RNS Number : 6544F
Genus PLC
24 February 2015

**For immediate release** **24 February 2015**

**Genus plc**

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

**Interim Results for the six months ended 31 December 2014**

**Strong First Half Performance**

Genus, a leading animal genetics company, announces its interim results for the six months ended 31 December 2014.

| | Actual currency | | | Constant currency** |
|---|---|---|---|---|
| **Six months ended 31 December** | **2014** | 2013 | Movement | Movement |
| | **£m** | £m | % | % |
| **Adjusted Results** | | | | |
| Revenue | **198.5** | 181.7 | +9 | +13 |
| Operating profit* | **24.3** | 22.3 | +9 | +13 |
| Operating profit inc JV* | **27.0** | 23.4 | +15 | +20 |
| Profit before tax* | **24.7** | 20.6 | +20 | +26 |
| Basic earnings per share (p)* | **29.7** | 24.6 | +21 | +26 |
| **Statutory Results** | | | | |
| Revenue | **198.5** | 181.7 | +9 | |
| Operating profit | **28.5** | 23.3 | +22 | |
| Profit before tax | **28.6** | 22.0 | +30 | |
| Basic earnings per share (p) | **33.0** | 28.4 | +16 | |
| Interim dividend per share (p) | **6.1** | 5.5 | +11 | |

* Adjusted results 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 FY 2014 results at the average exchange rates applied in FY 2014.

**BUSINESS HIGHLIGHTS**

- Revenue increased by 9% (up 13% in constant currency):

- strong growth in Genus PIC, particularly in North America
- growth in all Genus ABS geographies

- Adjusted operating profit including joint ventures increase of 15% (up 20% in constant currency):
  - Genus PIC profits up 14% (17% in constant currency) with strong contributions from North America, Mexico and Brazil
  - Genus ABS profits 3% lower (up 2% in constant currency) with volume and revenue growth offset by higher product costs
  - Genus Asia profits 21% lower (down 18% in constant currency) primarily impacted by less activity in Russia, while China showed improvement
- Adjusted earnings per share up 21% (26% in constant currency)
- Strong net cash flow from operating activities of £19.6m (2013: £11.2m), and net debt of £73.2m (2013: £79.9m)
- Interim dividend increased 11% to 6.1 pence per share payable on 27 March 2014
- Continued good progress in implementation of strategy:
  - Agreement announced on 16 February 2015 to acquire 51% of In Vitro Brasil S.A. ('IVB'), the world leader in bovine in vitro fertilisation ('IVF'), for £4.6m adds important new capabilities to Genus ABS
  - Acquisition of Birchwood Genetics, Inc. in September 2014 secures long-term distribution of PIC proprietary boar genetics to mid-sized customers in North America
  - Génétiporc acquisition now fully integrated following the exit from Quebec operations and consolidation of nucleus herds during the first half, a year ahead of original schedule, resulting in an acceleration of the delivery of synergy benefits from the transaction
  - Genus Sexed Semen development project made good progress against plan and capital expenditure increased
- Performance overall ahead of expectations for 2015

Karim Bitar, Chief Executive, commented:

*"Our strong performance in the first half demonstrated the success of our strategy and strength of our diverse geographic presence. Performance was particularly robust in PIC, where we were able to accelerate the delivery of synergies from the Génétiporc acquisition.*

*"We announced last week, the acquisition of 51% of In Vitro Brasil, taking ABS into the rapidly developing area of bovine IVF, which enables customers to accelerate the genetic improvement of their herds. We are also pleased to have successfully completed the acquisition of Birchwood Genetics during the period, helping to build and sustain the success of the mid- and small-sized customers it serves.*

*"We are on course to perform above our original expectations for 2015,albeit we expect the pace of our growth to reduce in the second half of the year. Ourconfidence in the strategy for the business and in the future prospects for the Company is reflected in the 11% increase in our interim dividend."*

An analyst meeting will be held at 9.00am today at Buchanan's offices (107 Cheapside, London EC2V 6DN). A live audio feed will be available to those unable to attend this meeting in person. To connect to the web cast facility, please go to the following link:

http://vm.buchanan.uk.com/2015/genus240215/registration.htm approximately 10 minutes (8.50am) before the start of the meeting.

For further information please contact:

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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's worldwide sales are made in seventy-five 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's 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 over twenty-five countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

**GROUP PERFORMANCE**

Genus's results for the six months to 31 December 2014 showed double-digit growth in constant currency across all key measures. In actual currency, adjusted profit before tax grew by 20% and adjusted earnings per share were also up 21% at 29.7 pence per share (2013: 24.6 pence), demonstrating Genus's progress in implementing its growth strategy.

**Results**

Revenue of £198.5m for the six months to 31 December 2014 grew by 9% (2013: £181.7m). This reflects underlying constant currency growth of 13% offset by the impact of sterling appreciation compared with the prior year. Adjusted operating profit including joint ventures of £27.0m, grew 15% (up 20% in constant currency).

Porcine volumes were up 6%, with growth in North America, Latin America and Europe offsetting weakness in Asia. Bovine volumes were up 7% with growth in North America, Latin America and Europe, while Asia was held at a similar level.

Genus PIC performed strongly with a profit increase of 14% (17% in constant currency) helped by earlier achievement of Génétiporc synergies and by favourable market conditions in the Americas. Genus ABS's 3% decline in profit (up 2% at constant currency) was impacted by increased product costs offsetting strong revenue growth across the geographic sales regions. Genus Asia's profit decline of 21% (down 18% at constant currency) was attributable to lower porcine sales in Russia due to the economic situation and border closure, partially offset by improving performance in China as well as continued good growth in the Philippines.

Finance costs were £2.3m (2013: £2.8m), helped by lower pension interest cost. Adjusted profit before tax was £24.7m (2013: £20.6m), an increase of 20% (26% at constant currency). The tax rate on adjusted profits was 27.1% (2013: 27.7%), and adjusted earnings per share rose 21% (26% in constant currency) to 29.7 pence (2013: 24.6 pence).

The Group monitors performance principally through these adjusted measures which exclude certain non-cash items including the fair value movement on biological assets. The statutory results, including these items, show a 30% gain in profit before tax to £28.6m (2013: £22.0m) and a 16% increase in earnings per share to 33.0 pence (2013: 28.4 pence). Statutory earnings per share are higher than the adjusted results due to an increase in the fair value of biological assets in the period.

**Cash Flow and Net Debt**

The Group continued to have a strong net cash flow from operating activities of £19.6m in the period (2013: £11.2m)

due to higher EBITDA and improved working capital management. Some of this inflow was utilised on higher capital expenditure of £7.8m (2013: £3.3m), with the increase primarily related to the Genus Sexed Semen project. In addition, Birchwood Genetics was acquired for £5.8m. Net debt as at 31 December 2014 was £73.2m (31 December 2013: £79.9m) after these investments, and the balance sheet remains strong with net debt to EBITDA of 1.3 times (31 December 2013: 1.5 times).

**Dividend**

Based on its confidence in the Company's strategy and growth prospects, the Board has approved an interim dividend of 6.1 pence per share, an increase of 11% on last year's interim dividend of 5.5 pence. The interim dividend is payable on 27 March 2015 to those shareholders on the register at 6 March 2015.

**Progress on Strategy**

Genus continued to make good strategic progress in the half year achieving continued strong results from our product development teams and focused execution of our strategic priorities in targeting key markets, tailoring our business model and further strengthening core competencies.

During the period, Genus continued to strengthen its porcine business with the acquisition in September 2014 of Birchwood Genetics Inc., a privately-owned boar stud operation and long-term PIC partner. Birchwood provides PIC boar semen to mid- and small-sized customers in the US and the transaction secures our route to market for PIC male genetics in this important market.

The integration of Génétiporc into PIC and Agroceres PIC, Genus's 49% joint venture in Brazil, continued to progress well. During the half year, we completed the exit from the Quebec nucleus farm operations, consolidating all the nucleus herd breeding activity into our existing two strategic nucleus farms in South Dakota and Saskatchewan. We are now operating at the full run rate of the expected cost synergies, approximately a year ahead of schedule.

On 16 February 2015, we announced the signing of an agreement for the acquisition of 51% of the share capital of IVB. IVB is the world's leading commercial provider of beef and dairy IVF technology, with a leading presence in Brazil, the world's largest bovine IVF market, and a growing presence in other Latin American countries and the US. In 2014, IVB delivered revenue in excess of £4m.

The transaction will strengthen Genus's global leadership in the delivery of genetic improvement in the bovine sector. Delivering genetics via IVF enables producers to accelerate the genetic improvement of their herds by optimising both male and female genetics simultaneously.

Genus will acquire a 51% interest in IVB for total consideration of BRL 20 million (£4.6m) in cash. Genus expects to acquire the remaining 49% of IVB's share capital in the first half of 2018 through a call/put option. The consideration for the remaining 49% is conditional on certain performance conditions and is capped at BRL 49 million (£11.2m).

In India, we continued to build the foundations of our business in the large Indian dairy market. Having secured land for our enlarged production bull stud with our joint venture partner, B G Chitale, we completed the investment in the joint venture and plans to increase production of high-quality semen are progressing well.

The Genus Sexed Semen development project continued to make good progress against its plan and we increased our capital investment in it during the period. The legal proceedings commenced by ABS, against Inguran LLC (aka Sexing Technologies ('ST')) in Wisconsin continue and a trial date has been set for 25 January 2016. The separate proceedings initiated by ST against ABS in the Southern District of Texas have been dismissed and on 7 November 2014, ST filed an Answer and Counterclaim in the Wisconsin proceedings. ABS remains committed to pursue vigorously this litigation.

As previously reported, ABS filed an inter-partes review ('IPR') application in July 2014 challenging the validity of one of ST's US patents. On 13 January 2015, the US Patent Trial Appeal Board ('PTAB') decided that ABS had demonstrated a reasonable likelihood of prevailing in its assertions against this patent and ordered that the IPR hearing be held on 25 September 2015. ABS filed further IPR applications during September and October 2014 challenging the validity of two additional ST patents. PTAB decisions on whether to institute review of these patents are anticipated shortly.

**Outlook**

During the first half Genus made good progress towards its strategic goals, and market conditions for Genus's customers were generally favourable. We expect continued progress in the second half, though at a lesser pace, against a backdrop of falling dairy and pork prices and continuing headwinds from the market conditions in Russia and China. Currencies are expected to be unfavourable for the full year with the strengthening of the US dollar offset by weakening in the Euro and emerging market currencies. For the full year, overall financial performance is expected to be above our original expectations.

**REVIEW OF OPERATIONS**

**Genus PIC**

| | Actual Currency | | | Constant Currency |
|---|---|---|---|---|
| | **2014 £m** | **2013 £m** | **Movement %** | **Movement %** |
| Revenue | **86.1** | 72.9 | 18 | 21 |

| | | | | |
|---|---|---|---|---|
| Adjusted operating profit excl JV | **27.3** | 25.1 | 9 | 11 |
| Adjusted operating profit incl JV | **29.8** | 26.1 | 14 | 17 |
| Adjusted operating margin excl JV | **31.7%** | 34.4% | | |

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 for Genus's porcine customers were favourable in the Americas but challenging in Europe. In the North American market, tight pork supplies following the outbreak and spread of porcine epidemic diarrhoea virus ('PEDv') led to record pig prices which, combined with low input costs, meant producer margins were exceptionally strong. New US PEDv cases reported during the last six months were stable, averaging just over 80 cases per week compared with the peak of over 300 weekly cases for most of February 2014. As productivity recovered and farmers increased the size of the breeding herd, pig prices have fallen back to more normal levels.

In Brazil, pig prices reached a record high in October 2014 helped by strong exports, particularly to Russia, following the ban on imports to Russia from the EU. By the end of the year, prices had drifted down slightly due to short-term over-supply. However, with strong domestic consumption expected in 2015 and a continuing export demand helped by the deflating Brazilian Real, the outlook remains positive for the Brazilian pork sector.

In Europe, the porcine industry suffered from lower pork consumption and export bans, primarily to Russia. This led to oversupply and pork prices declining 18% over the last year, significantly impacting producer profitability. The outlook for producers remains challenging in the short-term.

**Performance**

During the period, Genus PIC performed strongly with operating profits including joint ventures up 14% to £29.8m on revenue growth of 18% to £86.1m. Volumes grew by 9%, with all regions contributing. Overall, operating margins decreased to 31.7% (2013: 34.4%) due to increased shipments of animals and the dilutive effect of a full six months of Génétiporc in the results compared with three months in the prior year. The Birchwood acquisition also contributed to revenue and operating profit growth as planned.

In North America, profits were up 11% in constant currency on volume growth of 7%. Performance benefited from strong animal shipments, as customers started to refresh and expand their herds, and a full six months of Génétiporc trading and synergies. Birchwood also contributed positively. These items more than offset the drag from royalties lost due to PEDv, which were higher than in the prior year period.

Latin American profits improved 47% in constant currency on 10% volume increases, helped by an exceptionally strong operating profit performance in Brazil (up 138%) from the PIC Agroceres joint venture, which benefited from a strong Génétiporc contribution, the strategic improvements being driven through the business, and the buoyant market conditions. We also saw strong performances in Mexico (up 21%) and Chile (up 17%), while Latin America costs were also well controlled.

In Europe, volumes increased 12% and operating profit increased 2% in constant currency. Genus made continued progress in demonstrating the strength of its product offering through validation trials with a number of large integrated pork producers. Royalty-based revenues increased by 18%, and the percentage of volumes under royalty contracts increased to 55% in the period. However, the poor market conditions, caused in part by the border closure to Russia negatively affected the up-front sales business and margins, particularly in Central and Eastern Europe.

Overall, the PIC business showed substantial positive momentum in the period and continued to execute its strategy effectively.

**Genus ABS**

| | Actual Currency | | | Constant Currency |
|---|---|---|---|---|
| | **2014 £m** | **2013 £m** | **Movement %** | **Movement %** |
| Revenue | **82.3** | 77.9 | 6 | 9 |
| Adjusted operating profit | **12.0** | 12.4 | (3) | 2 |
| Adjusted operating margin | **14.6%** | 15.9% | | |

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

businesses globally.

**Market**

Following a period of buoyant prices in the early part of 2014, dairy prices declined steadily since the summer in Europe and Latin America as a result of an imbalance between supply and demand. While the US market prices held up through the autumn they fell sharply towards the end of the year. The outlook for the next twelve months is for milk prices to remain relatively deflated and although lower input costs have helped farmers, many dairy producers are currently working at break-even or below.

Beef prices have continued on their upward trajectory in Brazil and the US, in the latter continuing to break record highs as demand continues to outstrip supply. Farmers have sent fewer cows to slaughter as they start to rebuild the size of the herd from its current low point. The US price is expected to dip slightly in 2015, but will remain at historically strong levels. The Brazilian beef market should also remain strong with the Brazil export industry continuing to expand with countries such as China looking overseas to meet its demand.

**Performance**

Genus ABS revenues were up 6% for the half year at £82.3m (up 9% in constant currency) and profits declined by 3% to £12.0m (up 2% at constant currency). Volumes were up 9% on last year with growth in all regions. Volume growth was particularly strong in sorted semen with over 30% growth and the mix of dairy genomic sales also increased. Product costs across ABS were impacted by the increased mix of sorted semen and within the ABS Supply Chain by higher royalty payments on certain genomic bulls under lease arrangements.

North America profits increased 12% in constant currency on a 2% volumes uplift, primarily driven by an increase in sorted semen volumes, strong genomic dairy sales as well as continued progress on ancillary product sales such as udder care.

In Latin America, profits increased 12% in constant currency and volumes by 6% driven largely by Mexico and Brazil. Mexico achieved 16% volumes growth. Brazil also continued to grow both volumes and operating profit aided by continued strength in beef volumes and an increased sales blend towards higher priced semen.

Europe's volumes were 20% ahead of last year with growth in all key markets. Operating profit also increased by 7% at constant currency. Volume performance was aided by strong growth of over 50% in the European distributor business serving a wide range of markets, though deals can be variable in size and in margin in this business. Nearly all key countries across Europe grew operating profit and volumes with France and Germany growing both metrics double-digit, while in the UK market, volumes and operating profit grew in mid single digits.

Genus ABS maintained a strong genetic line up in proven and genomic bulls and has started to see good results from its internal breeding programme. In parallel, it has continued to develop its Real World Data™ ('RWD') platform and will introduce new indices in the second half which it will use to pioneer new selling approaches in key geographies based on customer segmentation.

The acquisition of 51% of IVB, which was recently announced, gives ABS access to important technology and skills in a growing segment of the bovine market. IVF enables customers to accelerate genetic improvement in their herds by selecting genetics on both the male and female side. Large commercial and enterprise customers are increasingly seeing the benefit of this approach.

**Genus Asia**

| | Actual Currency | | | Constant Currency |
|---|---|---|---|---|
| | **2014 £m** | **2013 £m** | **Movement %** | **Movement %** |
| Revenue | **20.9** | 24.4 | (14) | (10) |
| Adjusted operating profit excl JV | **2.9** | 3.8 | (24) | (23) |
| Adjusted operating profit incl JV | **3.1** | 3.9 | (21) | (18) |
| Adjusted operating margin excl JV | **13.9%** | 15.6% | | |

Genus Asia includes the porcine, dairy and beef businesses across the region. In addition to our businesses in China,

the Philippines, India and Australia, the region also includes the Group's operations in Russia.

**Market**

Market conditions were challenging across much of the region in the period. In the China porcine industry, producer profitability remains at or below break-even as pork prices remain weak, albeit above the levels of earlier in 2014. The sow herd continued to decline every month in 2014 and producers' appetite to invest has not yet returned.

In Russia, a ban on pig imports from Europe and North America pushed up pork prices for much of the period. However, weakness in the general economy and the Rouble, has had a significant impact on the willingness of producers to expand despite the business being profitable and the country needing further growth in agriculture to become self-sufficient.

Dairy prices across Asia have been impacted by the fall in global dairy prices, caused at least in part by a reduction in Chinese dairy imports. The exception to this has been in Russia where trade restrictions have helped maintain high prices. India dairy prices have reduced of late with high seasonal supply together with lower demand following reports of contaminated milk. Recent drought concerns in some areas of the country are also affecting confidence in the industry. However on a positive note, in December 2014, Russia lifted a long-standing ban on imports from India connected to foot and mouth disease which may increase opportunity in 2015 for the Indian dairy industry.

**Performance**

Genus Asia's profits, including joint ventures, decreased in the period by 21% to £3.1m (down 18% in constant currency) on a revenue decline of 14%, with growth in China and the Philippines not sufficient to cover a significant decline in Russia.

Overall, volumes declined in Asia porcine by 7% on last year with operating profit down 19% due to the decline in Russia. In China porcine, volumes declined by 21%, primarily due to order delays as the industry sought to recover from the losses experienced in 2014. However, reduced Besun JV start-up costs helped overall performance to improve compared with the prior period. We saw further strong growth in volumes, revenues and profits in the Philippines as our strategy of moving to royalty-based contracts impacted beneficially.

Trading performance in Russia was significantly impacted by the economic conditions and border closure, with porcine volumes down 16% and operating profit down 48% in constant currency, compared with a strong performance in the prior year. Headwinds are likely to remain in the short-term but the longer-term growth opportunity in Russia remains promising.

In bovine, the region's profits were down 5% in constant currency on volumes that were flat on last year. Following a weak period a year ago in China as we transitioned our distribution model, profits grew there by over 50%. In Australia, which has experienced recent organisational restructuring and challenging market conditions, volume and profit performance was lower in the period. India volume growth was 7% and our business there continued to improve profitability. Land has been secured with our joint venture partner B G Chitale to build the expanded bull stud, in line with our plan to increase capacity to serve the Indian market with high quality genetics.

We continued to strengthen both the bovine and porcine teams in the Asia region, with an emphasis on key account management and technical service support. Our new large-scale customers in China, such as New Hope, are experiencing strong operational performance with the first stockings made into their farms in the last fiscal year, giving us increased confidence in our ability to demonstrate value and move towards royalty-based contracts. The first phase of the Riverstone, stocking announced with our full year results in September 2014, was successfully completed in February 2015.

**Research and Product Development**

| | Actual Currency | | | Constant Currency |
|---|---|---|---|---|
| | **2014 £m** | **2013 £m** | **Movement %** | **Movement %** |
| Research | **2.1** | 1.4 | (50) | (31) |
| Porcine product development | **5.3** | 7.0 | 24 | 23 |
| Bovine product development | **6.0** | 5.9 | (2) | (5) |
| Total research and development | **13.4** | 14.3 | 6 | 5 |

Total research and development spend for the half year decreased by 6% to £13.4m (down 5% in constant currency), helped by lower feed costs, strong by-product slaughter prices and the exit from the Quebec nucleus that helped reduce porcine product development spend. Genus increased its underlying investment in genomic evaluations in porcine, beef and dairy as well as applied research and related intellectual property ('IP') costs.

Genus continues to be at the forefront of research in the industry in developing proprietary biotechnology to differentiate further both porcine and bovine product offerings and we continue to progress the development of genotyping by sequencing to drive genetic improvement even faster. Research expenditure increased in the period partly due to the phasing of projects and partly due to increased spending on IP creation and protection. We also continued to invest in Genus Sexed Semen and increased capital expenditure in the period on this technology.

Within porcine product development, the implementation of single-step genomic evaluation on all pure line populations, retail products and all traits of economic importance, is exceeding our predicted impact of 35% increase in the rate of genetic gain. The incorporation of the germplasm from the Génétiporc acquisition continues on schedule, creating further acceleration opportunities as we combine the best of each, with field trials of several new products underway. Spending was favourably impacted by the exit from the Génétiporc Quebec nucleus and the receipt of a back payment under a Canadian government agricultural support programme in the period. Commodity prices were also favourable.

Within bovine product development, significant progress was made in the building of a beef nucleus herd to develop unique customer products to enable value capture in the beef supply chain through genetic improvement and differentiation. For example, the custom genetic programme for ABP Food Group is on track to deliver proprietary indices for supply chain profitability by the end of the financial year. In dairy, we expect our first bull to be sampled in May 2015 from our elite heifer programme and we continue to grow our genomic database and expertise in our RWD programme. Costs were 5% higher in constant currency as we invested in increased resources for genomic prediction in bovine.

**Genus Products**

| | Actual Currency | | | Constant Currency |
|---|---|---|---|---|
| | **2014 £m** | **2013 £m** | **Movement %** | **Movement %** |
| **Revenue** | | | | |
| Porcine | **98.7** | 89.4 | 10 | 14 |
| Bovine | **90.6** | 85.8 | 6 | 9 |
| Research & product development | **9.2** | 6.5 | 42 | 47 |
| | **198.5** | 181.7 | 9 | 13 |
| **Adjusted operating profit incl JV** | | | | |
| Porcine | **25.9** | 21.2 | 22 | 25 |
| Bovine | **7.7** | 8.4 | (8) | (5) |
| Research & central costs | **(6.6)** | (6.2) | (8) | (5) |
| | **27.0** | 23.4 | 15 | 20 |

Genus manages its global operations through the three businesses, Genus PIC, Genus ABS and Genus Asia, but also monitors product performance globally, after allocating product development costs specific to each species.

Porcine revenue grew 14% overall in constant currency on volume growth of 6% for the Group. Profits grew strongly by 25% benefiting from the operational performance in the Americas, accelerated synergies from Génétiporc and lower product development costs. Market conditions were favourable in North and South America but were weak in Europe

and China and challenging in Russia.

In bovine, volumes rose 7% overall with particularly strong growth in Europe and Latin America, but were flat in Asia. Revenue grew 9% in constant currency, but profits were 5% lower due to higher product costs associated with the increased mix of sorted semen and genomic bulls and increased bovine product development expenditure.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Our approach to risk management is to identify, evaluate and prioritise risks and uncertainties and actively manage actions to mitigate them. The Genus plc Annual Report 2014 (a copy of which is available on the Genus plc website at www.genusplc.com) sets out on pages 20-21 a number of risks and uncertainties that might impact upon the performance of the Group. There has been no material change to the principal risks that might affect the performance of the Group in the current financial year other than increased risk associated with the continuing political and economic situation in Russia.

**GENUS PLC**
**CONDENSED CONSOLIDATED INCOME STATEMENT**
**For the six months ended 31 December 2014**

| | Note | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|---|
| **Revenue from continuing operations** | 4 | **198.5** | 181.7 | 372.2 |
| **Adjusted operating profit from continuing operations** | | **24.3** | 22.3 | 42.9 |
| Net IAS 41 valuation movement on biological assets | 9 | **9.0** | 5.8 | 7.5 |
| Amortisation of acquired intangible assets | | **(2.9)** | (2.6) | (5.8) |
| Share-based payment expense | | **(0.7)** | (1.5) | (0.8) |
| | | **29.7** | 24.0 | 43.8 |
| Exceptional items | | | | |
| - Acquisition and integration | 5 | **(0.5)** | (1.5) | (1.8) |
| - Other (including restructuring) | 5 | **(1.1)** | 0.8 | (0.2) |
| - Pension related - settlement gain | 5 | **0.4** | - | - |
| **Operating profit from continuing operations** | | **28.5** | 23.3 | 41.8 |
| Share of post-tax profit of joint ventures and associates | 10 | **2.4** | 1.5 | 1.9 |
| Net finance costs | 6 | **(2.3)** | (2.8) | (5.5) |
| **Profit before tax from continuing operations** | | **28.6** | 22.0 | 38.2 |
| Taxation | 7 | **(8.6)** | (4.8) | (9.3) |
| **Profit for the period from continuing operations** | | **20.0** | 17.2 | 28.9 |
| **Earnings per share from continuing operations** | | | | |
| Basic earnings per share | 12 | **33.0p** | 28.4p | 47.7p |
| Diluted earnings per share | 12 | **32.7p** | 28.1p | 47.6p |
| **Non-statutory measure of profit** | | | | |
| Adjusted operating profit from continuing operations | 4 | **24.3** | 22.3 | 42.9 |
| Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement | | **2.7** | 1.1 | 1.9 |
| **Adjusted operating profit including joint ventures and associates** | | **27.0** | 23.4 | 44.8 |
| Net finance costs | 6 | **(2.3)** | (2.8) | (5.5) |

| | | | | |
|---|---|---|---|---|
| **Adjusted profit before tax from continuing operations** | | **24.7** | 20.6 | 39.3 |
| **Adjusted earnings per share from continuing operations** | | | | |
| Basic adjusted earnings per share | 12 | **29.7p** | 24.6p | 46.5p |
| Diluted adjusted earnings per share | 12 | **29.4p** | 24.3p | 46.4p |

**GENUS PLC**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For the six months ended 31 December 2014**

| | **Six months ended 31 December 2014** | | Six months ended 31 December 2013 | | Year ended 30 June 2014 | |
|---|---|---|---|---|---|---|
| | **£m** | **£m** | £m | £m | £m | £m |
| **Profit for the period** | | **20.0** | | 17.2 | | 28.9 |
| **Items that may be reclassified subsequently to profit or loss** | | | | | | |
| Foreign exchange translation differences | **30.1** | | (40.7) | | (53.9) | |
| Fair value movement on net investment hedges | **(6.8)** | | 4.7 | | 8.6 | |
| Fair value movement on cash flow hedges | **-** | | 0.1 | | 0.3 | |
| Tax relating to components of other comprehensive income | **(9.6)** | | 8.3 | | 7.8 | |
| | | **13.7** | | (27.6) | | (37.2) |
| **Items that may not be reclassified subsequently to profit or loss** | | | | | | |
| Actuarial (loss)/gain on retirement benefit obligations | **(21.3)** | | 4.6 | | 4.5 | |
| Tax relating to components of other comprehensive income | **4.5** | | (2.2) | | (2.5) | |
| | | **(16.8)** | | 2.4 | | 2.0 |
| **Other comprehensive expense for the period** | | **(3.1)** | | (25.2) | | (35.2) |
| **Total comprehensive income/(expense) for the period** | | **16.9** | | (8.0) | | (6.3) |
| **Attributable to:** | | | | | | |
| Owners of the Company | | **16.9** | | (8.0) | | (6.3) |
| Minority interests | | **-** | | - | | - |
| | | **16.9** | | (8.0) | | (6.3) |

**GENUS PLC**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the six months ended 31 December 2014**

| | **Note** | **Called up share capital £m** | **Share premium account £m** | **Own shares £m** | **Translation reserve £m** | **Hedging reserve £m** | **Retained earnings £m** | **Total £m** | **Minority interest £m** | **Total equity £m** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2013** | | 6.1 | 112.1 | (0.1) | 25.4 | (0.3) | 156.9 | 300.1 | 0.4 | 300.5 |
| Foreign exchange translation differences, net of tax | | - | - | - | (44.2) | - | - | (44.2) | - | (44.2) |
| Fair value movement on net investment hedges, net of tax | | - | - | - | 6.7 | - | - | 6.7 | - | 6.7 |
| Fair value movement on cash flow hedges, net of | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| tax | | - | - | - | - | 0.3 | - | 0.3 | - | 0.3 |
| Actuarial gain on retirement benefit obligations, net of tax | | - | - | - | - | - | 2.0 | 2.0 | - | 2.0 |
| **Other comprehensive (expense)/income for the period** | | - | - | - | (37.5) | 0.3 | 2.0 | (35.2) | - | (35.2) |
| Profit for the period | | - | - | - | - | - | 28.9 | 28.9 | - | 28.9 |
| **Total comprehensive (expense)/income for the period** | | - | - | - | (37.5) | 0.3 | 30.9 | (6.3) | - | (6.3) |
| Recognition of share-based payments, net of tax | | - | - | - | - | - | 0.9 | 0.9 | - | 0.9 |
| Issue of ordinary shares | | - | 0.1 | - | - | - | - | 0.1 | - | 0.1 |
| Minority interest on acquisition | | - | - | - | - | - | - | - | 0.2 | 0.2 |
| Dividends | 8 | - | - | - | - | - | (10.1) | (10.1) | - | (10.1) |
| **Balance at 30 June 2014** | | 6.1 | 112.2 | (0.1) | (12.1) | - | 178.6 | 284.7 | 0.6 | 285.3 |
| Foreign exchange translation differences, net of tax | | - | - | - | 19.1 | - | - | 19.1 | - | 19.1 |
| Fair value movement on net investment hedges, net of tax | | - | - | - | (5.4) | - | - | (5.4) | - | (5.4) |
| Actuarial loss on retirement benefit obligations, net of tax | | - | - | - | - | - | (16.8) | (16.8) | - | (16.8) |
| **Other comprehensive income/(expense) for the period** | | - | - | - | 13.7 | - | (16.8) | (3.1) | - | (3.1) |
| Profit for the period | | - | - | - | - | - | 20.0 | 20.0 | - | 20.0 |
| **Total comprehensive income for the period** | | - | - | - | 13.7 | - | 3.2 | 16.9 | - | 16.9 |
| Recognition of share-based payments, net of tax | | - | - | - | - | - | 0.7 | 0.7 | - | 0.7 |
| Dividends | 8 | - | - | - | - | - | (7.4) | (7.4) | - | (7.4) |
| **Balance at 31 December 2014** | | **6.1** | **112.2** | **(0.1)** | **1.6** | **-** | **175.1** | **294.9** | **0.6** | **295.5** |

| | Note | Called up share capital £m | Share premium account £m | Own shares £m | Translation reserve £m | Hedging reserve £m | Retained earnings £m | Total £m | Minority interest £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2013** | | 6.1 | 112.1 | (0.1) | 25.4 | (0.3) | 156.9 | 300.1 | 0.4 | 300.5 |
| Foreign exchange translation differences, net of tax | | - | - | - | (32.4) | - | - | (32.4) | - | (32.4) |
| Fair value movement on net investment hedges, net of tax | | - | - | - | 4.7 | - | - | 4.7 | - | 4.7 |
| Fair value movement on cash flow hedges, net of tax | | - | - | - | - | 0.1 | - | 0.1 | - | 0.1 |
| Actuarial loss on retirement benefit obligations, net of tax | | - | - | - | - | - | 2.4 | 2.4 | - | 2.4 |
| **Other comprehensive (expense)/income for the period** | | - | - | - | (27.7) | 0.1 | 2.4 | (25.2) | - | (25.2) |
| Profit for the period | | - | - | - | - | - | 17.2 | 17.2 | - | 17.2 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total comprehensive (expense)/income for the period** | | - | - | - | (27.7) | 0.1 | 19.6 | (8.0) | - | (8.0) |
| Recognition of share-based payments, net of tax | | - | - | - | - | - | 1.4 | 1.4 | - | 1.4 |
| Issue of ordinary shares | | - | 0.1 | - | - | - | - | 0.1 | - | 0.1 |
| Dividends | 8 | - | - | - | - | - | (6.7) | (6.7) | - | (6.7) |
| **Balance at 31 December 2013** | | 6.1 | 112.2 | (0.1) | (2.3) | (0.2) | 171.2 | 286.9 | 0.4 | 287.3 |

## GENUS PLC
## CONDENSED CONSOLIDATED BALANCE SHEET
## As at 31 December 2014

| | Note | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m |
|---|---|---|---|---|
| **Assets** | | | | |
| Goodwill | | **76.0** | 69.7 | 69.9 |
| Other intangible assets | | **68.6** | 68.3 | 64.4 |
| Biological assets | 9 | **237.7** | 214.9 | 208.9 |
| Property, plant and equipment | | **47.8** | 41.8 | 40.6 |
| Interests in joint ventures and associates | 10 | **23.3** | 22.4 | 21.7 |
| Available for sale investments | | **0.1** | 0.1 | 0.1 |
| Deferred tax assets | | **9.7** | 17.4 | 4.8 |
| **Total non-current assets** | | **463.2** | 434.6 | 410.4 |
| Inventories | | **32.4** | 31.6 | 30.6 |
| Biological assets | 9 | **44.7** | 43.1 | 44.1 |
| Trade and other receivables | | **77.0** | 78.8 | 75.1 |
| Cash and cash equivalents | | **23.8** | 20.7 | 22.8 |
| Income tax receivable | | **0.5** | 0.4 | 0.4 |
| Asset held for sale | | **0.8** | - | 0.8 |
| Derivative financial assets | | **-** | 0.2 | - |
| **Total current assets** | | **179.2** | 174.8 | 173.8 |
| **Total assets** | | **642.4** | 609.4 | 584.2 |
| **Liabilities** | | | | |
| Trade and other payables | | **(60.1)** | (50.7) | (53.3) |
| Interest-bearing loans and borrowings | | **(10.6)** | (10.5) | (13.0) |
| Provisions | | **(1.0)** | (1.1) | (1.4) |
| Obligations under finance leases | | **(1.1)** | (1.1) | (1.1) |
| Current tax liabilities | | **(6.6)** | (5.0) | (6.4) |
| Derivative financial liabilities | | **(0.3)** | (1.2) | (2.6) |
| **Total current liabilities** | | **(79.7)** | (69.6) | (77.8) |

| | Note | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m |
|---|---|---|---|---|
| Interest-bearing loans and borrowings | | **(83.3)** | (87.6) | (71.1) |
| Retirement benefit obligations | 14 | **(77.6)** | (59.5) | (58.2) |
| Provisions | | **-** | (0.1) | - |
| Deferred tax liabilities | | **(104.3)** | (103.9) | (90.3) |
| Obligations under finance leases | | **(2.0)** | (1.4) | (1.5) |
| **Total non-current liabilities** | | **(267.2)** | (252.5) | (221.1) |
| **Total liabilities** | | **(346.9)** | (322.1) | (298.9) |
| **Net assets** | | **295.5** | 287.3 | 285.3 |
| **Equity** | | | | |
| Called up share capital | | **6.1** | 6.1 | 6.1 |
| Share premium account | | **112.2** | 112.2 | 112.2 |
| Own shares | | **(0.1)** | (0.1) | (0.1) |
| Translation reserve | | **1.6** | (2.3) | (12.1) |

| | | | |
|---|---|---|---|
| Hedging reserve | **-** | (0.2) | - |
| Retained earnings | **175.1** | 171.2 | 178.6 |
| **Equity attributable to owners of the Company** | **294.9** | 286.9 | 284.7 |
| **Minority interest** | **0.6** | 0.4 | 0.6 |
| **Total equity** | **295.5** | 287.3 | 285.3 |

**GENUS PLC**
**GROUP STATEMENT OF CASH FLOWS**
**For the six months ended 31 December 2014**

| | Note | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|---|
| **Net cash flow from operating activities** | 13 | **19.6** | 11.2 | 32.3 |
| **Cash flows from investing activities** | | | | |
| Dividends received from joint ventures and associates | | **-** | 0.3 | 0.9 |
| Acquisition of subsidiary | | **(5.8)** | (20.4) | (20.9) |
| Purchase of trade and assets | | **-** | (2.0) | (2.0) |
| Acquisition of investment in joint venture | | **(0.2)** | (11.2) | (11.2) |
| Purchase of property, plant and equipment | | **(6.7)** | (2.6) | (5.1) |
| Purchase of intangible assets | | **(1.1)** | (0.7) | (1.5) |
| Proceeds from sale of property, plant and equipment | | **0.7** | - | - |
| Proceeds from sale of assets held for sale | | **-** | 0.3 | 0.3 |
| **Net cash outflow from investing activities** | | **(13.1)** | (36.3) | (39.5) |
| **Cash flows from financing activities** | | | | |
| Drawdown of borrowings | | **26.3** | 37.6 | 48.0 |
| Repayment of borrowings | | **(20.0)** | (4.9) | (29.2) |
| Payment of finance lease liabilities | | **(0.6)** | (0.6) | (1.4) |
| Equity dividends paid | | **(7.4)** | (6.7) | (10.1) |
| Issue of ordinary shares | | **-** | 0.1 | 0.1 |
| Debt issue cost | | **-** | (0.8) | (0.8) |
| (Decrease)/increase in bank overdrafts | | **(4.0)** | 3.9 | 6.4 |
| **Net cash (outflow)/inflow from financing activities** | | **(5.7)** | 28.6 | 13.0 |
| **Net increase in cash and cash equivalents** | | **0.8** | 3.5 | 5.8 |
| Cash and cash equivalents at beginning of period | | **22.8** | 18.4 | 18.4 |
| Net increase in cash and cash equivalents | | **0.8** | 3.5 | 5.8 |
| Cash acquired on acquisition | | **-** | - | 0.4 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | **0.2** | (1.2) | (1.8) |
| **Total cash and cash equivalents at end of period** | | **23.8** | 20.7 | 22.8 |

**GENUS PLC**
**ANALYSIS OF NET DEBT**
**For the six months ended 31 December 2014**

| | At 1 July 2014 £m | Net cash flows £m | Foreign exchange £m | Non-cash movements £m | **At 31 December 2014 £m** |
|---|---|---|---|---|---|
| Cash and cash equivalents | 22.8 | 0.8 | 0.2 | - | **23.8** |
| Interest-bearing loans - current | (13.0) | 3.6 | (1.0) | (0.2) | **(10.6)** |

| | | | | | |
|---|---|---|---|---|---|
| Obligation under finance leases - current | (1.1) | 0.6 | (0.1) | (0.5) | **(1.1)** |
| | (14.1) | 4.2 | (1.1) | (0.7) | **(11.7)** |
| Interest-bearing loans - non-current | (71.1) | (5.9) | (6.3) | - | **(83.3)** |
| Obligation under finance lease - non-current | (1.5) | - | (0.2) | (0.3) | **(2.0)** |
| | (72.6) | (5.9) | (6.5) | (0.3) | **(85.3)** |
| **Net debt** | (63.9) | (0.9) | (7.4) | (1.0) | **(73.2)** |

| | At 1 July 2013 £m | Net cash flows £m | Foreign exchange £m | Non-cash movements £m | At 31 December 2013 £m |
|---|---|---|---|---|---|
| Cash and cash equivalents | 18.4 | 3.5 | (1.2) | - | 20.7 |
| Interest-bearing loans - current | (7.5) | (3.5) | 0.7 | (0.2) | (10.5) |
| Obligation under finance leases - current | (1.2) | 0.6 | 0.1 | (0.6) | (1.1) |
| | (8.7) | (2.9) | 0.8 | (0.8) | (11.6) |
| Interest-bearing loans - non-current | (60.7) | (32.3) | 5.4 | - | (87.6) |
| Obligation under finance lease - non-current | (1.9) | - | 0.2 | 0.3 | (1.4) |
| | (62.6) | (32.3) | 5.6 | 0.3 | (89.0) |
| **Net debt** | (52.9) | (31.7) | 5.2 | (0.5) | (79.9) |

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

**GENUS PLC**
**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS**
**For the six months ended 31 December 2014**

## 1. Basis of preparation

The unaudited Condensed Set of Financial Statements for the six months ended 31 December 2014:

- were prepared in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' ('IAS 34') and thereby International Financial Reporting Standards ('IFRSs'), both as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU');
- are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements; these should be read, therefore, in conjunction with the 2014 Annual Report;
- includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented;
- do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006; and
- were approved by the Board of Directors on 23 February 2015.

The information relating to the year ended 30 June 2014 is an extract from the published financial statements for that year, which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The unaudited Condensed Set of Financial Statements for the six months ended 31 December 2014 has not been reviewed by our Auditor.

The Genus plc Annual Report 2014 (a copy of which is available on the Genus plc website at www.genusplc.com) sets out on pages 20-21 a number of risks and uncertainties that might impact upon the performance of the Group. There has been no material change to the principal risks that might affect the performance of the Group in the current financial year other than increased risk associated with the continuing political and economic situation in Russia. Having considered these risks and uncertainties, and in the current economic environment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the half-yearly report and

the Condensed Set of Financial Statements.

The preparation of the Condensed Set of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

## 2. Accounting policies and non-GAAP measures

The same accounting policies, presentation and methods of computation are followed in the Condensed Set of Financial Statements as applied in the Group's latest annual audited financial statements, dated 2 September 2014, which are available on the Group's website www.genusplc.com, except as described below.

**New standards and interpretations**

The following new standards and interpretation have been adopted in the current period:

- *'Improvements to IFRS 2010-2012 cycle'*;
- *'Improvements to IFRS 2011-2013 cycle';*
- IFRIC 21*'Levies'; and*
- Amendments to *'Offsetting Financial Assets and Financial Liabilities'*(IAS 32)*, 'Investment Entities'* (IFRS 10, IFRS 12 and IAS 27)*, 'Recoverable Amounts Disclosures for Non-Financial Assets'*(IAS 36),*'Novation of Derivatives and Continuation of Hedge Accounting'* (IAS 39), *'Defined Benefit Plans: Employee Contributions'* (IAS 19).

There has been no significant impact on the results or disclosures for the current period from the adoption of these new standards and interpretations.

At the date of the interim report, the following standards and interpretations which have not been applied in the report were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 '*Financial Instruments*';
- IFRS 14 *'Regulatory Deferral Response'; and*
- IFRS 15 *'Revenue from Contracts with Customers'*.

The Group is currently assessing the impact of the new pronouncements on its results, financial position and cash flows.

**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 exclude 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.

We believe these non-GAAP measures provide shareholders with useful information about the Group's trading performance. The reconciliation between operating profit from continuing operations and adjusted operating profit from continuing operations is shown on the face of the Condensed Consolidated Income Statement.

## 3. Foreign currencies

The principal exchange rates used were as follows:

| | **Average** | | | **Closing** | | |
|---|---|---|---|---|---|---|
| | **Six months ended 31 December 2014** | Six months ended 31 December 2013 | Year ended 30 June 2014 | **31 December 2014** | 31 December 2013 | 30 June 2014 |
| US Dollar/£ | **1.62** | 1.60 | 1.64 | **1.56** | 1.66 | 1.71 |
| Euro/£ | **1.27** | 1.18 | 1.20 | **1.29** | 1.20 | 1.25 |
| Brazilian Real/£ | **3.94** | 3.67 | 3.75 | **4.14** | 3.91 | 3.77 |
| Mexican Peso/£ | **22.03** | 20.91 | 21.44 | **22.98** | 21.69 | 22.18 |

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated into Sterling at the prevailing exchange rates at the balance sheet date. We translate these operations' revenues and expenses using an average rate for the period.

## 4. Segmental information

The Group presents its segmental information on the basis that the chief operating decision maker regularly reviews for assessing our business performance and allocating resources.

Our business is not highly seasonal and our customer base is diversified, with no individual customer generating more than 2% of revenue.

**Revenue**

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Genus PIC | **86.1** | 72.9 | 152.8 |
| Genus ABS | **82.3** | 77.9 | 157.4 |
| Genus Asia | **20.9** | 24.4 | 46.5 |
| Research and Development | | | |
| Research | **-** | - | - |
| Porcine Product Development | **9.2** | 6.5 | 15.5 |
| Bovine Product Development | **-** | - | - |
| | **9.2** | 6.5 | 15.5 |
| | **198.5** | 181.7 | 372.2 |

Operating profit by segment is set out below and reconciled to the Group's adjusted operating profit.
A reconciliation of adjusted operating profit to profit for the period is shown on the Condensed Consolidated Income Statement.

**Operating profit**

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Genus PIC | **27.3** | 25.1 | 50.0 |
| Genus ABS | **12.0** | 12.4 | 24.2 |
| Genus Asia | **2.9** | 3.8 | 6.8 |
| Research and Development | | | |
| Research | **(2.1)** | (1.4) | (3.1) |
| Porcine Product Development | **(5.3)** | (7.0) | (13.0) |
| Bovine Product Development | **(6.0)** | (5.9) | (11.6) |
| | **(13.4)** | (14.3) | (27.7) |
| **Segment operating profit** | **28.8** | 27.0 | 53.3 |
| Central costs | **(4.5)** | (4.7) | (10.4) |
| **Adjusted operating profit** | **24.3** | 22.3 | 42.9 |

| | **Segment assets** | | | **Segment liabilities** | | |
|---|---|---|---|---|---|---|
| | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m |
| Genus PIC | **210.5** | 204.0 | 198.6 | **(50.1)** | (45.3) | (41.4) |
| Genus ABS | **114.5** | 114.2 | 107.3 | **(32.9)** | (22.7) | (32.5) |
| Genus Asia | **39.8** | 44.1 | 38.6 | **(8.9)** | (9.0) | (7.7) |
| Research and Development | | | | | | |
| Research | **3.9** | 2.5 | 1.2 | **-** | - | (0.8) |
| Porcine Product Development | **100.5** | 80.4 | 86.1 | **(28.1)** | (34.7) | (35.0) |
| Bovine Product Development | **165.7** | 156.6 | 149.0 | **(51.4)** | (47.3) | (45.9) |
| | **270.1** | 239.5 | 236.3 | **(79.5)** | (82.0) | (81.7) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Segment total** | **634.9** | 601.8 | 580.8 | **(171.4)** | (159.0) | (163.3) |
| Central and unallocated | **7.5** | 7.6 | 3.4 | **(175.5)** | (163.1) | (135.6) |
| **Total** | **642.4** | 609.4 | 584.2 | **(346.9)** | (322.1) | (298.9) |

## 5. Exceptional items

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Acquisition and integration | **(0.5)** | (1.5) | (1.8) |
| Other (including restructuring) | **(1.1)** | 0.8 | (0.2) |
| Pension related - settlement gain | **0.4** | - | - |
| | **(1.2)** | (0.7) | (2.0) |

During the period, £0.5m of expenses were incurred in relation to acquisitions and integration, principally of Birchwood Genetics Inc.(see note 17).

Included within Other was £1.1m of legal fees related to an action by ABS Global Inc. against Inguran LLC (aka Sexing Technologies).

## 6. Net finance costs

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Interest payable on bank loans and overdrafts | **(0.9)** | (0.8) | (1.7) |
| Amortisation of debt issue costs | **(0.2)** | (0.2) | (0.4) |
| Other interest payable | **-** | (0.2) | (0.2) |
| Net interest cost in respect of pension scheme liabilities | **(1.2)** | (1.5) | (2.9) |
| Net interest cost on derivative financial instruments | **(0.1)** | (0.2) | (0.5) |
| **Total interest expense** | **(2.4)** | (2.9) | (5.7) |
| Interest income on bank deposits | **0.1** | 0.1 | 0.2 |
| **Total interest income** | **0.1** | 0.1 | 0.2 |
| **Net finance costs** | **(2.3)** | (2.8) | (5.5) |

## 7. Income tax expense

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Current tax | **5.0** | 4.7 | 10.1 |
| Deferred tax | **3.6** | 0.1 | (0.8) |
| | **8.6** | 4.8 | 9.3 |

The taxation charge for the period is based on the estimated effective tax rate on adjusted profits for the full year of

27.1% (2013: 27.7%).

The tax charge for the period on statutory profit of £8.6m (2013: £4.8m) represents a statutory tax rate of 30.1% (2013: 21.8%). The statutory tax rate for the prior period included a 5.9% change of rate benefit which arose principally from the reduction in the applicable tax rate from 23% to 21% on UK deferred tax liabilities on intangible assets and biological assets.

There is a deferred tax liability at the period end of £104.3m (2013: £103.9m) which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of £9.7m (2013: £17.4m) which mainly relates to future tax deductions in respect of pension scheme liabilities, share scheme awards and financial instruments.

## 8. Dividends

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Amounts recognised as distributions to equity holders in the period: | | | |
| Final dividend for the year ended 30 June 2013 of 11.1 pence per share | **-** | 6.7 | 6.7 |
| Interim dividend for the year ended 30 June 2014 of 5.5 pence per share | **-** | - | 3.4 |
| Final dividend for the year ended 30 June 2014 of 12.2 pence per share | **7.4** | - | - |
| | **7.4** | 6.7 | 10.1 |

The final dividend for the year ended 30 June 2014 was approved at the Company Annual General Meeting on 14 November 2014 and paid on 5 December 2014.

On 23 February 2015 the Board proposed an interim dividend of 6.1 pence per share payable on 27 March 2015.

## 9. Biological assets

| **Fair value of biological assets** | **Bovine £m** | **Porcine £m** | **Total £m** |
|---|---|---|---|
| **Balance at 1 July 2014** | 128.6 | 124.4 | 253.0 |
| Increases due to purchases | 3.0 | 58.6 | 61.6 |
| Decreases attributable to sales | - | (79.5) | (79.5) |
| Decrease due to harvest | (16.6) | (6.1) | (22.7) |
| Changes in fair value less estimated sale costs | 16.9 | 30.7 | 47.6 |
| Effect of movements in exchange rates | 10.9 | 11.5 | 22.4 |
| **Balance at 31 December 2014** | **142.8** | **139.6** | **282.4** |
| Non-current biological assets | 142.8 | 94.9 | 237.7 |
| Current biological assets | - | 44.7 | 44.7 |
| **Balance at 31 December 2014** | **142.8** | **139.6** | **282.4** |
| **Balance at 1 July 2013** | 147.0 | 117.5 | 264.5 |
| Increases due to purchases | 1.9 | 44.1 | 46.0 |
| Decreases attributable to sales | - | (71.3) | (71.3) |
| Decrease due to harvest | (14.4) | (5.2) | (19.6) |
| Changes in fair value less estimated sale costs | 16.3 | 36.4 | 52.7 |
| Acquisition of Génétiporc | - | 8.9 | 8.9 |
| Effect of movements in exchange rates | (11.5) | (11.7) | (23.2) |
| **Balance at 31 December 2013** | 139.3 | 118.7 | 258.0 |
| Non-current biological assets | 139.3 | 75.6 | 214.9 |
| Current biological assets | - | 43.1 | 43.1 |
| **Balance at 31 December 2013** | 139.3 | 118.7 | 258.0 |
| **Balance at 1 July 2013** | 147.0 | 117.5 | 264.5 |
| Increases due to purchases | 5.6 | 102.5 | 108.1 |
| Decreases attributable to sales | - | (153.2) | (153.2) |
| Decrease due to harvest | (33.3) | (11.0) | (44.3) |

| | | | |
|---|---|---|---|
| Changes in fair value less estimated sale costs | 24.5 | 75.0 | 99.5 |
| Acquisition of Génétiporc | - | 8.9 | 8.9 |
| Effect of movements in exchange rates | (15.2) | (15.3) | (30.5) |
| **Balance at 30 June 2014** | 128.6 | 124.4 | 253.0 |
| Non-current biological assets | 128.6 | 80.3 | 208.9 |
| Current biological assets | - | 44.1 | 44.1 |
| **Balance at 30 June 2014** | 128.6 | 124.4 | 253.0 |

Bovine biological assets include £3.8m (2013: £2.5m) 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% (2013: 8.0%). Decreases due to harvest represent the semen extracted from the biological assets. Inventories of such semen are shown as biological asset harvest.

Porcine biological assets include £33.5m (2013: £30.2m) relating to the fair value of the retained interest in the genetics in respect of animals transferred to customers under royalty contracts. Total income in the period includes £49.3m (2013: £38.8m) in respect of these contracts comprising £14.4m (2013: £5.0m) on initial transfer of animals to customers and £34.9m (2013: £33.8m) in respect of royalties received. Decreases attributable to sales during the period of £79.2m (2013: £71.3m) include £17.7m (2013: £16.3m) 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% (2013: 11.0%). The number of future generations which have been taken into account is seven (2013: seven) and their estimated useful lifespan is 1.4 years (2013: 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 £13.2m (2013: £13.2m).

| **Six months ended 31 December 2014** | **Bovine** | **Porcine** | **Total** |
|---|---|---|---|
| | **£m** | **£m** | **£m** |
| Net IAS 41 valuation movement on biological assets* | | | |
| Changes in fair value of biological assets | **16.9** | **30.7** | **47.6** |
| Inventory transferred to cost of sales at fair value | **(14.8)** | **(6.1)** | **(20.9)** |
| Biological assets transferred to cost of sales at fair value | **-** | **(17.7)** | **(17.7)** |
| | **2.1** | **6.9** | **9.0** |

| **Six months ended 31 December 2013** | Bovine | Porcine | Total |
|---|---|---|---|
| | £m | £m | £m |
| Net IAS 41 valuation movement on biological assets* | | | |
| Changes in fair value of biological assets | 16.3 | 36.4 | 52.7 |
| Inventory transferred to cost of sales at fair value | (14.8) | (5.2) | (20.0) |
| Biological assets transferred to cost of sales at fair value | - | (26.9) | (26.9) |
| | 1.5 | 4.3 | 5.8 |

| **Year ended 30 June 2014** | Bovine | Porcine | Total |
|---|---|---|---|
| | £m | £m | £m |
| Net IAS 41 valuation movement on biological assets* | | | |
| Changes in fair value of biological assets | 24.5 | 75.0 | 99.5 |
| Inventory transferred to cost of sales at fair value | (30.7) | (11.0) | (41.7) |
| Biological assets transferred to cost of sales at fair value | - | (50.3) | (50.3) |
| | (6.2) | 13.7 | 7.5 |

*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.

## 10. Equity accounted investees

The Group's share of profit after tax in its equity accounted investees for the six months ended 31 December 2014 was

£2.4m (2013: £1.5m).

| | **2014** | 2013 |
|---|---|---|
| | **£m** | £m |
| **Balance at 1 July** | **21.7** | 11.4 |
| Share of post-tax retained profits of joint ventures and associates | **2.4** | 1.5 |
| Dividends received | **-** | (0.3) |
| Addition | **0.2** | 11.2 |
| Effect of other movements including exchange rates | **(1.0)** | (1.4) |
| **Balance at 31 December** | **23.3** | 22.4 |

In the period, the Group completed its investment under a joint venture agreement with B.G. Chitale Dairies Pvt. Ltd and acquired a 49% interest in a newly formed company, Chitale Genus ABS (India) Pvt. Ltd in India for £0.2m.

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

| **Income statement** | Revenue £m | Net IAS 41 valuation movement on biological assets £m | Expenses £m | Taxation £m | Profit after tax £m |
|---|---|---|---|---|---|
| **Six months ended 31 December 2014** | **12.7** | **0.3** | **(10.0)** | **(0.6)** | **2.4** |
| Six months ended 31 December 2013 | 8.6 | 0.6 | (7.5) | (0.2) | 1.5 |
| Year ended 30 June 2014 | 22.8 | 0.7 | (20.9) | (0.7) | 1.9 |

## 11. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures and associates are described below:

**Other related party transactions**

| | **Transaction value** | | | **Balance outstanding** | | |
|---|---|---|---|---|---|---|
| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m |
| Sale of goods and services to joint ventures and associates | **1.6** | 1.4 | 2.5 | **0.2** | 0.1 | 0.2 |

All outstanding balances with joint ventures and associates are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

## 12. Earnings per share

| | **Six months ended 31 December 2014 m** | Six months ended 31 December 2013 m | Year ended 30 June 2014 m |
|---|---|---|---|
| Weighted average number of ordinary shares (basic) | **60.7** | 60.5 | 60.6 |
| Dilutive effect of share options | **0.5** | 0.7 | 0.1 |

| | | | |
|---|---|---|---|
| **Weighted average number of ordinary shares for the purpose of diluted earnings per share** | **61.2** | 61.2 | 60.7 |

| | **Six months ended 31 December 2014** | Six months ended 31 December 2013 | Year ended 30 June 2014 |
|---|---|---|---|
| **Earnings per share from continuing operations** | | | |
| Basic earnings per share | **33.0p** | 28.4p | 47.7p |
| Diluted earnings per share | **32.7p** | 28.1p | 47.6p |
| **Adjusted earnings per share from continuing operations** | | | |
| Adjusted earnings per share | **29.7p** | 24.6p | 46.5p |
| Diluted adjusted earnings per share | **29.4p** | 24.3p | 46.4p |

Earnings per share measures are calculated on the weighted average number of ordinary shares in issue during the period. As in previous years, adjusted earnings per share have been shown, since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

**Continuing operations**

Basic earnings per share from continuing operations is calculated on the profit for the period of £20.0m (six months ended 31 December 2013: £17.2m; year ended 30 June 2014: £28.9m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

Adjusted earnings per share is calculated on profit for the period before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items after charging taxation associated with those profits, of £18.0m (six months ended 31 December 2013: £14.9m; year ended 30 June 2014: £28.2m), as follows:

**Adjusted earnings from continuing operations**

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| **Profit before tax from continuing operations** | **28.6** | 22.0 | 38.2 |
| Add/(deduct): | | | |
| Net IAS 41 valuation movement on biological assets | **(9.0)** | (5.8) | (7.5) |
| Amortisation of acquired intangible assets | **2.9** | 2.6 | 5.8 |
| Share-based payment expense | **0.7** | 1.5 | 0.8 |
| Acquisition and integration | **0.5** | 1.5 | 1.8 |
| Other (including restructuring) | **1.1** | (0.8) | 0.2 |
| Pension related - settlement gain | **(0.4)** | - | - |
| Net IAS 41 valuation movement on biological assets in joint ventures and associates | **(0.3)** | (0.6) | (0.7) |
| Tax on joint ventures and associates | **0.6** | 0.2 | 0.7 |
| **Adjusted profit before tax** | **24.7** | 20.6 | 39.3 |
| Adjusted tax charge | **(6.7)** | (5.7) | (11.1) |
| **Adjusted profit after taxation** | **18.0** | 14.9 | 28.2 |
| **Effective tax rate on adjusted profit** | **27.1%** | 27.7% | 28.2% |

## 13. Cash flow from operating activities

| | **Six months ended 31 December 2014 £m** | Six months ended 31 December 2013 £m | Year ended 30 June 2014 £m |
|---|---|---|---|
| Profit for the period | **20.0** | 17.2 | 28.9 |
| Adjustment for: | | | |
| Net IAS 41 valuation movement on biological assets | **(9.0)** | (5.8) | (7.5) |
| Amortisation of acquired intangible assets | **2.9** | 2.6 | 5.8 |
| Share-based payment expense | **0.7** | 1.5 | 0.8 |
| Share of profit of joint ventures and associates | **(2.4)** | (1.5) | (1.9) |
| Finance costs | **2.3** | 2.8 | 5.5 |
| Income tax expense | **8.6** | 4.8 | 9.3 |
| Other exceptional items | **1.2** | 0.7 | 2.0 |
| Adjusted operating profit from continuing operations | **24.3** | 22.3 | 42.9 |
| Depreciation of property, plant and equipment | **3.0** | 2.6 | 5.1 |
| (Gain)/loss on disposal of plant and equipment | **(0.1)** | - | 0.2 |
| Amortisation of intangible assets | **0.3** | 0.3 | 0.6 |
| Adjusted earnings before interest, tax, depreciation and amortisation | **27.5** | 25.2 | 48.8 |
| Exceptional item cash | **(1.6)** | (0.7) | (2.0) |
| Other movements in biological assets and harvested produce | **1.9** | (0.4) | (3.0) |
| (Decrease)/increase in provisions | **(0.4)** | - | 0.2 |
| Additional pension contribution in excess of pension charge | **(3.1)** | (2.9) | (5.6) |
| Other | **(0.3)** | (0.2) | (0.3) |
| Operating cash flows before movement in working capital | **24.0** | 21.0 | 38.1 |
| (Increase)/decrease in inventories | **(1.2)** | (0.8) | 1.5 |
| (Increase)/decrease in receivables | **(0.8)** | (2.0) | 1.1 |
| Increase/(decrease) in payables | **5.2** | (0.4) | 3.6 |
| **Cash generated by operations** | **27.2** | 17.8 | 44.3 |
| Interest received | **0.1** | 0.1 | 0.2 |
| Interest and other finance costs paid | **(1.0)** | (0.8) | (1.8) |
| Cash flow from derivative financial instruments | **(0.1)** | (0.2) | (0.5) |
| Income taxes paid | **(6.6)** | (5.7) | (9.9) |
| **Net cash from operating activities** | **19.6** | 11.2 | 32.3 |

## 14. Retirement benefit obligations

The Group has a number of defined contribution and defined benefit pension schemes covering many of its employees, further details can be found in the Genus Annual Report 2014. The aggregated position of defined benefit schemes are provided below:

| | **31 December 2014 £m** | 31 December 2013 £m | 30 June 2014 £m |
|---|---|---|---|
| Present value of funded obligations | **389.5** | 353.7 | 360.5 |
| Present value of unfunded obligations | **7.8** | 7.5 | 7.3 |
| Total present value of obligations | **397.3** | 361.2 | 367.8 |
| Fair value of plan assets | **(326.1)** | (306.1) | (314.6) |
| Restricted recognition of asset | **6.4** | 4.4 | 5.0 |
| **Recognised liability for defined benefit obligations** | **77.6** | 59.5 | 58.2 |

**The Milk Pension Fund ('MPF')**

The MPF was previously operated by the Milk Marketing Board, and was also open to staff working for Milk Marque Ltd (the principal employer now known as Community Foods Group Limited), National Milk Records plc, First Milk Ltd, hauliers associated to First Milk Ltd, Dairy Farmers of Britain Ltd (which went into receivership in June 2009) and Milk Link Ltd.

We have accounted for our section of the scheme and our share of any orphan assets and liabilities, which together represent approximately 75% of the MPF. Although the MPF is managed on a sectionalised basis, it is a "last man standing scheme", which means that all participating employers are joint and severally liable for all of the fund's liabilities.

Further details of the Milk Pension Fund can be found in the Genus Annual Report 2014.

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

| | **31 December 2014 %** | 31 December 2013 % | 30 June 2014 % |
|---|---|---|---|
| Discount rate | **3.6** | 4.4 | 4.2 |
| Expected return on plan assets | **6.6** | 7.1 | 6.6 |
| Medical cost trend rate | **7.2** | 7.4 | 7.2 |
| Future pension increases and inflation | **3.0** | 3.2 | 3.2 |

## 15. Contingencies

There have been no material changes to the Group's contingent liabilities relating to the Group's ongoing joint and several liability for the Milk Pension Fund, more fully described in the Annual Report 2014.

There have been no changes to any other contingent liabilities involving the Group in the six months ended 31 December 2014 which are expected to have, or have had, a material effect on the financial position or profitability of the Group.

## 16. Financial instruments fair value disclosures

The table below sets out the categorisation of the financial instruments held by the Group at 31 December 2014.

We have categorised financial instruments held at valuation into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuations categorised as Level 2 are obtained from third parties. If the inputs used to measure fair value fall within different levels of the hierarchy, we base the category level on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

| | **Valuation level** | **31 December 2014 £m** | 31 December 2013 £m |
|---|---|---|---|
| **Financial assets** | | | |
| Derivative instrument in a non-designated hedge accounting relationship | **2** | **-** | 0.2 |
| **Financial liabilities** | | | |
| Derivative instrument in a designated hedge accounting relationship | **2** | **-** | (0.2) |
| Derivative instrument in a non-designated hedge accounting relationship | **2** | **(0.3)** | (1.0) |

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

## 17. Acquisition of subsidiary and related assets

On 1 September 2014 the Group acquired 100% of the share capital of Birchwood Genetics, Inc. a porcine distribution company with three sites located in Ohio, Michigan and Kentucky in North America. Birchwood has been a PIC partner for over 14 years. It focuses on providing male PIC genetics in a "service-and-product package" that generates consistent, valuable results helping to build and sustain the success of the mid- and small-sized customers it serves. This acquisition helps secure PIC's long-term distribution of proprietary boar genetics to customers in North America.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

| | £m |
|---|---|
| Intangible assets identified | **3.6** |
| Property plant and equipment | **0.5** |
| Financial assets | **0.5** |
| Financial liabilities | **(2.2)** |
| Total identifiable assets | **2.4** |
| Goodwill | **3.4** |
| Total consideration | **5.8** |
| Satisfied by: | |
| Net cash outflow arising on acquisition of subsidiary | **5.8** |

The goodwill of £3.4m arising from the acquisition consists largely of future growth and synergies expected from combining the acquired operations with existing Genus operations. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the financial assets includes trade receivables with a fair value of £0.5m and a gross contractual value of £0.7m. The best estimate at acquisition date of the cash flows unlikely to be collected is £0.2m.

Acquisition and integration related costs included within exceptional items amount to £0.3m.

Birchwood Genetics, Inc. contributed £2.5m revenue and £0.5m profit to the Group for the period between date of acquisition and the balance sheet date.

If the acquisition of Birchwood Genetics, Inc. had been completed on the first day of the financial period, Group revenues and Group profit would have been £3.7m and £0.7m, respectively.

**18. Post balance sheet events**

On 16 February 2015, Genus signed an agreement for the acquisition of 51% of the share capital of In Vitro Brasil S.A. ('IVB') for a total investment consideration of BRL 20 million (£4.6m), which is subject to certain closing conditions being met. The completion of the closing conditions is expected in the first quarter of 2015. Genus also expects to acquire the remaining 49% of IVB's share capital in the first half of 2018 by exercising a call option. The consideration is subject to certain performance conditions and is to be capped at a maximum of BRL 49 million (£11.2m). The selling shareholders also have a matching put option.

IVB is a leading biotechnology company focused on the production of bovine embryos through in-vitro fertilisation and the provision of associated services. IVB is based in Brazil and also operates in a number of countries including the US, Colombia and Uruguay.

**GENUS PLC**
**RESPONSIBILITY STATEMENT**
**For the six months ended 31 December 2014**

We confirm that to the best of our knowledge:

a) the Condensed Set of Financial Statements has been prepared in accordance with IAS 34;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and charges therein).

Neither the Company nor the Directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

By order of the Board

| | |
|---|---|
| Chief Executive | Group Finance Director |
| Karim Bitar | Stephen Wilson |

23 February 2015

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