to customers and £62.4m (2012: £57.6m) in respect of royalties received. Decreases attributable to sales during the period of £131.2m (2012: £141.5m) include £28.9m (2012: £31.9m) 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 at the Group's required rate of return adjusted for the greater risk implicit in including output from future generations. This adjusted rate has been assessed as 11.0% (2012: 11.0%). The number of future generations which have been taken into account is seven (2012: seven) and their estimated useful lifespan is 1.4 years (2012: 1.4 years).

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 £28.9m (2012: £29.7m).

Year ended 30 June 2013

Net IAS 41 valuation movement on biological assets*	Bovine £m	Porcine £m	Total £m
Changes in fair value of biological assets	12.2	57.5	69.7
Inventory transferred to cost of sales at fair value	(21.5)	(9.4)	(30.9)
Biological assets transferred to cost of sales at fair value	-	(43.7)	(43.7)
	(9.3)	**4.4**	**(4.9)**

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

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

+An exceptional credit of £23.0m arose in 2012 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.

Notes to the Preliminary Results
For the year ended 30 June 2013

9. TRADE RECEIVABLES

	2013 £m	2012* £m	2011* £m
Trade receivables	**63.6**	60.5	59.9
Other debtors	**9.9**	5.1	3.8
Prepayments and accrued income	**3.9**	2.9	2.5
Other taxes and social security	**1.5**	1.7	2.5
	78.9	70.2	68.7

*See note 1 for details of restatement to the 2012 and 2011 balance sheets.

Trade receivables

The average credit period taken on the sales of goods is 67 days (2012: 65 days, 2011: 69 days). No interest is charged on receivables for the first 30 days from the date of the invoice. The Group provides for all receivables based upon knowledge of the customer and historical experience and estimates irrecoverable amounts by reference to past default experience.

There are no customers who represent more than 5 per cent of the total balance of trade receivables (2012: nil, 2011: nil).

At 30 June 2013 £45.3m (2012: £44.4m, 2011: £44.4m) of trade receivables were not yet due for payment.

Other debtors

Included within other debtors is £3.4m (2012: nil) which relates to the Besun JV farm stocking.

Notes to the Preliminary Results
For the year ended 30 June 2013

10. NOTES TO THE CASH FLOW STATEMENT

	2013 £m	2012 £m
Profit for the year	**27.0**	39.6
Adjustment for:		
Net IAS 41 valuation movement on biological assets	**4.9**	(38.8)
Amortisation of acquired intangible assets	**5.2**	5.2
Share-based payment expense	**2.8**	3.1
Share of profit of joint ventures and associates	**(2.8)**	(2.3)
Finance costs	**1.9**	2.1
Income tax expense	**11.1**	14.8
Other exceptional items	**(4.2)**	22.1
Adjusted operating profit from continuing operations	**45.9**	45.8
Depreciation of property, plant and equipment	**5.3**	5.1
Gain on disposal of plant and equipment	**(0.3)**	-
Amortisation of intangible assets	**0.6**	0.6

Earnings before interest, tax, depreciation and amortisation	**51.5**	51.5
Exceptional item cash	**(2.8)**	(1.0)
Other movements in biological assets and harvested produce	**(3.1)**	(2.0)
(Decrease)/increase in provisions	**(1.3)**	0.4
Additional pension contributions in excess of pension charge	**(2.9)**	(2.7)
Other	**(0.1)**	(0.7)
Operating cash flows before movement in working capital	**41.3**	45.5
Increase in inventories	**(1.1)**	(0.7)
Increase in receivables	**(7.3)**	(5.3)
Increase in payables	**2.0**	4.4
Cash generated by operations	**34.9**	43.9
Interest received	**0.1**	0.2
Interest and other finance costs paid	**(1.6)**	(2.2)
Cash flow from derivative financial instruments	**(0.5)**	(0.6)
Income taxes paid	**(8.9)**	(8.7)
Net cash from operating activities	**24.0**	32.6

Notes to the Preliminary Results
For the year ended 30 June 2013

10. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

Analysis of net debt

	At 1 July 2012 £m	Cash flows £m	Foreign exchange £m	Non cash movements £m	**At 30 June 2013 £m**
Cash and cash equivalents	18.6	(0.7)	0.5	-	**18.4**
Interest bearing loans - current	(8.2)	1.2	-	(0.5)	**(7.5)**
Obligation under finance leases - current	(0.9)	1.3	(0.1)	(1.5)	**(1.2)**
	(9.1)	2.5	(0.1)	(2.0)	**(8.7)**
Interest bearing loans - non-current	(64.6)	6.3	(2.4)	-	**(60.7)**
Obligation under finance lease - non-current	(1.3)	-	(0.1)	(0.5)	**(1.9)**
	(65.9)	6.3	(2.5)	(0.5)	**(62.6)**
Net debt	(56.4)	8.1	(2.1)	(2.5)	**(52.9)**

Included within non-cash movements is £2.0m in relation to new finance leases.

11. 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.

	2013 £m	2012 £m
The Milk Pension Fund - Genus' share	**55.7**	37.1
The Milk Pension Fund - additional provision	**-**	20.1

	55.7	57.2
The Dalgety Pension Fund	**-**	1.4
Other retirement benefit obligations	**9.3**	8.7
Overall pension liability	**65.0**	67.3

Notes to the Preliminary Results
For the year ended 30 June 2013

11. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expense recognised in the income statement

	2013	2012
	£m	£m
Administrative expenses	**-**	**0.1**
Curtailment gain in administrative expenses	**(0.2)**	**-**
Exceptional item - (release)/additional provision - The Milk Pension Fund	**(7.0)**	**20.1**
Finance income	**(0.7)**	**(0.9)**
	(7.9)	**19.3**

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

	2013	2012
Discount rate	**4.6%**	4.5%
Expected return on plan assets	**7.1%**	6.3%
Medical cost trend rate	**7.4%**	6.8%
Future pension increases and inflation	**3.4%**	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. In 2013 the mortality tables used are 90% of the SN1A tables, with birth year and 2011 CMI projections, with mortality rates increased by 25% at all ages (2012: the mortality tables used are the SN1A tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages).

12. CONTINGENCIES

The retirement benefit obligations referred to in note 10 include obligations relating to the Milk Pension defined benefit scheme. Genus, together with other participating employers, is joint 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 75% of the Milk Pension Fund. 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.

13. POST BALANCE SHEET EVENT

In August 2013, the Group completed a bank refinancing exercise, which now includes an option to increase the existing credit facility by an additional $50m. The new credit facilities are now due to expire on 30 September 2017.

In August 2013, the Group provided £3.6m of initial funding to its now operational joint venture ("JV") with Shaanxi Yangling Besun Agricultural Group Co., a leading integrated pork producer in China. Genus is a 49% partner in the JV and expects to make further cash investment in the JV of approximately £5.3m, in the first half of FY14.

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