COMPANY NUMBER: 2972325

DELIVERING TODAY

SHAPING TOMORROW

Genus plc Annual Report 2015

A WORLD LEADER IN ANIMAL GENETIC IMPROVEMENT

Global demand for pork, beef and milk continues to increase, driven by urbanisation, population growth and rising incomes Our genetics enable farmers to meet this demand with quality and efficiency We are world leaders in our markets, with pioneering technology and a deep understanding of our customers' needs

"Genus performed well in 2015 achieving operational results that reflect the strategic progress and improvement we have been making The opportunity in the animal genetics market remains large We are convinced that as we vigorously execute our strategy of innovation and market focus, we will capture more of the market opportunity

While market conditions across our industries and geographies look likely to be mixed in 2016, we expect underlying performance to be in line with expectations However, currencies remain a significant headwind"

Karim Bitar
Chief Executive

2015 Highlights

Financial Highlights[1]

- Adjusted profit before tax of £46 6m up 19% (up 23% in constant currency) driven mainly by a strong performance from the porcine division
- Adjusted earnings per share of 56 8p up 22% (up 26% in constant currency)
- Statutory profit before tax up 51% to £57 8m and earnings per share up 40% to 66 7p
- Robust cash conversion of 107% (2014 103%) was maintained
- Strong after tax return on invested capital of 21 2% (2014 19 2%)
- Dividend increased by 10% to 19 5p, well covered by adjusted earnings at 2 9 times (2014 2 6 times)

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[1] For definitions of adjusted profit adjusted EPS cash conversion and return on invested capital see Financial Review on pages 36 to 39

Operational Highlights

- Volume growth of 6% in porcine and 6% in dairy and beef
- Strong profit growth in Genus PIC of 17% in constant currency benefiting from full integration of Genetiporc and a strong overall performance
- Genus Asia profits unchanged in constant currency (down 8% in actual currency) despite market challenges in Russia and China
- Genus ABS revenue up 9%, with profits unchanged in constant currency (down 3% in actual currency) due to increased product costs
- Acquisition of 51% of In Vitro Brasil S A ('IVB') strengthens Genus ABS's portfolio, enabling customers to accelerate genetic improvement in their herds with bovine in vitro fertilisation ('IVF')
- Acquisition of Birchwood secures long-term distribution of Genus PIC s proprietary boar genetics to mid-sized customers in North America
- Good strategic progress achieved in research and development across all the key initiative areas of genomic selection animal health and gender skew

Genus at a Glance

Pioneering Animal Genetic Improvement

Genus is a world-leading animal genetics company We provide farmers with superior genetics that enable them to more efficiently produce higher-quality animal protein, in the form of meat and milk

Genus is the market leader in porcine, dairy and beef genetics and is uniquely positioned as a global player, with a dedicated, multi-species research and development ('R&D') function and an international distribution network

Where We Operate

- Genus has a world-class strategic supply chain with global reach
- Our bovine business owns bull studs in Europe North America, Latin America and India, and sells genetics in more than 70 countries, both directly and through distributors
- Our porcine business has a network of over 500 breeding herds in 35 countries Approximately 98% of these herds are owned by third-parties or our customers
- Genus's head office in Basingstoke, UK provides shared services support to our international operations Our R&D laboratories are based in Madison, Wisconsin, US

GENUS PLC
COMPANY NUMBER: 2972325

What We Do

Genus applies biotechnology to accelerate genetic improvement and deliver it to our customers quickly and efficiently We breed and distribute the genes of the world s best pigs and bulls, scientifically selecting livestock whose offspring is designed to increase the profitability of our customers, who are some of the world's biggest farmers and food producers

In the porcine market we sell genetically superior boars and sows that produce offspring with desirable characteristics such as feed-efficient growth or leaner meat

In the dairy and beef markets, our primary product is bull semen, which is delivered through artificial insemination to improve our customers' herds and their efficiency We also offer genetically superior embryos through our subsidiary IVB

Corporate Goals

Create Genetic Improvement

Being the pioneer and leading in genetics is vital for our continued success

Deliver Volume Growth

Our market relevance is measured by the number of animals on farms using our genetics

Drive Profitability

To capture our share of the value we create through superior genetics

Generate Cash

To reinvest in the business and provide returns to shareholders

see page 14

How We Operate

Genus sells under well-known trademarks PIC for pigs and 'ABS' for dairy and beef cattle Our three business units are

- Genus PIC, which serves porcine customers in North America, Latin America and Europe
- Genus ABS which serves dairy and beef customers in North America, Latin America and Europe
- Genus Asia which serves porcine, dairy and beef customers in fast-growing Asian markets

Corporate Social Responsibility Objectives

Our Corporate Social Responsibility ('CSR') objectives directly support our corporate goals and help to make us a successful and sustainable business in the long term

see pages 42–47

Our Values

Our values are integral to our role, which is to meet a basic human need nourishment

Customer Centric
We are one team dedicated to helping customers thrive We anticipate their needs and help them seize opportunities acting as partners to improve quality, efficiency and output If we're not adding value for our customers we stop and think again

Results Driven
We are proactive determined to be the best we can be and to exceed expectations We redefine standards for ourselves our customers and our industry Every one of us takes pride in delivering the highest level of performance If something can be improved we find a simpler, better way to do it

Pioneering
We are an innovative, forward-thinking company We have the courage and confidence to explore new ideas and the energy and enthusiasm to deliver them We are creative tenacious and resourceful in every area of our work

People Focused
We are a business rooted in science but built around our people We inspire challenge and support everyone to perform, develop and grow We treat others with respect and we invite views and feedback to help us improve

Responsible
We are ethical to our core We feel a deep sense of responsibility to our customers colleagues animals communities and shareholders We are honest reliable and trustworthy We mean what we say and do what we say

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The Strategic Report was approved by the Board of Directors on 7 September 2015 and signed on its behalf by

Karim Bitar
Chief Executive

Stephen Wilson
Group Finance Director

DELIVERING TODAY SHAPING TOMORROW

Our strategy focuses on delivering value for our stakeholders today, while ensuring we position our business to create even more value in the future Here we highlight some of the key events in the last 12 months, as we successfully implemented this strategy

MARCH 2015

Completed the acquisition of a majority stake in IVB, the world's leading commercial bovine IVF company

The acquisition adds to Genus s technology toolbox, enabling us to accelerate the rate of genetic improvement through the selection of both superior males and females and expand our global presence in the commercial dairy and beef segments

SEPTEMBER 2014

Strategic porcine multiplication agreement in China

We signed an exclusive multi-year agreement with Riverstone, Genus s first commercial multiplier in China, to stock and sustain Riverstone's new pig production project The project (with an expected total herd of 24,000 sows) will allow us to reduce our farming risk and align our business model in China with our global porcine model

Acquired Birchwood Genetics

PIC completed the acquisition of Birchwood Genetics Inc Birchwood is a boar stud partner providing male PIC genetics to mid- and small-sized customers in the US

NOVEMBER 2014

Delivered 1,000th pregnancy from our proprietary gender skew product

We have delivered over 1 000 pregnancies in field tests and achieved commercial-scale production validation

Royalties from our strategic partnership with ABP Food Group

In May 2014 we entered into a strategic partnership with ABP to develop sustainable, higher quality beef products by leveraging Genus s genomics technology platform Under the agreement Genus is paid a royalty for demonstrable genetic benefit delivered to our partner

JANUARY 2015

Won a significant commercial validation trial in Russia

We entered over 58,600 pigs for evaluation against a key competitor s product The trial was run with a key Russian customer producing c 3 million pigs per annum We won the trial by c £1 70 per pig[1] representing a potential customer benefit of over £5m per annum[2]

MAY 2015

Capital Markets event

Members of the Genus Executive Leadership Team presented Genus s business model and its initiatives to further strengthen its position as a leader in animal genetics The event was the first of its kind since 2012 and was attended by current and prospective investors, and other financial stakeholders

JUNE 2015

Produced the first commercial units from our proprietary genomic bulls

We collected the first units available for sale to customers globally from ABS JOURNEY, a genomic born from our own elite female nucleus herd

JULY 2015

Celebrated the 2015 Chairman's award

The coveted Chairman's Award for innovation went to a team from ABS in North America, for devising Net Profit Genetics', a programme helping dairy customers to think differently about sire selection for their herds

[1] Exchange rates assumed as GBP/RUB 79 23
[2] Assuming 100% Genus market share

Chairman's Statement

Bob Lawson

Our genetic lead in our porcine and bovine products is underpinned by our R&D programmes and we continued to strengthen our pipeline

13.4p

Final dividend per share in 2015

A Year of Strategic Delivery
Genus had a strong year in 2015 as we delivered on our innovation-led strategy and increasingly focused on the larger scale commercial producers of pork beef and milk, who are most able to benefit from our genetic improvement We achieved particularly strong profit growth, driven by an excellent year for Genus PIC in the Americas Genus ABS grew sales worldwide but higher product costs meant its profits were flat in constant currency Difficult conditions in China and Russia held back Genus Asia but both markets now appear to be exhibiting early signs of improvement

Our genetic lead in our porcine and bovine products is underpinned by our R&D programmes and we continued to strengthen our pipeline During the year, we continued to increase the rate of porcine genetic improvement, accelerated the production of high-quality dairy genetics through our elite herds and conducted successful trials of our Genus Sexed Semen (GSS') technology

We also added to our capabilities in dairy and beef through the purchase of a majority stake in IVB IVB will enhance our model in ABS, allowing us to offer superior male and female genetics through embryos to our beef and dairy customers In addition we successfully completed the integration of Genetiporc which we acquired in the previous year and acquired Birchwood Genetics

High-Calibre Leadership
The Genus Executive Leadership Team (GELT) is now well established and we are seeing the team's impact across the business GELT is made up of highly qualified leaders who are working together to deliver our strategy and tackle the issues we face through collaboration and by constructively challenging each other GELT's members bring deep sectoral or functional expertise to the business, coupled with the strength of intellect we need to drive the business forward

The latest evaluation of the Board s performance confirmed that it continues to perform well and provides the right oversight and guidance to the Group Following the appointments of Professor Duncan Maskell and Lykele van der Broek as Non-Executive Directors, which we reported on last year, there were no further additions to the Board in 2015 During the year both new Board members completed their induction and are already making a significant contribution The principal change from the evaluation has been that the Board has increased time devoted to developing our strategy

Professor Barry Furr retired as a Non-Executive Director at the Annual General Meeting ('AGM') in November 2014 We were greatly saddened by his death in early 2015 and want to record our thanks for his immense contribution to the Company during the eight years that Barry served on the Board

More information about our corporate governance arrangements, including details of the Board evaluation and our induction programme can be found on pages 54 to 83

A Responsible Business
CSR is fundamental to our business and integral to every part of our strategy Its importance is reflected in our vision - pioneering animal genetic improvement to help nourish the world - which captures our contribution to society Our CSR Committee helps lead these efforts, defines our CSR strategy and oversees the execution of this strategy Its members include our in-house experts on animal welfare the environment safety and employees

Genus employs over 2 600 people worldwide and I want to thank every one for their dedication and hard work throughout the year We continue to invest in developing their skills and unleashing their talent recognising that this underpins our service delivery for customers and our ability to innovate We recognise exceptional new thinking through our coveted Chairman's Award This year, the award went to a team from ABS in North America who devised Net Profit Genetics" a programme challenging dairy customers to think differently about selecting sires for their herds The programme exemplifies the spirit that runs through the Chairman s Award and I congratulate the team for its achievement

"The Board is recommending a final dividend of 13 4 pence per share "

Providing Returns to Shareholders
The Board directs the Company on shareholders behalf Providing attractive returns on capital and dividends to shareholders are therefore an important part of our corporate goals

We are recommending a final dividend of 13 4 pence per share Combined with the interim dividend of 6 1 pence per share, this gives a total dividend for the year of 19 5 pence per share This is an increase of 10% over last year The final dividend will be paid on 4 December 2015 to shareholders on the register at the close of business on 20 November 2015

Summary
Genus performed strongly during the year and continued to successfully deliver on its strategy The Board remains focused on the Group's leadership and talent its R&D capabilities, the execution of its strategy and overseeing the Company s performance The long-term drivers of our markets remain attractive and we continue to position the business to benefit from this opportunity

Bob Lawson
Chairman
7 September 2015

Chief Executive's Review
Karim Bitar

Genus achieved very good progress in 2015, with the benefit of many of the strategic changes that have been made over the last few years contributing towards the strong operational performance overall We continued to step up the pace of genetic improvement and achieved encouraging progress in our R&D initiatives, which bodes well for the future as we become an increasingly science and intellectual property based company The acquisition of 51% of IVB will also enable us to provide innovative new genetic solutions to our customers in the dairy and beef industries

Group Performance
Genus s overall performance was strong in 2015 Revenues grew 7% to £398m on volume growth of 6% in porcine and 6% in dairy and beef Adjusted profit before tax, including joint ventures (JVs), was up 19% to £46 6m and growth in constant currency was even stronger at 23%

PIC had an outstanding year with 17% operating profit growth including JVs in constant currency This was driven by an excellent performance in the Americas with the completion of Génétiporc s integration and the addition of Birchwood both contributing We also saw a recovery in the porcine industry, as the impact of porcine epidemic diarrhoea virus ('PEDv) waned

Performance in ABS and Asia was more mixed with both businesses delivering stable profits in constant currency compared with the prior year ABS's sales performance was positive in all regions despite weakening conditions in global dairy markets but higher product costs held back overall profits Our strategic actions in ABS to increase differentiation through breeding our own bulls, developing proprietary indices and new technologies such as IVF and GSS, all made good progress

Our Asian operations continued to face challenging conditions in porcine markets, with Chinese producers making losses through most of the year Russia was also affected by weak markets and closure of the border to imports Conditions in both of these markets appear more encouraging as we enter the new financial year

Strategy
Our innovation strategy starts with R&D We continued to implement advances in selection techniques that are significantly accelerating genetic gains in our porcine nucleus herds These new genetics are now working their way through our supply chain, and customers will start to benefit from them during 2016 and 2017 We also applied these approaches in bovine, as we developed proprietary indices and pursued our breeding programme in the dairy and beef nucleus herds we initiated in 2014 Some of the elite young sires from this programme will enter production in 2016

Our leading-edge research programmes in the areas of disease resistance and genetic dissemination technology passed several scientifically significant milestones, although these projects remain long-term in nature In addition, we continued to make good progress with the technical milestones on GSS and are vigorously pursuing our anti-trust litigation in the US to seek to create an open market for our technology The trial date has now been set for 1 August 2016

In March, we acquired 51% of IVB the world s leading supplier of bovine IVF services Combining IVB's skills with ABS s leading genetic management tools will enable us to accelerate the genetic improvement of our customers' herds and opens up new opportunities During the year, IVB introduced a novel method of producing frozen embryos which makes their implantation significantly easier Our initial integration of the business is progressing well

We generate value for our genetics by targeting key markets and segments and tailoring our business model to the needs of our customers in these markets PIC increased its market share and grew penetration of the royalty model, particularly in Europe and Asia Genetiporc was fully integrated a year ahead of schedule and we are very pleased with the results in North America and Latin America We also acquired Birchwood a boar stud operation serving mid-sized customers in North America, to strengthen our distribution of male genetics in this segment Its results are consistent with our expectations

In China we continued to adapt our business model to reduce financial investment and exposure to the volatile farming market, exiting two owned farms and completing the stocking of our first third-party multiplier, Riverstone, during the year Riverstone, which is also a royalty-based customer, will stock a second farm in 2016

We gave more details of our strategy and our progress with its execution at a Capital Markets Day we hosted in London in May 2015 A webcast of the event is available at www genusplc com

Our People
GELT was unchanged in 2015 and I am very pleased with the Group s high energy individual capabilities and collective teamwork It is a privilege to work with such a strong team

"Genus's overall performance was very strong in 2015"

During the year we strengthened further our people management practices, training and talent development, and increased our emphasis on the health and safety of employees Our employee pulse survey showed that our employees have a very significant commitment to our vision values and strategy Their passion and engagement makes a big contribution to the value we deliver to our customers and our success in the market

Outlook
In 2015 we significantly exceeded our target double-digit compound annual growth in adjusted operating profit in constant currency Our constant currency growth rate in 2016, while in line with expectations, is expected to be more moderate Based on current conditions we are cautiously optimistic about improved results in Asia However, we remain cautious about prospects in dairy, where market conditions are very tough for our customers and porcine commodity prices have worsened compared with last year The sharp depreciation of the Euro Rouble and most Latin American currencies over the last year will also be a continuing headwind

Karim Bitar
Chief Executive
7 September 2015

Market Opportunities

The Animal Genetics Market

Consumers around the world are increasingly demanding safe, affordable and high-quality animal protein At the same time, farmers are striving to produce animal protein more efficiently, in part because of increasing competition for finite resources Genetics are critical to addressing these challenges

Demand Drivers for Animal Genetics

There are four key drivers of demand for our animal genetics

1 Growing demands for animal protein

The global population continues to grow and is becoming increasingly urbanised These demographic shifts mean much of the increase in demand is coming from emerging markets, in regions such as Asia and Latin America

As consumers move from an agricultural to an urban lifestyle they tend to become wealthier This in turn leads to an increasing demand for animal protein as meat and dairy products become a larger part of people s diets

2. Supply constraints

At the same time as demand is rising, production is becoming more challenging Competition for resources such as water and land for producing animal protein is intensifying Increasingly volatile and unpredictable weather patterns can also significantly affect crop harvests and hence the availability and cost of animal feed This puts pressure on producers to be as efficient as possible

3. Shorter, simpler supply chains

Supply chains that were previously fragmented with multiple steps between food producers and consumers, are becoming shorter and transparency is increasing The result is that consumer needs are having a more direct influence on food producers This is driving demand for higher-quality animal protein and less use of drugs

4. Changes in production

In response to all these issues, food producers are increasingly turning to high-quality genetics to increase production and efficiency For example artificial insemination ('AI') in dairy has reached 75% in the US and 50% in India There is scope for considerable growth in markets such as Brazil where AI is used in just 13% of herds

The scale of production is also increasing as producers focus on efficiency and look to consolidate and vertically integrate leading to a greater proportion of animal protein being delivered by larger, more technified producers globally For example, in porcine large scale integrated pork production accounts for the majority of pork production in the US and Brazil and is a growing proportion of production in China

Market Profiles

	Porcine	Dairy	Beef
Industry	Significant barriers to entry, with high product differentiation	Lower barriers to entry, with less product differentiation	Lower barriers to entry, with less product differentiation
Customer landscape	Consolidated and highly technified, with royalty contracts linking price to value added	Fragmented and some technification, with prices per unit of sale	Fragmented and some technification, with prices per unit of sale

The Scale of the Opportunity
World production millions of tonnes

Forecast compound growth (2015-2024)

Milk	Pork	Beef
+1.8%	+0.9%	+1.1%

Data set OECD-FAO Agricultural Outlook 2015 2024
Note - Beef includes veal Beef and pork measured as cwe

Genus PIC and Genus ABS operate in markets with different dynamics

The global porcine sector is consolidated and technified in many of our key markets with strong representation of large integrated pork producers Such producers are more able to measure and realise the direct benefits of genetic improvement and often rely on head-to-head validation trials to select their preferred supplier of genetics These genetics are supplied from proprietary animal lines and purchased on multi-year genetic improvement contracts with payment tied to the resulting improvement in the customer s breeding herd The net result is a market with differentiated products and high barriers to entry

In dairy and beef the global market is much more fragmented and customers are typically less technified Products and their genetic merit have historically been benchmarked to public indices and all breeders' genetics are typically sold in an open market system, with no restrictions on further genetic dissemination through the resale of genetic offspring Barriers to entry are therefore lower and products are priced on a transactional basis However both the dairy and beef industry are seeing an increasing trend towards technification, with some of the leading dairy and beef producers looking to invest in bilateral partnerships with genetic suppliers to improve their productivity and the quality of their herds

CLEAR PATH TO CREATING, DELIVERING & SHARING VALUE

Genus's Competitive Advantages

Genus's business model is built on competitive advantages which help us create value for our customers and shareholders Our strategy (see pages 14 and 15) reinforces and builds on these advantages

Our competitive edge comes from

- continuously improving our proprietary lines of breeding animals, using the best science available
- our global distribution capability through our supply chain, technical service and sales network,
- long-lasting customer relationships enhanced by our services to help farmers get the best from our products, and
- a business model and multi-species approach that allow us to continually strengthen and leverage our technology platform

> "Genus is absolutely focused on driving genetic improvement faster than ever, delivering this improvement to our customers more quickly and efficiently, and capturing a share of the value we deliver to our customers"
>
> **Karim Bitar**
> **Chief Executive**

Produce Differentiated Animal Genetics

Genus accelerates genetic improvement by exploiting rapid advances in molecular and genetic biology We do this through our world-class in-house team of scientists and technicians and by strategically collaborating with universities and other biotech companies

Our proprietary techniques help us determine the best animals to mate, so our customers see faster genetic gains To determine breeding goals, we use proprietary indices of desirable animal traits We own elite animals and supplement them with elite genetics from outside our herds

We work closely with customers and tailor our genetic programmes to their needs This enables us to deliver outstanding and differentiated products, to maximise our customers profitability

Driving genetic improvement faster than ever

Distribute Genetics

Our porcine business owns genetic nuclei herds where we continuously improve the genetic traits of our proprietary elite pig lines We then cross and multiply these lines, to provide breeding stock for commercial pig production We do this through more than 500 breeding herds in 35 countries around 98% of which are owned by our customers or third-party multipliers This structure is a significant strength allowing us to meet demand for our genetics throughout the world protect our intellectual property and reduce our exposure to farming and commodity risk

Genus ABS operates owned studs in the UK, US, Canada and Brazil with a further stud currently under construction in India We also house our bulls in third-party owned studs in North America, Europe, Australia and Latin America, providing ABS with a significant distribution platform We process and distribute genetics to over 40 000 customers worldwide, selling directly in 23 countries and through distributors in a further 54 countries Following our acquisition of 51% of IVB Genus ABS also produces and distributes embryos Through embryo production, we are able to provide our customers with an elite genetic product, by controlling the selection of both male and female parent donors (see page 4)

To maximise our products' potential our technical service teams assist customers to achieve the best results in nutrition reproduction health management and other areas Our teams help customers select the right genes to meet their goals and we also benchmark our products against our competitors

delivering improvement to our customers more quickly and efficiently

Share in the Value Delivered

We look to capture an appropriate share of the value we deliver to customers We do this by

- targeting customers who will value Genus genetics
- demonstrating the value of our genetics and
- aligning Genus s interests with its customers by linking our prices to higher productivity and the genetic improvement delivered

and capturing a share of the value we deliver to our customers

Strategic Framework

Goals and Strategy for Growth

Genus has a robust strategy to meet its corporate goals and capture the significant growth opportunities in the animal genetics market

Performance

Our key performance indicators measure how we are achieving our goals

see pages 16 and 17

Risk

We look to understand and mitigate the risks to achieving our strategic goals

see pages 18 and 19

Strategic Progress

Each of our divisions and our R&D function has strategic priorities that support our Group strategy

see pages 20–35

Our corporate goals are to:

Create Genetic Improvement

Being the pioneer and leading in genetics is vital for our continued success

Link to strategy

Drive Profitability

To capture our share of the value we create through superior genetics

Link to strategy

Deliver Volume Growth

Our market relevance is measured by the number of animals on farms using our genetics

Link to strategy

Generate Cash

To reinvest in the business and provide returns to shareholders

Link to strategy

Our strategy for growth has four elements:

Increasing Genetic Control and Product Differentiation

To maintain and enhance our product leadership

We do this by
- enhancing our use of genomics to strongly accelerate the rate of genetic improvement
- increasing our control of bovine genetic development, through elite nucleus herds and proprietary indices
- investing in proprietary technologies, with a focus on disease resistance and gender skew, and
- collaborating with universities and biotechnology companies on the latest developments in quantitative and molecular genetics

Targeting Key Markets and Segments

To have the right offering for the right customers, who value our genetics and understand their benefits

We do this by
- ensuring we have the right products in the critical geographies to meet the needs of our target customers, which are typically
  - integrated pork producers and farrow-to-finish pig producers
  - enterprise and large commercial dairies and
  - integrated beef processors
- aligning our products and services to key customer segments which value our genetics and technical services, and
- investing for growth in the emerging economies, while strengthening our position in more mature markets such as the US and Europe

Tailoring the Business Model

To adapt our approach to suit different markets, demonstrating the value our genetics deliver to our customers and aligning pricing to that value

We do this by
- developing products that meet each market s specific requirements
- ensuring we have the right commercial model, notably
  - transitioning from direct sales to royalties in our porcine business, where appropriate, and
  - matching our resources to customers, using cost to serve and customer segmentation,
- working with JV partners to access or create capacity to serve new markets, and
- conducting trials to validate the benefits of our genetics for customers

Strengthening Core Competencies

To have the skills we need to implement our strategy

We do this by
- developing our marketing capability and strengthening our key account management
- strengthening our supply chain, allowing us to distribute genetics more efficiently and cost effectively to our customers
- stepping up our technical support to customers and
- enhancing our people management, and transferring people and skills to key target markets

Key Performance Indicators

We monitor and measure our strategic progress by reference to our four corporate objectives Create Genetic Improvement, Deliver Volume Growth, Drive Profitability, and Generate Cash

Create Genetic Improvement

Measures the genetic gain we achieve in our porcine nucleus herds

Definition
The index measures the marginal economic value improvement in customers' US$ profitability, per commercial pig per year on a rolling three-year average Prior years' index ratings have been updated to reflect the latest results from genomic selection and economic values of pork production

Performance
A step change in genetic gain value improvement up US$1 41 to US$3 64, as a direct result of implementing genomic selection technology over the last two years

Monitors our success in developing bulls that are highly ranked, because of their genetic performance and economic merit

Definition
The number of our generally available Holstein bulls listed in the top 100 Net Merit US$ rankings for progeny tested and the top 100 Genomic Net Merit rankings for genomically tested sires

Performance
We have strengthened our genomic product position with growth of our numbers of top 100 genomic Holstein bulls Overall, Genus maintained a strong product line-up and remains well positioned relative to the competition

Deliver Volume Growth

Tracks our global unit sales growth in dairy and beef

Definition
The change in volume of dairy beef and sorted units of semen delivered to customers in the year

Performance
Volumes grew 6% to 18 5 million doses, with the strongest growth in Brazil and our European distribution business Double digit growth of beef units and sorted units were the main product contributors

Tracks the growth in the number of pigs with PIC genetics globally

Definition
The change in volume of both direct and royalty animal sales using a standardised MPEs measure of the slaughter animals that contain our genetics Results, including prior years now include MPEs from Agroceres PIC our Brazilian JV

Performance
Volumes grew 6% to 132 million MPEs with strong double digit growth in Latin America and strong royalty volume growth, offsetting declines in Russia and China caused by adverse market conditions

Drive Profitability

To track underlying profit generation

Definition
Operating profit including share of JVs, adjusted to exclude IAS 41 valuation movements on biological assets amortisation of acquired intangible assets, share-based payments and exceptional items

Performance
£51 2m up £6 4m (up £8 0m in constant currency 2014 flat) due to a strong performance in Genus PIC, particularly in North and Latin America

Monitors porcine profitability by unit

Definition
Net porcine operating profit globally expressed per MPE Results including prior years, now include our share of Agroceres PIC our Brazilian JV

Performance
£0 43 up £0 05 (up £0 06 in constant currency 2014 down £0 01) helped by higher royalty volumes in North America and strong growth in Latin America, delivering productivity gains

Monitors bovine profitability by unit

Definition
Net dairy and beef operating profit globally, expressed per dose of semen delivered Excludes India, as its characteristics are substantially different to the rest of our bovine business

Performance
£0 88, down £0 15 (down £0 07 in constant currency 2014 down £0 09) due primarily to foreign exchange, additional product costs on genomic bulls and increased investment in bovine product development

Generate Cash

Monitors our success in converting profits into cash

Definition
Cash generated by operations before interest and taxes expressed as a percentage of adjusted operating profit (excluding JVs)

Performance
Maintained strong cash conversion of 107% through solid working capital management

Ensures we have a strong balance sheet and the financial capability to execute our strategy

Definition
The ratio of net debt (being gross debt including finance lease obligations less cash held) to adjusted earnings before interest tax depreciation and amortisation (excluding JVs)

Performance
1 2, flat on last year reflecting the increase in net debt from £63 9m to £71 8m as a result of foreign exchange movement on the US$ borrowings offset by higher EBITDA

Principal Risks and Uncertainties

Genus supplies biological products to agricultural customers and is exposed to a wide range of risks and uncertainties Some of these risks relate to current business operations in our global agricultural markets, while others relate to future commercial exploitation of our extensive R&D portfolio The table below outlines the principal risks and uncertainties affecting Genus and how we manage them

More information on how we identify and manage risks can be found in the Corporate Governance Statement on pages 58 and 59

Increasing genetic control and product differentiation

Targeting key markets and segments

Tailoring the business model

Strengthening core competencies

Strategic Risks

Risk description	How we manage risk	Strategy	Risk change in FY15
Developing products and our competitive edge • Development programme fails to produce best genetics for customers • Increased competition reduces market share and margins	Dedicated teams align our product development to customer requirements, while our technical services help customers make best use of our products We frequently measure our performance against competitors in customers systems, to ensure the value added by our genetics remains competitive		
Commercialising GSS technology • Launching a new product technology carries technical, production and financial risks • Failure to commercialise our GSS technology due to intellectual property (IP) and other disputes	We have a rigorous process to prepare for the successful commercial launch of our GSS technology supported by dedicated internal resources and external expert advice We also initiated legal proceedings in the US, in relation to anti-trust issues The outcome of these proceedings will not be known until the second half of 2016 and could prevent or delay our plans to commercialise GSS		Increased due to higher investment in GSS in 2015 in response to successful field trials
Commercialising research • Failure to focus research initiatives on commercially important areas • Failure to lead on 'game-changing technology or to make new initiatives commercially viable • Regulatory changes may affect the approval process for products or our ability to export products to certain countries	Our R&D Portfolio Management Team oversees our research ensures we correctly prioritise our R&D investments and assesses the adequacy of resources and its IP freedom to operate The Board is updated regularly on key development projects		Key initiatives are progressing through the R&D life cycle
Capturing value through acquisitions • Failure to identify appropriate investment opportunities or to perform sound due diligence • Failure to successfully integrate an acquired business	We have a rigorous acquisition analysis and due diligence process with the Board reviewing and signing-off all projects We also have a structured post-acquisition integration planning and execution process		The robust process that helped us to successfully acquire and integrate Genetiporc in 2014 was used again for the acquisition and integration of Birchwood and IVB in 2015

Risk description	How we manage risk	Strategy	Risk change in FY15
Strategic Risks			
Growing in emerging markets • Failure to appropriately develop business in China and other emerging markets	We have a robust organisation, blending local and expatriate executives supported by the global species teams, to ensure we comply with our global standards The Board provides regular oversight and dedicated significant time in FY15 to discussing our strategy and the results of our operations in China		Volatility in the Chinese porcine market continued in 2015 In response, we adjusted our plans and approach to the market, which reduced our risk However, we were also affected by border closures in the Russian porcine market which increased our risk
Operational Risks			
Protecting IP • Genus-developed genetic material methods and technology could become freely available to third-parties	We have a global cross-functional process to identify and protect our IP Our customer contracts and our selection of multipliers and JV partners include appropriate measures to protect our IP We conduct robust Freedom To Operate searches to identify third-party rights to technology		
Ensuring biosecurity and continuity of supply • Loss of key livestock owing to disease outbreak • Loss of ability to move animals or semen freely (including across borders) due to disease outbreak, environmental incident or international trade sanctions • Industry-wide disease outbreaks affecting demand for Genus products	We have stringent biosecurity standards with independent reviews throughout the year to ensure compliance We continue to extend the geographical diversity of our production facilities to avoid over-reliance on single sites		We continued to strengthen our health management and supply chain resilience The risks associated with the 2014/15 outbreak of PEDv in North America have been significantly mitigated
Financial Risks			
Managing agricultural market and commodity prices volatility • Fluctuations in agricultural markets affect customer profitability and therefore demand for our products and services • Increase in our operating costs, due to commodity pricing volatility	We continuously monitor markets and seek to balance our costs and resources in response to market demand We actively monitor and update our hedging strategy to manage our exposure Our porcine royalty model and extensive use of third-party multipliers mitigates the impact of cyclical price reductions or cost increases in pig production		
Funding pensions • Exposure to costs associated with failure of third-party members of joint and several liabilities pension scheme • Exposure to costs as a result of external factors (such as mortality rates, interest rates or investment values) affecting the size of the pension deficit	We are the principal employer for the Milk Pension Fund and chair the group of participating employers The fund is now closed to future service and has an agreed deficit recovery plan, based on the 2012 actuarial valuation The result of the 2015 triennial actuarial valuation is due in late 2015 We monitor the strengths of other employers in the fund and have retained external consultants to provide expert advice		

Genus PIC Strategic Progress

> "We have continued to make significant strategic progress, including further increases in the rate of genetic gain and a reduction in genetic lag We see the potential for further growth across the world and have developed robust plans to help us seize these opportunities "
>
> **Bill Christianson**
> **Chief Operating Officer,**
> **Genus PIC**

Increasing Genetic Control and Product Differentiation

Progress Against 2015 Objectives
We aimed to

- increase the rate of genetic gain by a further 10% enhance our products by completing the integration of Genetiporc and reduce genetic lag by four months

During the year, we

- increased the rate of genetic gain by more than 10% by applying genomic analysis across all traits and product lines
- integrated Genetiporc, including embedding its genes in our improvement programme and assimilating its employees,
- acquired Birchwood Genetics to strengthen our genetic distribution platform serving mid- and small-sized customers in North America and
- reduced genetic lag globally by two months despite the impact of PEDv in North America

2016 Priorities
We will

- continue to harness genomics to accelerate the rate of genetic improvement,
- develop two new product lines combining our proprietary genes with those acquired from Genetiporc
- invest in product validation trials to demonstrate the value of our products against the top five competitors in each market,
- increase global distribution of our elite boars and
- reduce genetic lag by two months

Targeting Key Markets and Segments

Progress Against 2015 Objectives
We aimed to

- build on our strength in the Americas increase our presence in the top 40 European accounts and introduce a relationship management system enabling the global deployment of our Key Account Management and Technical Service offering to meet customers' needs

During the year, we

- increased volumes across the Americas by 8% and grew our share of business with the region s top 50 customers
- reshaped the European team to focus on the top 40 customers while maintaining performance, and
- introduced a global relationship management system, the Targeted Customer Interface (TCI), to draw together information and insights on customers worldwide

2016 Priorities
We will

- continue to build our presence and share of business with large customers in every region
- strengthen and standardise processes and customer offerings across our business such as adopting a consistent global approach to key account management and
- continue to build relationships with key industry stakeholders for example through our biennial global symposium

CASE STUDY

PARTNERING TO SUPPORT A GROWING BUSINESS

Sandy Pine Systems and Genus PIC have enjoyed a long and fruitful partnership Owners Greg and Vicki Wilke started their multiplier relationship with PIC in 1983 with 450 grandparent sows

Today Sandy Pine has 140 employees and 16 800 sows producing more than 175 000 Camborough Isowean gilts each year It has added a 440-head PIC boar stud and 7 800 Camborough commercial sows and doubled its multiplier to 11 000 sows, as well as completing a state-of-the-art feed mill This growth has been made possible by the Wilkes continued belief in PIC's genetic value sustained over more than 30 years

LINK TO STRATEGY

Tailoring the Business Model

Progress Against 2015 Objectives
We aimed to

- continue the transition to a royalty pricing model in South America Europe and Asia, establish and stock three new sire line nucleus farms across the US and Latin America and further increase supply chain efficiency

During the year, we

- increased the proportion of global volumes under the royalty model including increases of 11% in Asia and 21% in Europe
- established sire line nucleus farms in Quebec (Canada), Ohio (US), and Chihuahua (Mexico), and
- increased effectiveness across our supply chain including through closing inefficient units and managing transport costs

2016 Priorities
We will

- continue to implement a more consistent approach to our global supply chain,
- ensure our facilities remain open and operational at least 90% of the time, and make them more resistant to livestock disease, and
- add 10 000 sows to large multiplier sites and remove at least 5 000 from smaller sites to further increase efficiency

Strengthening Core Competencies

Progress Against 2015 Objectives
We aimed to

- complete our first product validation trials in Asia, and develop and roll-out further training modules through our Key Account Manager Academy

During the year, we

- completed and won validation trials in China and Thailand, and started to extend trials to Europe and
- introduced seven new modules to our PIC Academy, which is our training resource for key account managers around the world

2016 Priorities
We will

- continue to invest in our Academy and develop new training modules,
- implement customer-centric sales techniques across our porcine business and
- continue to enhance the culture of employee health and safety across our business including developing implementing communicating and measuring progress on global standards

Genus PIC Operating Review

Corn - Key Markets
£ per tonne

Pork - Key Markets
£ per kg

Market

Market conditions for Genus PIC s customers were generally favourable throughout the year, with the exception of Europe In North America, the outbreak of PEDv that peaked in early 2014 led to tight pork supply and record pig prices in the first half of this financial year Combined with low input costs this gave producers exceptional margins A strong rebound in supply during the second half of the year led to a considerable drop in US pork prices to levels that are more reflective of long-term averages

In Brazil, pig prices reached a record high in October 2014 helped by strong exports particularly to Russia following the ban on exports from the EU to Russia By the end of the year prices had fallen back to more normal seasonal patterns However, the outlook remains positive for the Brazilian pork sector with strong domestic consumption expected and continuing export demand helped by the devaluation of the Brazilian Real

In Europe, the first half of the financial year was affected by continuing production expansion and export bans primarily to Russia leading to oversupply and a 21% decline in pork prices compared with the prior year Despite some stabilisation of prices in the first half of calendar year 2015, helped by increased exports, prices were still 17% below the prior year and farmer margins were generally negative

Performance

Genus PIC performed very strongly with operating profits including JVs up 17% in constant currency on revenue growth of 15% to £175 5m Volumes grew by 8% with all regions contributing Operating margins per MPE improved through completion of the integration of Genetiporc and the benefit of synergies a year ahead of schedule and price and cost management

In North America profits were up 11% in constant currency on volume growth of 8% Following the PEDv outbreak in 2014 royalties were impacted during the first half of this financial year However this was offset by strong animal shipments, as customers started to expand and improve their herds once the impact of the disease became better contained There was also the benefit of a full year of Genétiporc and Birchwood contributed positively as expected

Latin American profits improved 42% in constant currency on a 14% volume increase helped by an exceptionally strong operating profit performance from the Agroceres PIC JV (up 98%) Agroceres PIC benefited from a full year s contribution from Genetiporc, investments made in updated genetics and an improved supply chain, market share gains and favourable market conditions We also saw strong profit growth in Mexico (up 38%), while Latin America's overhead costs were well controlled

CASE STUDY

TRANSFORMING OUR JOINT VENTURE

Agroceres PIC is our JV in Brazil and Argentina with the Agroceres Group a leading agriculture supplier In recent years, Agroceres PIC has transformed its business and performance Major changes include conversion from upfront sales to a royalty model, the construction of South America s largest and most modern boar stud and the creation of key account management and technical services, dedicated to the top 80 accounts The result has been a market share increase from 42% to 53% and impressive operating profit growth in the last two years The business is now well positioned to deliver further strong growth in these highly important markets

LINK TO STRATEGY

	Actual currency			Constant currency
	2015 £m	2014 £m	Movement %	Movement %
Revenue	**175 5**	152 8	15	15
Adjusted operating profit exc JV	**57 2**	49 9	15	13
Adjusted operating profit inc JV	**61 9**	52 6	18	17
Adjusted operating margin exc JV	**32 6%**	32 7%	(0 1)pts	(0 5)pts

In Europe, volumes increased 2% and operating profit increased 5% in constant currency, as we continued to make progress with our strategy to target the larger integrated pork producers Progress with a number of key accounts was encouraging and the proportion of volumes sold under royalty contracts increased to 59% during the year (2014 38%) At the same time, we took further action to reduce our exposure in directly owned operations, including streamlining and standardising the UK boar stud operations, establishing European focused support in Technical Services, Genetic Services Health Assurance and Supply Chain, and expanding the supply of high indexing animals at multiplication partners to supply our best products to European customers

During the financial year we successfully integrated Birchwood and Genetiporc into our operations, delivering the expected synergies from both acquisitions ahead of the planned timeframes Genus PIC also continued to invest in technology (particularly genomics), distribution networks technical service capabilities and key account management, to help us add even greater value for customers We made continued progress in demonstrating the strength of our product offering through increased validation trials with a number of large integrated pork producers around the world

> "We have shown it is possible to have good results at low cost, through high health status, nutrition and the genetic support of PIC"
>
> **Claudio Freixes**
> **General Manager,**
> **Kekén**

CASE STUDY

BENEFITING FROM OUR ROBUST GENETICS

Kekén is Mexico's leading pork producer with 61 500 sows It operates feed manufacturing and processing plants, and sells through its 272 retail stores and via export

PIC has partnered with Kekén since 1992 supplying top genetics and technical expertise The climate makes conditions difficult for intensive rearing but the robustness of our genetics has helped Keken increase sales by over 100% in the last five years to 153 000 tonnes in 2014

LINK TO STRATEGY

Genus ABS Strategic Progress

> "We grew business volumes by 8% during 2015, by working to deliver the right products and services to our customers in all regions We also invested in developing a more differentiated and proprietary genetics offer. The acquisition of IVB is a significant step on this journey"
>
> **Saskia Korink Romani**
> **Chief Operating Officer,**
> **Genus ABS**

Increasing Genetic Control and Product Differentiation

Progress Against 2015 Objectives
We aimed to

- increase genetic control and bovine product differentiation strengthen our portfolio of genomic dairy bulls and develop a genetic nucleus herd for beef

During the year, we

- grew our genomic bull presence in public ranking indices by 18%
- established a nucleus herd for beef and expanded our elite dairy female breeding programme complementing our existing bulls,
- developed the two highest-ranking tropical bulls in Brazil, with proprietary type and management information and
- acquired 51% of IVB, to help accelerate genetic improvement in our customers' herds by enabling the selection of both male and female parents through the use of IVF technology

2016 Priorities
We will

- maintain competitiveness in public ranking indices, while positioning our products by introducing proprietary indices
- further strengthen the elite female programme and develop plans to ring-fence our proprietary genetics,
- develop our beef nucleus herd and begin to identify bulls with the best genetic potential and
- continue to develop our proprietary gender skew technology

Targeting Key Markets and Segments

Progress Against 2015 Objectives
We aimed to

- continue implementing our customer segmentation model around the world helping us identify and meet the needs of each segment, grow in our existing dairy markets and explore new markets, and pursue direct service agreements with integrated beef or dairy suppliers

During the year, we

- grew revenue by 9% (13% in Latin America 9% in North America and 5% in Europe),
- used our segmentation model to start tailoring offerings to different customer types and
- built relationships with leading integrated beef producers worldwide with the aim of replicating the model established with ABP Group

2016 Priorities
We will

- build partnerships with customers seeking to improve operational efficiency and profit tailoring our offering to meet their needs
- develop and deliver innovative approaches for more transactional customers with appropriate pricing and service levels and
- continue to grow volumes and market share in existing markets while exploring opportunities in new markets

CASE STUDY

GROWING OUR BUSINESS THROUGH TAILORED MODELS

Our French business drives growth by tailoring its offering to different market segments For example we target dairies with up to 500 cows by using our Genetic Management System to help customers achieve the traits they want in their herds For breeder herds who demand our elite genetics our field sales team is leveraging the breadth of our proven and genomic bull line up We also have an alliance with a leading co-operative Genes Diffusion to provide selected genetics to traditional AI customers This tailored approach has enabled us to triple our sales in France over the last decade

LINK TO STRATEGY

Tailoring the Business Model

Progress Against 2015 Objectives

We aimed to

- demonstrate the benefits of our genetics by using our Genetic Management System ('GMS) and work with large integrated beef supply to validate our genetics in a beef-on-dairy offering

During the year, we

- increased GMS use by 16%
- tested Net Profit Genetics with profit-focused customers aligning the value of our genetics with their commercial goals
- progressed our beef-on-dairy offer, harnessing dairy herds to disseminate beef genetics and
- worked with Powerline partners and beef processors, to assess the value of our genetics

2016 Priorities

We will

- emphasise the economic value of genetic improvement using our genetic toolbox
- introduce globally consistent offerings for partner-oriented customers
- conduct further trials for our beef-on-dairy and Angus-on-Nelore products, and
- launching IVB USA to capture the demand for commercial IVF

Strengthening Core Competencies

Progress Against 2015 Objectives

We aimed to

- upgrade our GMS to help customers select products for more breeding situations, refine our supply chain processes to improve product availability and deploy new systems and processes so our sales and technical service teams can meet their objectives

During the year, we

- upgraded our hand-held GMS tool for dairy customers,
- enhanced our product forecasting techniques to improve the efficiency of our supply chain,
- introduced tablet technology and tools to help sales staff communicate with customers, and
- certified 30 Reproductive Management System technicians and delivered Technical Service solutions to more than 1 000 customers with over 1 million cows in 25 countries

2016 Priorities

We will

- roll-out phase 1 of our GMS software rewrite
- promote knowledge sharing and develop an integrated go-to-market strategy with IVB in key markets, and
- continue to invest in our people particularly leadership and sales effectiveness

Genus ABS Operating Review

Dairy - Key Markets
Pence per litre

Beef - Key Markets
Live cattle £ per kg

Market

Following a period of buoyant prices in the early part of 2014, dairy prices declined significantly in Europe North America and Latin America This resulted from a number of causes, including a Russia dairy import ban, the slow down of China milk powder imports intense pressure in many international retail consumer markets, the impact of the removal of EU dairy quotas in the spring of 2015 and favourable weather conditions in key dairy producing countries, resulting in oversupply

By June 2015 global dairy prices were down 32% over the prior year with Europe down 19%, the US down 28% and Brazil down 5% In the short term dairy prices are expected to remain depressed, with global supply still exceeding demand and countries with milk production deficits having already taken advantage of low prices to stockpile imports Market predictions are for a gradual recovery at best, towards the end of this calendar year and going into 2016

Beef prices have continued on their upward trajectory in the US, with average prices 11% higher than they were a year ago as demand continues to outstrip supply 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 their demand and the weakening Real providing a competitive advantage

Performance

Genus ABS had a flat operating profit in constant currency, on volume growth of 8% and revenue growth of 9% Higher regional profit contributions in all regions were offset by increased central supply chain costs principally due to royalties on leased genomic bulls adverse foreign exchange cross-rates on US produced semen, and a higher mix of sorted semen Effective sales management enabled a 2% improvement in average selling prices ('blend) across the business and ancillary product sales also improved

In North America profits grew by 13% in constant currency driven by a 1% volume increase increased blend, strong cost management and additional contributions from adjacent products Beef performance was strong, with volumes up 18% over the prior year including the continued increased use of beef semen in dairy cows Sorted semen volumes grew 54%

In Europe, profits improved 7% in constant currency France, UK and the European Distributor business helped volumes to grow 14% However, the strong growth in the European Distributor business where product is sold at wholesale prices led to an overall 5% blend decrease in Europe Profit growth of 3% in the core markets of the UK Italy and France was tempered by the challenging dairy market conditions

CASE STUDY

UNDERSTANDING AND MEETING CUSTOMER NEEDS

Genus ABS focuses on its customers' needs To do this we segment our customer base and tailor our offer to individual requirements This can range from supplying quality genetics to a full Reproductive Management System (RMS) package which helps customers to optimise their herd pregnancies

We also innovate to improve performance Research showed that non-RMS customers found it challenging to detect when cows were in heat In response we helped to develop Breeder Tag More than 150 farms now use the system across Europe It increases the number of pregnancies by nearly 50% in the first year subsequently generating a significant return on investment

LINK TO STRATEGY

	Actual currency			Constant currency
	2015 £m	2014 £m	Movement %	Movement %
Revenue	**167 8**	157 4	7	9
Adjusted operating profit	**24 0**	24 3	(1)	2
Adjusted operating profit inc non-controlling interest	**23 5**	24 3	(3)	0
Adjusted operating margin	**14 3%**	15 4%	(1 1)pts	(1 0)pts

Across Latin America, profits were up 4% in constant currency on a 9% increase in volumes combined with a 4% blend increase Argentina performed well despite the difficult economic environment in the country, and profits improved in Mexico as we extended coverage into new regions in the country Volume growth of 9% in Brazil was driven by the strength of beef sales, which increased 17%

IVB of which 51% was acquired at the end of March 2015 made a positive initial contribution to the results in line with expectations The integration process for the business is progressing well and customers and employees have welcomed the opportunity to benefit from the combination with ABS

> "IVB made a positive initial contribution to results, in line with expectations, and the integration is progressing well"
>
> **Saskia Korink Romani**
> **Chief Operating Officer,**
> **Genus ABS**

CASE STUDY

TAKING A NEW APPROACH TO MARKET IN TURKEY

Turkey is the world s ninth largest milk producer with 5 3 million cows In the early 1990s we started collaborating with Tayyip Turkaslan who had multiple distributorships in Istanbul Now we are working with his son Cansin who is a genetics and immunology graduate and holds an MBA

In Turkey genetics are traditionally traded through sub-distributors and vets who provide inseminations Together with our distributor Cansin we decided to take a more direct approach to selling to larger farms and to further differentiate our offer through technical support This has resulted in a closer relationship with customers and a more accurate assessment of the genetics that will succeed in a Turkish dairy environment

LINK TO STRATEGY

Genus Asia Strategic Progress

> "Despite some challenging market conditions during the year, especially in China and Russia, we maintained overall performance We also continued to invest in the capabilities that position us to seize the long-term opportunity in this region, and are beginning to see positive signs for FY16 "
>
> **Jerry Thompson**
> **Chief Operating Officer,**
> **Genus Asia**

Increasing Genetic Control and Product Differentiation

Progress Against 2015 Objectives
We aimed to

- expand our range of genomic bulls and embryo programme in India grow key accounts in China and demonstrate the value of porcine products and drive product differentiation

During the year, we

- strengthened the pipeline of genomic young sires in India and now own the leading Holstein, Jersey and Murrah buffalo bulls,
- grew our share of key Chinese accounts and secured commercial relationships with seven of China s top 20 pork producers,
- conducted and won porcine validation trials with leading integrators, demonstrating superior economic performance against our competitors, and
- reduced porcine genetic lag by 0 7 years by importing genes from PIC in North America

2016 Priorities
We will

- keep growing our portfolio of genomic bulls in India,
- disseminate the latest PIC genetics, including populating two new sire line nucleus units in the Philippines
- source the most suitable dairy and beef genetics through the global supply chain, and
- further validate our products and grow our business with integrated pork producers

Targeting Key Markets and Segments

Progress Against 2015 Objectives
We aimed to

- continue implementing PIC's key account strategy and grow business with leading Chinese integrated pork producers grow in Japan, Korea and Vietnam, and expand our bovine sales channels in India

During the year, we

- grew business with key Chinese accounts, despite challenging markets
- grew in Vietnam with our partner GreenFeed and began selling animals from the nucleus herd established in 2014, and
- broadened routes to market in India building relationships with leading milk producers developing our distribution and trialling television advertising

2016 Priorities
We will

- further grow our share of large integrated pork producers in China, Russia the Philippines and Thailand,
- work directly with large milk producers by providing tailored genetic products and services while strengthening relationships with distributors and
- grow our business in India harnessing the new Chitale JV stud and our broader sales channels

CASE STUDY

EXPANDING OUR CAPABILITY IN CHINA

Genus PIC has an exclusive agreement to stock and sustain Riverstone s major new pig production project in China In May 2015 we completed the first stocking of 6 200 gilts The unit can now produce more than 35 000 gilts a year representing a unique capability to supply large Chinese farms with high health top genetic breeding pigs

The great grandparent boars were imported from Genus PIC US genetic nucleus and a dedicated Genus PIC service team will now maximise the effectiveness of the genetic improvement programme The agreement provides us with significant new contracted multiplication and will enable us to develop our royalty model in China

LINK TO STRATEGY

Tailoring the Business Model

Progress Against 2015 Objectives
We aimed to

- build a new Chitale JV bull stud in India and increase genomic semen sales and prices pursue contracted production of PIC breeding stock increase our Chinese royalty business and grow in the Philippines

During the year, we

- prepared the Chitale stud for population during H2 2015 and increased genomic semen sales volumes and selling prices in India
- signed Riverstone as our first commercial grandparent gilt multiplier in China delivering 6,200 gilts on a royalty basis, and
- increased royalty revenue and expanded our share of key accounts in the Philippines

2016 Priorities
We will

- work directly with key accounts in China dairy while also expanding our distributor relationships,
- develop contracted pig production in China
- extend the porcine royalty model across the region, including in China, and
- tailor our approach to developing and growing in new markets

Strengthening Core Competencies

Progress Against 2015 Objectives
We aimed to

- build strong local teams by developing employees' knowledge and expertise through tailored training and development programmes and expatriate assignments, and continue cross-fertilisation of skills from other parts of the Group

During the year, we

- implemented tailored training programmes in the region and in the Americas and Mexico, working with Genus colleagues and external veterinarian and production groups,
- supported continuous improvement in health and safety by harnessing training materials in multiple languages and
- strengthened technical and key account skills and knowledge in teams across the region

2016 Priorities
We will

- invest in our team's commercial skills, to promote the benefits of our high-quality genetics to customers and
- leverage the global Genus network and increase the number of overseas assignments as part of structured training and development programmes

Genus Asia Operating Review

Market

Market conditions continued to be challenging across much of the region in the period In China a slow down in demand for higher priced protein foods combined with over supply continued to depress pork prices for much of the year, impacting pork producer profitability The total sow herd over the last 18 months reduced by 19% or almost 9 5 million animals By way of comparison the total US sow herd size is approximately 6 million The reductions in supply led to a recovery in the pork price of approximately 15% towards the end of the financial year helping producers margins to return to positive in June 2015 based on Genus's analysis Though imports into China are a small proportion of the market (approximately 2–4%), the recent increase in price and low domestic supply may provide some support to the global market as a whole in the next financial year

Russia implemented a ban on pig imports from Europe and North America for much of the period However weakness in the general economy and reduced access to finance have had a significant impact on producers' willingness to expand, despite the business being profitable and the country needing further growth in agriculture to become self-sufficient As we enter the new financial year Russia has approved imports from Canada which should benefit Genus

In the Philippines, pig prices were lower than last year s record high but still ahead of expectations Producers are profitable and the industry continues to attract investment

Dairy prices across Asia have been impacted by the fall in global dairy prices, caused at least in part by a reduction in Chinese milk powder imports, as well as the Russian ban on dairy imports from Europe North America and other countries However in Russia prices are up 3% due to the supply constraints caused by the import bans In Australia dairy prices have remained stable helped by the fall in the currency while in India prices are down 12% compared to the prior year

Performance

Adjusted operating profit including JVs was unchanged in constant currency while revenue declined by 9% primarily due to lower porcine sales in Russia, which was affected by the border closure and the slower economy Results in actual currency were lower than constant currency, primarily due to the devaluation of the Russian Rouble

Porcine

Overall results for the porcine business reduced with volumes 7% lower revenue 18% lower and operating profit including JVs 7% lower In Russia, operating profit reduced by £1 2m in constant currency (£1 8m in actual currency) Although upfront sales of gilts and boars were heavily affected by the market conditions, the royalty business model and our

CASE STUDY

EXPANDING OUR PRESENCE IN INDIA

ABS India is expanding rapidly Having grown from 700 000 units of semen in 2011 to over 2 million in 2015 ABS India is now investing in a greenfield production facility through our JV with Chitale

The state-of-the-art facility is scheduled to commission in the second quarter of FY16 It will be able to produce over 7 million semen straws a year and draws on our global best practice in health and safety product development and production It will fast-track the genetic progress of our stud reducing the genetic gap for Indian dairy animals The investment demonstrates our commitment to the Indian dairy market and our belief in its long-term growth

LINK TO STRATEGY

	Actual currency			Constant currency
	2015 £m	2014 £m	Movement %	Movement %
Revenue	**41 4**	46 5	(11)	(9)
Adjusted operating profit exc JV	**5 7**	6 8	(16)	(9)
Adjusted operating profit inc JV	**5 5**	6 0	(8)	0
Adjusted operating margin inc JV	**13 3%**	12 9%	0 4pts	1 3pts

> "Despite market challenges in China and Russia, Genus maintained overall performance with profits flat in constant currency"
>
> **Jerry Thompson**
> **Chief Operating Officer, Genus Asia**

strong customer relationships kept the business profitable and healthy As the industry resumes growth to enhance self-sufficiency, and with the border recently opening to imports from Canada Genus is well positioned to capture this opportunity

The operating loss in China porcine reduced by £0 6m Market prices remained low during most of the year depressing demand for breeding stock and volumes and breeding margin reduced However increased productivity at the Besun JV and in our owned farms and control of selling costs more than offset this Slaughter test results and the operational metrics being achieved by our customers have demonstrated the value of PIC genetics in China We are working closely with top producers including delivering animals under the first royalty agreement with Riverstone In line with our strategy of reducing farming exposure we exited two owned farms during the year Following these actions we now have two owned farms in China and our share of the Besun JV

We continued to have good growth in the Philippines where operating profit grew by 24% and in Vietnam volumes grew by 37% Both businesses grew royalty revenues

Bovine

Overall bovine results improved, with revenue up 10% on 1% growth in volumes, and operating profits up 7% In China revenues and profits improved as we continued to broaden and develop our sales channels while strengthening our non-exclusive distributor relationship with SKX

Operating profit in India more than doubled with continued growth in average selling prices as the mix of genomic semen increased Construction of the new Chitale JV stud is on track to complete this calendar year which will enable us to expand our range of bulls A series of marketing campaigns has better positioned ABS as the largest international supplier and the only one with local production in India

The Australian business was operationally stable during the year but incurred a loss on the sale of a legacy property Distributor markets were lower due to reduced volumes in Japan in the first half, although performance improved as the year progressed

Summary

2015 was a challenging year, with adverse market conditions in Russia and China Our continued focus on strategic initiatives has positioned the business to benefit from an improvement in market conditions when they arise

CASE STUDY

GROWING LOCAL SUPPLY THROUGH PARTNERSHIP

In the Philippines demand for quality pork is rising However producers find it difficult to increase output because of the high investment required limited local supply of quality breeding stock and the long production cycle

PIC Philippines therefore partners with investors and the Bank of the Philippine Islands giving producers access to our genetics and technical services alongside funding on favourable terms This is supporting the construction of two contract production facilities whose owners are long-standing PIC supply chain partners The units will be stocked in FY16 with our genetically advanced breeding stock to upgrade and expand the local supply chain and serve customers nationwide

LINK TO STRATEGY

Genus R&D Strategic Progress

> "Our R&D programme uses multiple technologies, collaborative partnerships and computational techniques to generate the genetic improvement that delivers economic benefits for our customers "
>
> **Dr Jonathan Lightner**
> **Chief R&D and Scientific Officer**

Delivering Results Today, Shaping Success for Tomorrow
Our business is founded on discovering developing and delivering genetic improvement, to create economic benefit for our customers In particular we are harnessing the revolution in genome science as the platform for predictive modelling that informs our product development This improves the speed with which we select products with trait combinations that help customers achieve their commercial goals

The mission of our R&D teams is to deliver sustained profit growth across our businesses by
- continuously improving the quality of our products using the best tools available,
- discovering new value that can be delivered by genetics, and
- exploring the limits of genome science to enhance our current businesses and create new ones

We target the majority of our research investment in three value-creation areas health and welfare, obtaining offspring of the optimal gender (gender skew) and applying genome science advances to genomic selection

Animal Health and Welfare
During the year we continued to work with public sector researchers to explore genetic improvements that enhance animal well-being We pursue multiple approaches to creating relevant disease resistance These range from applying genomic information in natural selection breeding through to cutting-edge gene editing to produce highly targeted changes to the animal s genes

We also advanced the application of genome science in improving the health of dairy cattle We used genomics and naturally occurring variation to identify dairy sires that produce daughters with a far lower incidence of multiple health problems, during the transition from giving birth to entering the milking herd These sires were developed by leveraging our Real World Data (RWD) data sets and will be introduced in the coming financial year, with a star ranking on a proprietary TransitionRight™ index

Gender Skew
We continued to invest in developing proprietary gender skew technology, to deliver sexed semen for beef and dairy customers This will allow livestock producers to achieve offspring of their desired sex Dairy producers for example may wish to gain female calves

We believe that the biomechanical technology we are developing will deliver this benefit with better results than other approaches available in the market today We have now conducted extensive field testing which has resulted in over 1 000 pregnancies

In parallel we have made significant progress with developing the infrastructure required to bring the technology into production We have tested the technology, to ensure it can operate at the required intensity over sustained periods We have also remodelled a commercial production facility

This activity has moved us from proof of concept in early 2014 to manufacturing scale up and commercial readiness

Genomic Selection

We lead the industry in applying molecular markers imputation and single step genomic prediction to genetic improvement in livestock Within our porcine product development for instance we have accelerated genetic improvement significantly since the advent of relationship-based genomic selection in 2013 While we continue to harness and improve existing techniques, we are also exploring another potential step change by working with the Roslin Institute in Edinburgh UK to assess genotype by sequencing as an alternative to single-nucleotide polymorphisms This would change the amount of information we use in the genome from tens of thousands of data points today to billions of data points potentially transforming our ability to accurately predict product performance and to fully leverage the natural genetic variation in our animals

Within beef and dairy we are also applying genomics to aid the development of proprietary genetics that will shape a more differentiated offer Progress is evident in the development of our beef nucleus herd and offspring from our elite female programme for dairy through which we are bringing the male and female sides of product development under our control In parallel, we are developing proprietary indices for both beef and dairy, built around the traits that will deliver economic benefits for customers This differs from public rankings, which typically put greater emphasis on physical attributes These indices will help our customers identify the animals that are best suited to support their commercial goals

Genus R&D Operating Review

Performance
Investment in R&D for the year increased by 1% in constant currency This reflected investments in our research and IP capabilities our computational capabilities in bovine and investments in beef product development In porcine product development, increased investments in product validation and genomic testing were more than offset by the early exit from the Genetiporc Quebec nucleus and favourable commodity prices

Research expenditure continued as in previous years to focus on genomic evaluation gender skew and animal health and welfare In genomic evaluation, we continued to explore the frontiers of genomic information and its use in animal genetic improvement We are actively exploring genotype by sequencing approaches that could be applied across our animal systems In gender skew we completed additional field trials of the GSS technology and validated the production characteristics of our GSS instrumentation Capital expenditure to support the GSS development and production validation was increased in the year to £7 6m (2014 £1 8m) In health and welfare research projects our university collaborations produced several gene-edited animals with the intention of testing specific approaches to improve animal health We also stepped up our internal capabilities in IP development and research strategy with key talent additions

Bovine product development expenditure increased by 4% with key investments in genetic services to create custom indices using our RWD data system, and in beef resources and progeny testing, to deliver higher genetic control and differentiation in beef Our RWD system allows us to develop unique genetic insights, which deliver customer value The system continued to grow in 2015 with a 24% increase in the number of herds it covers to 1,438 representing over 23 8 million animals and now include operations in five countries

In the dairy genetic nucleus of elite females the quality and quantity of Holstein animals delivered is exceeding our expectations We continue to create and acquire high-quality female animals for this programme including our first Jersey additions in 2015 Our first genomic sires from the proprietary Holstein programme will be placed into stud in the next few months Our beef product development nucleus is achieving aggressive goals in terms of the quantity of pregnancies produced and has delivered the first bulls to stud in the UK, in support of our ABP collaboration

Porcine product development expenditure declined by 9% due to the operational synergies from the integration of Genetiporc (where the exit from the Quebec genetic

CASE STUDY

VALIDATING OUR PRODUCTS' PERFORMANCE

Genus PIC has long used scientific trials run in commercial systems These help us to understand our products performance and benchmark them against competitors, to aid business growth and identify improvements In the past we have conducted these projects in the technically mature North American market However in recent years we have significantly expanded our validation activities In 2015 we completed trials against local leaders in Spain and China, two key growth markets These trials showed our products had significant advantages for traits such as efficiency growth and robustness This demonstrates the value our genetics add for customers and will enable targeted product refinements

LINK TO STRATEGY

	Actual currency			Constant currency
	2015 £m	2014 £m	Movement %	Movement %
Research	**4 6**	3 6	28	28
Porcine product development	**11 6**	12 5	(7)	(9)
Bovine product development	**12 4**	11 6	7	4
	28 6	27 7	3	1

nucleus was completed ahead of schedule), a final Canadian government support payment and favourable feed costs and slaughter prices in the genetic nucleus farms Investment was increased in growing the breadth and depth of our genomic testing of animals We also continued expansion of our global product validation programme which delivered our first trials in Russia China and Thailand in 2015

> "We focused our research expenditure in the areas of genomic evaluation, gender skew and animal health"
>
> **Dr Jonathan Lightner**
> **Chief R&D and Scientific Officer**

CASE STUDY

OPTIMISING CUSTOMERS' BREEDING

Selection indices help dairy farmers choose bull mates with the right genetic traits for their females However the common indices do not always reflect our customers breeding objectives To address this our geneticists have derived custom economic indices for our dairy key accounts These indices include production reproduction health and fitness traits, with weightings tailored to customers specific needs and incorporating the cost of feed labour and milk pricing Customers receive a monetary ranking for their females and potential bull mates allowing better selection and management strategies This leads to higher profitability for customers and strengthens their relationship with us

LINK TO STRATEGY

Financial Review

Genus delivered a strong performance in the year ended 30 June 2015, with adjusted profit before tax up 19% (up 23% in constant currency), cash conversion of over 100% and an improved return on adjusted capital invested of 21 2% (2014 19 2%) Adjusted earnings per share were up 22% (26% in constant currency)

	Actual currency			Constant currency**
Adjusted results*	2015 £m	2014 £m	Movement %	Movement %
Year ended 30 June				
Revenue	**398 5**	372 2	7	8
Operating profit	**47 2**	42 9	10	12
Operating profit inc JVs	**51 2**	44 8	14	18
Profit before tax	**46 6**	39 3	19	23
Basic earnings per share (p)	**56 8**	46 5	22	26

Statutory results	2015 £m	2014 £m	Movement %
Year ended 30 June			
Revenue	**398 5**	372 2	7
Operating profit	**59 5**	41 8	42
Profit before tax	**57 8**	38 2	51
Basic earnings per share (p)	**66 7**	47 7	40
Dividend per share (p)	**19 5**	17 7	10

Adjusted results are before the movement in the net IAS 41 valuation of biological assets amortisation of acquired intangible assets share based payment expense and exceptional items Adjusted results are the measures used by the Board to monitor underlying performance

Constant currency percentage movements are calculated by restating FY15 results at the exchange rates applied in FY14

	Average		Closing	
Exchange rates	2015	2014	2015	2014
US Dollar/£	**1 57**	1 64	**1 57**	1 71
Euro/£	**1 32**	1 20	**1 41**	1 25
Brazilian Real/£	**4 26**	3 75	**4 89**	3 77
Mexican Peso/£	**22 68**	21 44	**24 68**	22 18

The effect of the stronger pound on the translation of our overseas profits reduced the Group s adjusted profit before tax for the year by £1 7m or 4% compared with FY14 Unless stated otherwise, this financial review quotes constant currency growth rates which better reflect the Group's underlying performance

On a statutory basis profit before tax was 51% higher and earnings per share were 40% higher in actual currency primarily due to an increase in the value of our biological assets However we continue to use adjusted results as our primary measures of financial performance as they better reflect our underlying progress

	Actual currency			Constant currency
Adjusted profit before tax	2015 £m	2014 £m	Movement %	Movement %
Genus PIC	**57 2**	49 9	15	13
Genus ABS	**24 0**	24 3	(1)	2
Genus Asia	**5 7**	6 8	(16)	(9)
R&D	**(28 6)**	(27 7)	(3)	(1)
Central	**(11 1)**	(10 4)	(7)	(5)
Adjusted operating profit	**47 2**	42 9	10	12
Attributable to non-controlling interest	**(0 6)**	–	–	–
Share of JV profits*	**4 6**	1 9	142	174
Adjusted operating profit inc JV	**51 2**	44 8	14	18
Net finance costs	**(4 6)**	(5 5)	16	18
Adjusted profit before tax	**46 6**	39 3	19	23

Excludes net IAS 41 valuation movement in biological assets and taxation

"Adjusted operating profit including JVs was £51 2m (2014 £44 8m), up 18% in constant currency and 14% in actual currency"

Stephen Wilson
Group Finance Director

Revenue

Revenue grew 8% (7% in actual currency) to £398 5m (2014 £372 2m) with Genus PIC growing at 15% helped by a full year of Genetiporc and a strong underlying performance Genus ABS grew at 9% while Asia declined 9% due to adverse market conditions in Russia The rest of Asia, without Russia, grew 4%

Adjusted Operating Profit Including Joint Ventures

Adjusted operating profit including JVs was £51 2m (2014 £44 8m), up 18% in constant currency and 14% in actual currency Genus's share of JV profits was higher at £4 6m (2014 £1 9m) helped by continuing strong growth at Agroceres PIC in Brazil and an improved performance by Besun in China following the high start-up costs during the prior year

Genus PIC had a very strong year, with profits including JVs up 17% Volume growth of 8% benefited from a full year of the Genetiporc acquisition another strong year in Latin America and growth in royalty volumes in North America following the PEDv outbreak in the prior year

Genus ABS grew volumes and revenues in all regions but operating profit was unchanged, with product costs across ABS impacted by the increased mix of sorted semen higher royalty payments on certain leased genomic bulls and the depreciation of the Euro and Latin American currencies relative to the US Dollar, where most production costs are incurred

Profits in Genus Asia, including JVs were unchanged The Asia bovine business achieved high single digit growth helped by China where we continued to develop and strengthen our sales channels The Asia porcine business achieved strong growth in PIC Philippines and costs were reduced in PIC China However these improvements were more than offset by declines in our Russia porcine business caused by adverse market conditions

R&D costs increased by 1% Increases in key research investments, expansion of our beef and dairy nuclei and additional investments in product validation and genomic testing were largely offset by the benefit of strong by-product slaughter prices and early exit from the Genetiporc Quebec porcine nucleus

Performance by Species

The table overleaf shows our global performance by species after allocating product development costs specific to each species

Dairy and beef revenues grew 9% on volumes up by 6%, with growth strongest in Brazil and our European Distribution business and an improved mix towards the higher priced sorted semen, particularly in North America and Asia Sales of semen from our global studs, which represent 77% of semen sales by volume increased by 8% Profits were stable primarily due to increased ABS product costs

Porcine revenues grew by 9%, with royalty income up 15% to £77 1m Volumes were up 6% (including Agroceres PIC our JV in Brazil), mainly due to a strong product portfolio, a full year of the Genetiporc acquisition and strong performances across most regions However Russia and China volumes declined by double digits Profits were up 22% on 2014, due to Latin America's continued robust growth, the early completion of synergies from Genétiporc and a somewhat improved result in China as we reduced costs there

Financial Review
continued

	Actual currency			Constant currency
Performance by species	**2015** **£m**	2014 £m	Movement %	Movement %
Revenue				
Dairy and beef	**183.4**	171 8	7	9
Porcine	**201 3**	184 9	9	9
R&D	**13 8**	15 5	(11)	(12)
	398.5	372 2	7	8
Adjusted operating profit inc JV				
Dairy and beef	**14 5**	15 7	(8)	0
Porcine	**52 4**	43 1	22	22
Central and research	**(15 7)**	(14 0)	(12)	(11)
	51 2	44 8	14	18

Finance Costs
Net finance costs reduced by £0 9m to £4 6m (2014 £5 5m) and include IAS 19 pension interest of £2 3m (2014 £2 9m) Higher net borrowings following the acquisitions of Birchwood and IVB and higher capital spending were offset by lower average interest rates, due to the renewal of US$60m of fixed interest rate cover at lower rates

Exceptional Items
There was a £5 1m net exceptional expense in 2015 (2014 £2 0m expense) of which £1 4m was for acquisition and integration related expenses, primarily Birchwood and IVB, £2 8m was for ongoing legal fees in Genus ABS's case against Sexing Technologies (see note 7) and £1 3m was for restructuring costs with a £0 4m settlement gain related to the Milk Pension Fund

Statutory Profit Before Tax
Operating profit on a statutory basis was £59 5m (2014 £41 8m) while our statutory profit before tax was £57 8m (2014 £38 2m) The statutory results benefit from an increase of £24 9m (2014 £7 5m) in the net IAS 41 valuation of biological assets driven largely by the strength of the porcine business Amortisation of acquired intangible assets and exceptional items increased following the Genetiporc Birchwood and IVB acquisitions The Board believes the volatile nature of these items most of which are non-cash is less representative of the Group s underlying performance than adjusted measures

Taxation
The effective rate of tax for the year, based on adjusted profit before tax, was 26 0% (2014 28 2%) with the decrease primarily due to the benefit of a full year of the UK finance company tax regime and favourable prior period adjustments

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 the US where the statutory tax rate is approximately 39%, and the impact of withholding taxes on the repatriation of funds to the UK

The tax rate on statutory profits was 29 9% (2014 24 3%) In addition to the factors mentioned above there was an unfavourable impact in the year due to the majority of the IAS 41 biological assets valuation movement having deferred tax applied at US rates

Earnings Per Share
Adjusted basic earnings per share, including the benefit of the lower tax rate increased by 22% to 56 8 pence (2014 46 5 pence) and rose 26% in constant currency Basic earnings per share on a statutory basis were 66 7 pence (2014 47 7 pence) an increase of 40%

Biological Assets
A feature of the Group s net assets is its substantial investment in biological assets, which IAS 41 requires us to state at fair value At 30 June 2015 the carrying value of biological assets was £315 9m (2014 £275 5m), as set out in the table opposite

The movement in the overall carrying value of biological assets excluding the effect of exchange rate translation changes includes

- a £20 4m increase in the carrying value of porcine biological assets due principally to higher value animals particularly boars in the pure line herds as well as an increase in the number of animals sold on royalty contracts, and
- a £4 5m increase in dairy and beef biological assets arising from an increase in the number of beef bulls as well as an increased sales demand for beef units

The historical cost of these assets less depreciation was £34 1m at 30 June 2015 (2014 £36 2m) which is the basis used for the adjusted results

Retirement Benefit Obligations
The Group's retirement benefit obligations at 30 June 2015 calculated in accordance with IAS 19, were £63 1m (2014 £58 2m) before tax and £49 9m (2014 £46 1m) net of related deferred tax The largest element of the liability relates to the multi-employer Milk Pension Fund where we continue to account on the basis of Genus being responsible for 75% of the plan s funding

During the year, contributions payable in respect of the Group s defined benefit schemes amounted to £6 1m (2014 £5 6m)

Cash Flow
Cash generated by operations remained strong at £50 7m (2014 £44 3m) Conversion of adjusted operating profit into cash was 107% (2014 103%) before capital expenditure investments interest, tax and dividends

Biological assets	2015 £m	2014 £m
Non-current assets	**242 7**	208 9
Current assets	**50 2**	44 1
Inventory	**23 0**	22 5
	315 9	275 5
Represented by		
Porcine	**148 1**	124 4
Dairy and beef	**167 8**	151 1
	315 9	275 5

Cash flow (before debt repayments)	2015 £m	2014 £m
Cash generated by operations	**50 7**	44 3
Interest, tax and dividends	**(27 0)**	(22 1)
Investments	**(11 1)**	(34 1)
Capital expenditure	**(14 8)**	(6 6)
Other	**2 6**	0 5
	0 4	(18 0)
Adjusted operating profit	**47 2**	42 9
Cash conversion	**107%**	103%

"The return on invested capital increased to 21 2% after tax (2014 19 2%)"

This performance was generated by continued strong working capital management and the benefit of the exit from the Quebec nucleus

The cash outflow from investments was £11 1m primarily from the acquisitions of Birchwood and IVB This compares with £34 1m from the Genetiporc acquisition and Besun JV investment in 2014 The increase in capital expenditure of £8 2m to £14 8m (2014 £6 6m) included increased investment in GSS technology The total cash inflow for the year after these investments interest, tax and dividends was £0 4m (2014 outflow £18 0m)

Net Debt

While cash flow was positive net debt increased from £63 9m to £71 8m at 30 June 2015 due to the impact of exchange movements as our borrowings are denominated primarily in US Dollars

The Group's financial position remains strong and there is substantial headroom of £51 1m under our borrowing facilities of £138 1m which run to September 2017

Our borrowing ratios are strong Interest cover was 31 9 times (2014 20 6 times) The ratio of net debt to EBITDA as calculated under our financing facilities remained the same as the prior year at 1 2 times

Return on Invested Capital

We measure our return on invested capital on the basis of adjusted operating profit including JVs after tax divided by the operating net assets of the business stated on the basis of historical cost, excluding net debt and pension liability This removes the impact of IAS 41 fair value accounting the related deferred tax and goodwill The return on invested capital increased to 21 2% after tax (2014 19 2%)

Dividend

Reflecting the Board's continuing confidence in the prospects for the Group, it is recommending to shareholders a final dividend of 13 4 pence per ordinary share, resulting in a total dividend for the year of 19 5 pence per ordinary share an increase of 10% for the year Dividend cover remains strong, with the dividend covered 2 9 times by adjusted earnings (2014 2 6 times)

Stephen Wilson
Group Finance Director

PROGRESS THROUGH PEOPLE

Genus's progress is driven by the dedication, determination and passion of our employees They are talented professionals, committed to pursuing Genus's goals while developing their careers

During the year we continued to focus on performance management, talent and succession planning, while delivering leadership development and employee engagement initiatives This creates a firm foundation for further success

Performance Management
Enabling our people to understand how they are doing is vital for their personal development and our business performance All our staff had performance reviews at the half and full year

We continued to improve the quality of objective setting and development planning This included refresher training for our managers and supporting our people's development plans with mentoring and coaching

Talent and Succession Planning
We completed our third annual cycle of talent management covering all our people managers and those with potential All have clear development plans

ABS Chile - annual sales meeting and 10th anniversary celebrations in Torres del Paine, Patagonia, Chile

New recruits and international appointments during the year

The benefits of our talent development were shown by the promotion of two scientists to lead the GSS project, and development of talented Latin American PIC key account leads into new roles in Mexico the US and Spain We also recruited high-calibre professionals, including Dr Dan Tucker (Global Adviser on PIC Health Assurance), Dr Uislei Orlando (PIC Global Director of Nutrition) Mark Birri (Strategy and Business Development Director) and Adam Schilffarth (Senior Engineering Director for Genus ABS)

Training and Developing Our People
We continue to invest in developing our people One initiative included extending High Performing Teams, our successful management development programme with two programmes in North America and three in Latin America To complement our investment in employee communication we trained 242 managers in communications skills This helps them to inspire, challenge and support their teams We also ran core training in health and safety anti-bribery and corruption and safe animal handling and added seven modules to PIC's Sales Academy including PIC Product Differentiation Farm Economics and Optimum Boar Life

Using Our Diversity
We continued to add experience and to transfer knowledge around the Group through international appointments and recruitment For example in PIC Jurgen Kramer and Wilson Pineda moved from their roles in the US and Mexico to become Regional Director and Commercial Manager respectively for PIC Europe based in Spain We also recruited two PhD geneticists into our PIC China team

In ABS Jesus Martinez Global Director of Business Development supported our Asia ABS business particularly China Pierpaolo Dordoni (General Manager of ABS Italia) supported our ABS Russia business and Arun Baral joined us to head up our Genus ABS Asia business

Genus takes diversity seriously We appoint the best people to do the job, with a focus on talent right across the leadership team During the year we recruited more senior women including a senior IP counsel and a Global ABS Marketing Director The table below shows our gender diversity across the business

Engaging Our People
Employee feedback showed they wanted more information about the business so we invested in internal communications in 2014/15 This included a quarterly staff update manager briefing packs to support local communication quarterly calls with GELT for senior managers and Ask The Expert webinars for all staff to share knowledge and experience

We ran a short staff survey in November 2014, covering 35% of our people This showed a double-digit increase (to 81%) in employees feeling they are regularly told about business performance and plans while the proportion of employees who understand our strategy rose from 80% to 87% See page 45 for full results

Human Rights
We are committed to protecting the human rights of our employees and the people who come into contact with our business During the year, we continued to comply with our human rights policy

Our Plans for FY16
In the coming year we will continue our leadership education, running our Advanced Leadership Programme and three High Performing Teams programmes, including our first in Asia We are planning a further seven modules for the PIC Sales Academy and will develop an ABS Sales Academy to provide training in areas such as sales and genetics

We will enhance our recruitment processes, introducing a new website and online recruitment, and continue to run our intern programme in Europe, the US and China

Engagement remains high on the agenda a Global Leaders Conference was held in July 2015 a full staff survey is due to be carried out in November 2015, and an update for all our staff three years on from introducing our strategy will take place We will also upgrade our intranet to further improve communication

Senior leaders at our Advanced Leadership Programmes held in Shanghai, Barcelona and Nashville

CASE STUDY

ADVANCED LEADERSHIP PROGRAMME

Our Advanced Leadership Programme is our first-ever programme for senior leaders It explores how Genus can work profitably with customers accelerate our strategy enhance employee engagement and maintain a culture of innovation We ran three programmes during the year in Nashville Barcelona and Shanghai, with 56 attendees

Members of the ABS and PIC Russian team

Number of employees at 30 June 2015

Work levels	Male	Female	Total	% Female
Board Directors	7	0	7	–
GELT	6	2	8	25
Other employees	1,885	775	2,660	29

DELIVERING RESULTS RESPONSIBLY

> "Corporate social responsibility is not optional for Genus It is integral to the way we run the business and to every part of our strategy"
>
> **Catherine Glickman**
> **Chair of CSR Committee and Group HR Director**

Pioneering animal genetic improvement to help nourish the world - words we chose carefully to describe our contribution to society We believe that our genetics support countries' health, by helping to increase sustainable animal protein production for people to eat as part of a nutritious diet

Leading the CSR Agenda
Our CSR Committee established our vision for CSR, which is to ensure that Genus continues to act in a socially responsible, ethical and compliant manner adopting the highest levels of ethical oversight for the benefit of all our stakeholders The Committee defines our Group-wide CSR strategy reviews our policies and practices monitors external developments and advises GELT and the Board about CSR matters It recommends annual goals and initiatives and identifies the key performance indicators for monitoring and reporting our performance

The Committee meets four times a year and reports to GELT in May and the Board in June Its members include our in-house experts on animal welfare employees, environment and safety, who were already leading programmes within the business

This year, the Committee has ensured the Group has maintained its focus on achieving its CSR objectives and continued to raise the profile of CSR within the business Each Committee member has personally led an initiative within the CSR strategy We have also agreed to increase the areas of activity covered by our CSR strategy by focusing on our work to extend access to high-quality genetics under a new area - Food Quality and Abundance This involves working with our customers to contribute to producing more abundant, sustainable and affordable protein More details can be found on pages 44 to 47

We are passionate about protecting the welfare of our animals and operate a policy of zero tolerance of animal mistreatment We have an Animal Welfare Committee reporting to the CSR Committee, chaired by Dr Bill Christianson, Chief Operating Officer of Genus PIC The Committee oversees our animal welfare policies, practices and training

Setting Standards - Our CSR Framework

From 2015 our approach to CSR falls into six key areas, which are shown in the table below We aim to be standard setters in each of these areas Our objectives and performance are set out on pages 44 to 47 CSR is integral to each of the four elements of our business strategy Achieving our CSR objectives therefore underpins the way in which we implement our strategy

How our CSR strategy and business strategy are intertwined

CSR objectives	Strategy			
	Increasing Genetic Control and Product Differentiation	**Targeting Key Markets and Segments**	**Tailoring the Business Model**	**Strengthening Core Competencies**
Operate Safely - Ensuring a safe working environment for our colleagues	✓	✓		✓
Employees - Being a good employer, providing satisfying careers development and reward	✓	✓		✓
Animal Welfare - Continually improving animal welfare through proven science-based initiatives	✓	✓		✓
Community - Being a responsible corporate citizen within our communities	✓	✓	✓	
Environment - Reducing the environmental impact of protein production	✓	✓		✓
Food Quality and Abundance - Providing expertise and products that increase the production of high-quality protein	✓	✓	✓	✓

Greenhouse Gas ('GHG') Reporting

Our GHG emissions are primarily methane produced by our animals and carbon dioxide ('CO$_2$') from consuming fuel and other materials, and transport Our primary intensity ratio is based on animal weight, which is a key driver of our GHG emissions Our secondary intensity ratio is based on turnover

Total emissions and animal weight reduced by 13 800 tonnes of CO$_2$ equivalent (CO$_2$e') and 1,300 tonnes respectively, driven by a 34 000 reduction in pig numbers, mainly due to exiting the Genetiporc Quebec porcine nucleus Our primary and secondary ratios have decreased with the decrease in the secondary ratio due to growth in porcine royalty This has no corresponding impact on emissions as we do not own animals sold on a royalty basis

Our reporting approach

We use operational control as our reporting approach We have determined and reported the emissions we are responsible for within this boundary and believe there are no material omissions GHG data is therefore reported for assets which are mainly rented or leased, that are otherwise not referred to elsewhere in the financial statements We omitted JVs and some livestock held at third-parties due to our limited authority to introduce and implement operating policies

Emissions from	2015 Tonnes of CO$_2$e	2014 Tonnes of CO$_2$e
Scope 1 – combustion of fuel and livestock emissions	**68,562**	83,409
Scope 2 – electricity, steam, heat and cooling purchased	**22,569**	23,449
Total scope 1 & 2	**91,131**	106,858
Scope 3 – material usage and waste, third-party distribution and business travel	**21,160**	19,218
Total emissions	**112,291**	126,076
Primary intensity measure – Animal weight (tonne)	**12,723**	14,030
Secondary intensity measure – Turnover (£m)	**398 5**	372 2
Intensity ratio – Scope 1 & 2 (tCO$_2$e/tonne animal weight)	**7.16**	7 62
Intensity ratio – Scope 1, 2 & 3 (tCO$_2$e/£m turnover)	**282**	339

Annual emissions figures have been calculated based on actual ten-month data for July to April extrapolated to full year

Assessment methodology
World Resources Institute/World Business Council for Sustainable Development *The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard*

Defra *Guidance on how to measure and report your greenhouse gas emissions*

Defra *Environmental Reporting Guidelines Including mandatory greenhouse gas emissions reporting guidance*

Emissions factor data source
IPCC *Guidelines for National Greenhouse Gas Inventories*

Defra/DECC *Conversion Factors for Company Reporting*

Corporate Social Responsibility continued
Our Corporate Social Responsibility Plans

What we do	Why are we doing it	What we said we would do
Operate Safely	We have a duty to keep our employees and animals safe This means ensuring we maintain our estate, and integrate health and safety into our daily operations led by senior management	• Audit every Genus-owned property and complete any corrective action within six months • Ensure at least 90% of staff complete at least one health and safety training session • Reduce the number of reportable incidents on Genus-owned property by 20% • Ensure every manager meets their teams once during the year to discuss how to improve safety
Employees	We work to attract, retain and motivate highly qualified and committed staff We explain what we want them to deliver and regularly train them We listen to their feedback and act on it	• Listen to what staff think through a short global survey • Ensure that every member of staff has clear objectives, a career discussion and a personal development plan • Continue to develop our staff, delivering operational, management leadership communication skills and anti-bribery training • Continue to provide interesting and secure work within local communities
Animal Welfare	Animals are our business We work to world-class, science-based and proven standards of animal husbandry, and have zero tolerance for mistreatment	• Continue with Pork Quality Assurance ('PQA) training in all Genus PIC owned farms • Develop a questionnaire for use in Genus ABS s animal welfare audits • Complete animal welfare audits of ABS Genus's main export centres in the UK Canada, Brazil and US • Expand the tree planting programme at our Uberaba stud in Brazil to provide essential shade for our bulls

<table>
<tr><th>What we did</th><th>What we plan to do next</th><th>Case Study</th></tr>
<tr>
<td>• Audited our estate of 109 sites and completed 97% of actions within the six-month deadline with the balance due to be completed by September 2015
• 97% of staff completed at least one training session on safety
• Reduced the number of reportable incidents on Genus property by 29%
• 91% of managers led a discussion with their staff during the year</td>
<td>• Ensure at least 90% of staff complete health and safety training tailored to their role
• Comprehensive reporting in every business and region reviewed quarterly by the Chief Operating Officers
• Maintain the reduction in incidents on owned premises and develop ways to reduce animal-related incidents on non-owned premises
• Identify opportunities for improvement, through monthly incident reviews by management</td>
<td>Liquid nitrogen (LN_2) plays a key part in storing bull semen However LN_2 boils at -196°C so even fleeting contact can permanently damage skin and soft tissues In addition one litre of LN_2 can create 700 litres of gas posing an asphyxiation risk We have introduced measures to control the risks For example in the UK we have worked with our transport supplier to modify its vans keeping LN_2 storage separate from the driver s compartment</td>
</tr>
<tr>
<td>• Carried out a global staff survey in November 2014 Four measures improved and two stayed flat
• All staff had objectives a mid-year and full year review
• 56 managers attended the Advanced Leadership Programme 101 attended High Performing Teams' 245 attended communication skills training and 407 modules have been completed through the PIC Sales Academy (See People section on pages 40 and 41)
• Maintained stable work for staff during the year including redeployment where business operations changed</td>
<td>• Conduct the second all-staff survey maintaining or improving results with a focus on safety at work and acting on feedback received
• Continue the investment in development and training this will include 95%+ of staff completing Anti-bribery and Corruption training and knowing how to report non-compliance
• Continue to provide opportunities for those developing a career in agriculture through our internship programme</td>
<td><table>
<tr><th>Staff survey results</th><th>2015</th><th>2014</th></tr>
<tr><td>I understand the Genus business strategy</td><td>87%</td><td>80%</td></tr>
<tr><td>I am regularly told how the business is performing and its future plans</td><td>81%</td><td>70%</td></tr>
<tr><td>My manager sets clear expectations of what has to be achieved in my job</td><td>84%</td><td>79%</td></tr>
<tr><td>Genus actively listens to customers so we can improve our ability to meet their needs</td><td>70%</td><td>71%</td></tr>
<tr><td>I enjoy working at Genus</td><td>89%</td><td>84%</td></tr>
<tr><td>I feel that changes have been made based on my feedback in the last year</td><td>44%</td><td>42%</td></tr>
</table></td>
</tr>
<tr>
<td>• Completed 24 PQA sessions within PIC
• Developed a bespoke audit framework for ABS and began using it in our main export centres
• Completed audits at our studs in the UK, Canada, US and Brazil
• Planted 300 trees at Uberaba</td>
<td>• Continue our annual programme of PQA training
• Ensure 95%+ of staff complete Animal Welfare training
• Enhance the bulls' well-being as ruminants ABS owned studs will feed a higher volume lower energy content diet and longer particle length to enhance cud chewing
• Continue the animal welfare audits at our four studs and extend to our JV stud in India once operational
• Upgrade the Genus PIC Aurora site our genetic nucleus in Canada</td>
<td>We use training from Pork Quality Assurance Plus (PQA+) and standards set by National Pork Board in the US as templates for our global annual swine care training programme In 2014/15 we delivered 24 PQA sessions globally ensuring all our staff are trained to a consistent standard We train and certify new staff as they work with us with existing staff completing refresher sessions during the year</td>
</tr>
</table>

Corporate Social Responsibility continued
Our Corporate Social Responsibility Plans

What we do	Why are we doing it	What we said we would do
Community	We work to share opportunities with local communities to develop agricultural careers and provide support to charities that work with our species, to build knowledge and expertise	• Continue to support those who work for and with us by providing practical help and resources for people who are affected by natural or other disasters • Support investment in agricultural education and science to build animal agricultural capacity within our industry In 2014/15, we will develop the approach in our US and European businesses • Support charities that sponsor agricultural initiatives globally to build knowledge and understanding of animal husbandry, self sufficiency through livestock and good farming practice • Continue to recruit into our farms from our local communities, providing valuable jobs, training and income for those that work with us
Environment	We are committed to reducing the environmental impact of our work	• Continue annual independent audits of Genus PIC's waste management systems covering at least 80% of our owned animals • Produce more home-grown feed for Genus ABS's bulls to reduce reliance on purchased feed reduce emissions from transporting feed and improve biosecurity • Explore opportunities to recycle the manure produced by Genus ABS's bulls, both on crop land producing our feed and by converting it to heat or electricity, for example by using a furnace-type recycler
Food Quality and Abundance	Working with our customers we contribute to producing more abundant, sustainable safe and affordable protein as part of a nutritious diet	• New for 2015

What we did	What we plan to do next	Case Study
• Using residual funds from our Philippines Haiyan appeal, bought equipment for a school on one of the remote islands • Offered 21 internships for undergraduates and postgraduates in the UK US, Canada and China • Supported Send a Cow (see case study) • Recruited and trained 151 staff in our farms	• Continue to respond to crises that affect those who work with us providing practical support • Send a Cow - continue the fund raising led by the ABS EMEA team sharing skills fund raising and matching customer donations • Continue our programme of recruitment into our farms from local communities providing valuable jobs and training	Send a Cow helps poor dairy farmers in Africa by sharing knowledge and providing practical farming advice and emotional support Every farmer helped pledges to pass on the gift by donating one of the cow s offspring to another family Research shows that for every person they help ten more go on to benefit Staff in our ABS EMEA region have supported the charity by sharing their skills fund raising and matching customer donations To date we have raised equivalent funds to send 41 cows to Africa
• Audited 83% of animals in our owned sites • Installed an irrigation pivot system on a 160-acre square field at Dekorra, enabling us to double crop' in 2014 with hay and late season corn • Recycled manure in exchange for straw at Whenby, UK - see case study	• Continue Genus PIC's external audits to cover at least 80% of animals on owned sites • Improve food conversion efficiency by 0 02kg of feed per kg of pork produced averaged over a rolling 3 year period this genetic trend will be measured across the PIC pure populations • Upgrade the Genus ABS production estate, working with the Future Farmers of America and a local school to landscape our Dekorra site with over 300 trees, and reducing light impact on our neighbours	We house 300 bulls at Whenby Lodge in the UK Since 2011 we have developed a unique agreement with neighbouring arable farmers David and Tom Unsworth In 2014/15 we exchanged 3 000 tonnes of manure for nearly 1 600 tonnes of high quality straw for feed and bedding - keeping our bulls happy and protecting us from volatility in straw prices
• New for 2015	• Accelerate the rate of genetic improvement using relationship-based genomic selection to produce high productivity high health pigs • Increase commercial level merit, by reducing lag in the PIC supply chain • Improve milk production and herd sustainability using genetic audits GMS and Net Profit Genetics • Introduce high-quality dairy genetics into India developing a genomic market and China enabling access for milk producers who want to use high-quality genetics	In 2012 PIC introduced relationship-based genomic selection to help us select and breed the best animals to drive genetic improvement The result has been a step change in performance giving us differentiated and proprietary products which will benefit customers in the coming years Having implemented the technology in PIC we are now sharing it across the Group

Letter from the Chairman

A STRONG BUSINESS REQUIRES STRONG GOVERNANCE

"The Board is committed to further enhancing Genus's corporate governance This will facilitate our ability to drive genetic improvement faster and more effectively, and to capture the value we deliver to customers, so we can in turn create value for shareholders "

GENUS PLC
COMPANY NUMBER:
2972325

Dear Shareholder

Strong corporate governance is critical for the Group s long-term success The way the Board carries out its responsibilities - from approving strategy to overseeing risk management – has a profound effect on the Group's future and the interests of our stakeholders The quality of our corporate governance ultimately determines our ability to serve our customers, create rewarding jobs for employees, support our suppliers and communities and deliver growth and returns to shareholders

We therefore regularly evaluate our corporate governance and the Board s performance to ensure it provides the direction Genus needs to succeed We also remain supportive of the UK Corporate Governance Code and its principles-based approach Genus complied with all the provisions of its 2012 edition, which was the applicable standard for this financial year

A Strengthened Board
There were two changes to the Board this year Lykele van der Broek joined us as a Non-Executive Director on 1 July 2014 bringing with him significant international experience of agricultural markets Professor Barry Furr retired at the Annual General Meeting (AGM') in November 2014 We were greatly saddened by Barry s death in early 2015 and are grateful for his immense contribution to the Company during his eight years on the Board

Professor Duncan Maskell has taken on Barry's role as adviser to our R&D Portfolio Management Team having joined us in April 2014 Both Duncan and Lykele have actively engaged with the Company through their inductions, and provided fresh insight and new perspectives to the Board s discussions Combined with the deep knowledge and experience of our longer-serving Non-Executive Directors, this gives us a Board that has a well-balanced array of skills and is well-attuned to the Group s requirements

Evaluating the Board's Effectiveness
This was the third year of our Board evaluation cycle We therefore carried out an internal evaluation, using questionnaires followed by telephone conversations between me and individual Directors and by Board discussions, to drill down into particular issues that arose in the questionnaires and individual discussions

The evaluation confirmed that the Board continues to function effectively, with an open and candid culture and positive engagement from Board members with wide-ranging but complementary skills More information on the evaluation can be found on page 57

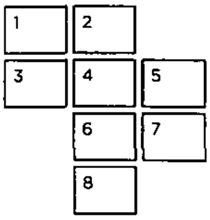
We take diversity seriously and the Board continues to bear in mind Lord Davies recommendations about gender diversity Our policy is to recruit the right people based on merit so that the Board has the diversity of skills and experience it needs In this regard, our recruitment of Duncan and Lykele in the last 18 months has expanded the Board s diversity by increasing our scientific and international experience

Summary
The Board is committed to further enhancing Genus s corporate governance This will facilitate our ability to drive genetic improvement faster and more effectively, and to capture the value we deliver to customers so we can in turn create value for shareholders

Bob Lawson

Bob Lawson
Chairman
7 September 2015

Board of Directors and Company Secretary



1 Bob Lawson †*
Non-Executive Chairman
Nomination Committee Chair

Board appointment
November 2010

Bob s executive career spanned several UK and continental groups, including ten years as Chief Executive of Electrocomponents plc and three years as Managing Director of Vitec Group plc He has experience of leading international businesses including through operational and culture changes and a deep understanding of listed companies and corporate governance He was appointed Non-Executive Chairman of Eurocell plc in January 2015 and is Chairman of the Federation of Groundwork Trusts Bob retired as Non-Executive Chairman of Barratt Developments plc in November 2014

2 Karim Bitar †
Chief Executive

Board appointment
September 2011

Prior to joining Genus, Karim worked for more than 15 years for Eli Lilly and Company, where he was President of Lilly Europe Canada and Australia An ex-McKinsey and Company consultant he also held management roles at Johnson and Johnson, and the Dow Chemical Company Karim has extensive experience of leading international science-based organisations His strategic review of Genus in 2012 resulted in a new vision strategy structure and core values He has a BSc in Biochemistry from the University of Wisconsin and an MBA from the University of Michigan

3 Stephen Wilson
Group Finance Director

Board appointment
January 2013

Stephen was previously Executive Vice President and Chief Financial Officer of Misys plc Prior to Misys, he spent 25 years at IBM, where he worked in all areas of finance and led business development and change programmes Stephen has worked in France and the US and has wide-ranging experience of mergers and acquisitions financing strategy and investor relations He is a Fellow of the Chartered Institute of Management Accountants and a Non-Executive Director of Xchanging plc where he chairs the Audit Committee He holds a degree in Mathematics from the University of Cambridge

4 Nigel Turner †*◊
Senior Non-Executive Director
Remuneration Committee Chair

Board appointment
January 2008

Nigel is a Non-Executive Director of Croda plc He was Chairman of Numis Securities Ltd and Deputy Chairman of Numis Corporation plc from December 2005 to November 2007 Previously he was Vice Chairman of ABN AMRO's Wholesale and Investment Bank having joined in 2000 from Lazard where he was a Partner for 15 years and also sat on its Supervisory Board Nigel has substantial experience of international business and corporate finance

5 Mike Buzzacott †*◊
Non-Executive Director
Audit Committee Chair

Board appointment
May 2009

Mike is a Non-Executive Director of Scapa Plc He is a qualified accountant and spent 34 years at BP holding international roles including Finance and Control Director Asia Pacific, CFO BP Nutrition and Group Vice President Petrochemicals He is a former Non-Executive Director of Croda plc and Rexam plc and was Chairman of Biofuels plc His roles have given him extensive experience of working in Asian and European markets, and of dealing with acquisitions, mergers and divestments

6 Professor Duncan Maskell †*◊
Non-Executive Director

Board appointment
April 2014

Duncan is Senior Pro-Vice Chancellor ('PVC') of the University of Cambridge, where he and other PVCs are responsible for taking forward the University's strategy and policy development He was previously Head of the School of the Biological Sciences at the University where he led researchers working on infectious diseases of livestock and people He has worked on vaccines at Wellcome Biotech and on bacteria that cause childhood meningitis at the Institute of Molecular Medicine University of Oxford Duncan has been instrumental in co-founding several biotech companies He has extensive experience of commercialising science and innovation and of being a scientific adviser to companies, using his broad perspective on life sciences

7 Lykele van der Broek †*◊
Non-Executive Director

Board appointment
July 2014

Lykele retired as a member of the Executive Committee of Bayer CropScience a division of Bayer AG on 31 July 2014 Prior to this he held senior international roles including Head of the Bayer CropScience BioScience division and President of the Bayer HealthCare Animal Health division He has a Master of Science degree from the Agricultural University in Wageningen the Netherlands Lykele has vast experience of growing companies and of working in agricultural businesses in Asia Europe and Latin America

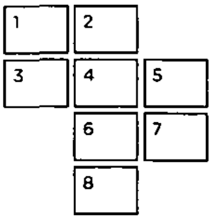
8 Dan Hartley
Group General Counsel and Company Secretary

Appointment
June 2014

Dan joined Genus from Shire plc where he was Senior Vice President and International Counsel An Australian and UK dual national Dan holds degrees in science and law After a number of years in private practice Dan joined Shire in 2002 and worked in increasingly senior and global roles in the UK and US He has significant experience in multi-jurisdictional patent litigation mergers and acquisitions patent licensing and managing product life cycles in complex areas

† Member of Nomination Committee
* Member of Remuneration Committee
◊ Member of Audit Committee

Genus Executive Leadership Team ('GELT')



GELT's Responsibilities
GELT leads our strategic planning and delivery and demonstrates the values at the heart of our business Our vision and values are fully embedded in the business, giving the entire Genus team a clear and compelling culture purpose and direction

GELT also ensures organisational alignment engagement and efficient execution throughout the Group This involves crucial commercial, scientific, operational and people decisions Equally important is GELT's stewardship of Genus s reputation ethical working and compliance

To achieve its objectives, GELT focuses on the following areas

- **corporate strategy** – implementing the strategy approved by the Board to achieve sustained growth, and developing Genus as a science and intellectual property based company,
- **performance management** - driving operational results and delivery of corporate goals ensuring core processes are reliable and efficient, regularly reviewing R&D plans managing risk, including risk mitigation and managing the Genus balanced scorecard, including customer equity metrics,
- **people** - developing high-performing teams by rigorous selection, development and setting stretching goals, together with managing succession and nurturing talent to bring through the next generation of leaders, and
- **resources management** - judiciously investing in the business for both organic and inorganic growth including capital expenditure and human resources

GELT s members are set out on this page The executives are maturing into a high-functioning, high-performing team, combining professional expertise with commercial acumen to deliver the shared strategy for the Group

1 Karim Bitar
Chief Executive

2 Stephen Wilson
Group Finance Director

3 Dan Hartley
Group General Counsel and Company Secretary

See page 51 for Karim's, Stephen's and Dan's biographies

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4 Bill Christianson
Chief Operating Officer, Genus PIC

Bill joined Genus in 1993 in research then moved into operations across Europe He returned to the US in 1998 taking on increasingly senior roles He was appointed General Manager of PIC North America in 2007 and from 2010 led the combined PIC and ABS businesses across the Americas He became PIC's Chief Operating Officer in 2012 Bill has a unique combination of deep domain knowledge of the porcine industry and extensive commercial and global experience He has doctorates (DVM and PhD) in Veterinary Medicine from the University of Minnesota

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5 Saskia Korink Romani
Chief Operating Officer, Genus ABS

Saskia became Chief Operating Officer of Genus ABS in January 2014 having joined Genus in 2013 as Chief Marketing Officer Prior to Genus, she worked for Cargill Inc and was its first female business unit manager and ultimately Vice President of Marketing for its animal nutrition business Saskia has wide international experience, having worked in Europe Brazil and the US She also has highly developed strategic and business development skills, from seven years with Boston Consulting Group Multi-lingual, she is originally a physicist and has an MBA from Columbia Business School

6 Jerry Thompson
Chief Operating Officer, Genus Asia

Jerry has worked for PIC and subsequently Genus for more than 20 years After two years on the graduate programme in the UK, he took roles in Siberia and Romania before being promoted to head up PIC in Central and Eastern Europe In 2008, Jerry was appointed Regional Director for PIC Europe He moved to Shanghai in 2010, as Regional Director for PIC and ABS in Russia and the Asia Pacific Region In July 2012, he was promoted onto GELT as Chief Operating Officer for Asia Jerry is a natural entrepreneur and has a deep operational knowledge of the PIC business and emerging markets

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7 Dr Jonathan Lightner
Chief R&D and Scientific Officer

Jonathan is a world-renowned quantitative molecular geneticist whose career has encompassed R&D regulatory and commercial activities He joined us in 2013 from Pioneer Hi-bred International Inc a DuPont business, where he led a global team focused on genetic solutions to enhance agricultural productivity He has been issued over 40 patents in key areas related to crop improvement He obtained his Doctorate in Plant Physiology at the Institute of Biological Chemistry at Washington State University in 1994 He also holds a Masters in Systems Engineering from Iowa State (2009) and an MBA from the University of Iowa (2009)

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8 Catherine Glickman
Group Human Resources Director

Catherine joined Genus in 2012 She worked for Tesco plc for 20 years where she was Group HR Director from 2008 to 2011 focusing on talent, succession and leadership development She held HR Director roles supporting Tesco's international roll-out and a period of major expansion for the UK stores She sat on both the Health and Safety, and CSR Committees and was a pension trustee Prior to Tesco she worked in HR for Somerfield plc and Boots plc Catherine holds a degree in English Language and Literature from Durham University and is a member of the Institute of Personnel and Development

Corporate Governance Statement

Adding Value Through Strong Governance

Our business success depends on having strong corporate governance The Board s decisions are critical to the Group s future from approving and monitoring our strategy to the way we identify monitor and manage risks We therefore look to ensure that the Board has the right mix of skills and experience that it has a deep understanding of the Group and that its members work well together in a spirit of openness and constructive challenge

This section explains our corporate governance approach including how we structure the Board and its Committees, its oversight of the Group, and its performance and main activities during the financial year

Who is on the Board?

At the date of this report, the Board had a large majority of independent Non-Executive Directors

As noted in our 2014 Annual Report Lykele van der Broek joined the Board as a Non-Executive Director on 1 July 2014 and Professor Barry Furr retired as a Non-Executive Director at the conclusion of the AGM on 14 November 2014 after eight years on the Board There were no other changes to Board membership during the financial year

The chart below shows the length of time our Non-Executive Directors including the Chairman, have been members of our Board This demonstrates that the Board continues to have a good mix of well-established and newer Non-Executive Directors

The blend of our Non-Executive Directors' general experience and areas of expertise, together with their depth of knowledge about the Group s operations result in an even-handed oversight of the business and its growth strategy This balance allows the Board to operate in a constructive and focused manner

As required by the UK Corporate Governance Code, all the Directors will offer themselves for election at the next AGM details of which can be found in the Notice of AGM at the end of this report

Following the performance evaluation described on page 57, the Board confirms that all the Directors continue to be effective and to demonstrate their commitment to their roles

Board Roles and Responsibilities

To ensure we have clear responsibilities at the top of the Company the Board has set out well-defined roles for the Chairman and Chief Executive These along with the responsibilities of our Senior Independent Director are summarised in the table below

Some issues and decisions are so important that only the Board as a whole can consider them The Board is therefore responsible for

- approving and monitoring our strategy,
- approving our corporate goals,
- reviewing our operational performance against these goals,
- approving the corporate budget and ensuring we have the right funding
- approving material contracts,
- approving material acquisitions and investments and
- reporting to shareholders

Title	Individual(s)	Responsibilities
Chairman	Bob Lawson	As Chairman, Bob's primary responsibility is to lead the Board and ensure its effective operation This is achieved in part through promoting an open culture, with the courage to challenge the status quo Bob is also responsible for communications between the Board and shareholders
Chief Executive	Karim Bitar	Karim is responsible for managing the Company's day-to-day operations and is accountable to the Board for the Company's development, consistent with its strategy and with due regard for the risks, objectives and policies set out by the Board and its Committees
Senior Independent Director	Nigel Turner	Nigel is responsible for providing a sounding board for the Chairman and acting as an alternative line of communication between the Chairman and other Directors He leads meetings of the Non-Executive Directors in the Chairman's absence and consults with shareholders in the absence of the Chairman and CEO

Board Structure
The diagram below shows the Board and the Committees that report to it

The table below shows membership of the Board Committees

Director	Committee		
	Audit	Nomination	Remuneration
Bob Lawson	–	C	M
Karim Bitar	–	M	–
Stephen Wilson	–	–	–
Nigel Turner	M	M	C
Mike Buzzacott	C	M	M
Duncan Maskell	M	M	M
Lykele van der Broek	M	M	M

M - Committee member **C** - Committee Chairman

The Committee Chairmen are responsible for overseeing activities within the relevant terms of reference, and for the Committees' leadership and effective operation More information about the roles and work of the Audit, Remuneration and Nomination Committees can be found in their statements on pages 60 to 82 and in their terms of reference on our website at www genusplc com

The Board delegates operating decisions to the Chief Executive, Group Finance Director and other members of GELT GELT's responsibilities and membership are set out on pages 52 and 53

R&D Portfolio Management Team
The R&D Portfolio Management Team ('R&D PMT') meets twice a year The R&D PMT provides a forum for prioritising our R&D initiatives monitoring their progress and assessing the quality of our R&D infrastructure personnel and pipeline

During 2015 Professor Duncan Maskell joined the R&D PMT as a regular member and Board representative Professor Maskell brings to the team his years of experience as an innovation leader in animal agriculture The R&D PMT's other members include Dr Jonathan Lightner Chief Scientific Officer, key R&D personnel and other key GELT members

The R&D PMT's meetings during the year were held in Chicago and Edinburgh As part of the Edinburgh meeting the team joined our collaborators at the Roslin Institute for an update on the progress of our key collaboration projects

The R&D PMT s principal responsibilities are to periodically
- review and prioritise the Company's investment in research development and technology,
- assess the quality and competitiveness of the Company s R&D pipeline including considering their risk profiles,
- oversee and encourage the ideation management process, and
- approve patent and other IP strategies for new technologies, based on business and technical opportunities

R&D PMT Special Focus Areas in 2015
In addition to the standing agenda items in 2015 the R&D PMT reviewed two strategic proposals
- a comprehensive revision of our overarching IP strategy and approach before its presentation to the Board and
- a proposal for managing R&D project progression through stage gates, into advanced development

Board Skills and Experience
Genus operates in a complex and evolving global business environment To lead us effectively the Board must have the skills and experience to manage the associated challenges

Almost all our Directors have held leadership positions in international companies with several having run businesses overseas Nearly half our Directors have strong backgrounds in scientific research or in leading science-based businesses while the same number has significant financial experience

Corporate Governance Statement
continued

The Board's main activities during the year are set out below

Leadership

- Induction process for Duncan Maskell and Lykele van der Broek
  - US and Brazil
  - Spencer Stuart corporate governance updates
- Review of Board workings, including its skill set and relevance to the direction of Company and commitment to reviewing Non-Executive Director succession planning at least annually
- Board effectiveness evaluation conducted through questionnaires one-to-one calls with the Chairman and Board discussion

Business Development and Strategy

- Held a strategic meeting with GELT (see page 57)
- Reviewed and approved business development opportunities such as
  - In Vitro Brazil SA (IVB) 51% acquisition
  - Riverstone, the first commercial multiplier in China and
  - Birchwood Genetics
- Visited Brazil (see opposite) to better understand the business operations and environment
- Reviewed and approved US legal proceedings against the current provider of sorted semen (see note 7)
- Updated on Genetiporc and IVB integration

Board Diversity

As Genus grows, the Board must evolve to keep pace While we consider diversity in its broadest sense when recruiting, our aim is to ensure that the Board has the right skills to manage the evolving nature of the business

Board Induction and Training

A good induction is a key part of ensuring new Board members can fully contribute so we get the most benefit from their experience Our induction programme has three main elements

- helping our Board members to conduct themselves effectively through a course run by Spencer Stuart one of the world s leading global executive search and leadership consulting firms,
- ensuring our Directors understand the legal and regulatory aspects of being a Board member, and how to maintain their independence, and
- an introduction to our business, through site visits and meetings with our management teams

Non-Executive Inductions

During the year Duncan Maskell and Lykele van der Broek underwent comprehensive inductions These included

- A visit to our US business in January 2015 This covered a tour of our facilities in DeForest and Dekorra a series of presentations from our Genus ABS and Genus PIC teams led by their Chief Operating Officers presentations on our approach to R&D and a tour of our facilities, and visits to a number of PIC and ABS customers
- Workshops run by Spencer Stuart, covering Board behaviour Board strategy and Board and Committee meetings
- Ad hoc updates on the latest developments in corporate governance and updates to the Corporate Governance Code These were provided by internal and external presenters

In addition both Non-Executive Directors attended the Board visit to Brazil in May 2015

We also want to ensure that the Board as a whole has first-hand experience of key areas of our business and markets so we include an annual site visit in the Board calendar In 2015 the Board visited operations in Brazil (see opposite)

The Board's Activities During the Year

The table below shows how many Board and Committee meetings each Director attended during the year

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Non-Executive Chairman				
Bob Lawson	9 (9)	5*	5 (5)	n/a
Executive Directors				
Karim Bitar	9 (9)	5*	5*	n/a
Stephen Wilson	9 (9)	5*	5*	n/a
Non-Executive Directors				
Nigel Turner**	9 (9)	5 (5)	5 (5)	n/a
Mike Buzzacott	9 (9)	5 (5)	5 (5)	n/a
Barry Furr (retired 14/11/14)	3 (3)	2 (2)	2 (2)	n/a
Duncan Maskell	8 (9)	5 (5)	5 (5)	n/a
Lykele van der Broek	9 (9)	5 (5)	5 (5)	n/a

Note Figures in brackets are the maximum number of Board or Committee meetings the Director could have attended
Attendance by invitation
Attended day one of the two day January 2015 Board meeting

Research and Development
- Received regular updates on R&D developments new initiatives and potential collaborations

Company Performance
- Received updates on the operational performance of the business and market conditions for each division
- Carefully monitored the Group s performance against its goals

Employees
- Reviewed and monitored the Company's health and safety performance (monthly written updates and quarterly review)
- Received updates on the global staff survey results and follow up actions
- Received updates on succession planning at GELT level and below
- Received updates on key personnel appointments, assignments and developments across the Group

Board Visit to Brazil
In May 2015, the Board spent a week visiting our operations in Brazil This included meeting the senior management of our local Genus businesses, visiting IVB's laboratories and meeting its leadership team and meeting the management of Agroceres PIC, our 49% JV in Brazil In addition the Board met a number of Brazilian bovine and porcine customers

The visit was designed to enhance the Board's understanding of our local business its operations on the ground, the markets and our key relationships as well as Brazil s contribution to global protein production The meetings with several of our largest customers in the region gave the Board insight into customer perspectives of Genus and the drivers of their purchasing decisions The visit was also motivating for our local management enabling them to engage with the Board at a local level

Board Strategy Review
One of the Board's key responsibilities is to review approve and monitor our strategy To understand how well our strategy is working and to ensure it remains appropriate, the Board holds an annual strategy review each January Relevant members of GELT present to the Board on their business unit or function

At this year s review, the Board was taken through
- a review of global industry trends and Genus's markets,
- an update on each business unit's progress against the four elements of the strategy we first set out in 2012, and
- an update on each business unit's plans over the next two to five years

Board Effectiveness Review
Effective leadership is integral to the execution of the Company s strategy and therefore to the fulfilment of its objectives The Board is committed to ensuring the Company operates in accordance with the highest standards of governance, in order to promote its success for the benefit of all stakeholders

We assess the Board's effectiveness over a three-year cycle, using a mixture of internal and external evaluations

This was the third year of our review cycle The evaluation process therefore consisted of anonymous questionnaires, follow-up telephone conversations between the Chairman and Board members and an open discussion of the evaluation results prepared at the end of this process

All Non-Executive Directors completed the performance and effectiveness questionnaire, and responses were combined on an anonymous basis, then shared with the Board In addition the Chairman interviewed all of the Directors to discuss individual training needs and overall Board effectiveness The aggregated responses from the anonymous questionnaires and individual Director feedback allowed the Chairman to lead the performance evaluation and effectiveness review at the Board

The performance of the Chairman was evaluated by the Senior Independent Director through discussions with the other Non-Executive Directors The evaluation allowed the Senior Independent Director to discuss with the Chairman his performance during the year

The Review's Conclusions
The review concluded that the Board has
- an open and candid culture, that encouraged challenge of the status quo
- high integrity individuals, with complementary skills and
- highly engaged individuals, who were committed to excellence

The review also identified the following as areas of focus for 2016
- continued oversight of competitor activity
- further training in corporate governance,
- further exposure to the science that underpins our R&D programmes, and
- further focus on succession planning and gender diversity

Corporate Governance Statement
continued

Progress Against 2014/15 Areas of Focus

Last year's Board effectiveness review identified a number of areas for the Board to consider this year The table below shows our progress against these objectives

Focus area	Progress
Sharper focus on technology across the Board, both in R&D and the use of technology in commercial sales	• Coverage of the R&D portfolio was included in the Board's January strategy session and Duncan Maskell joined the R&D PMT (see page 55)
Continued focus on competitors	• The Board was updated on competitor profiles during the January strategy session • Competitors' ongoing activities are monitored through our business development team and relevant activities are periodically reported to the Board
Consideration of how risk is disclosed and considered through the Audit Committee and through the Board	• Internal audit regularly updates the Audit Committee on the Group's material risks • Private sessions between the Audit Committee, internal audit and the external auditor have been initiated • The roll-out of whistleblowing policy refresher training and the establishment of a whistleblowing hotline, to ensure there is an anonymous line of communication for the indentification of Group risks
Consideration of communications with shareholders and other external stakeholders	• In May, GELT conducted an Investor Day in London outlining the Company's strategy and direction as described further on page 59 • Regular meetings were organised between the CEO, CFO and institutional investors/private client brokers, to discuss the Company's strategy and progress • An extensive shareholder consultation process was undertaken by the Chairman of the Remuneration Committee and the Chairman of the Board, in connection with approving the 2014 share schemes and our remuneration policy • The Company's AGM was held in November 2014, to outline the Group's performance
Consideration of other skill sets required by the Board, such as diversity, agri-business and international markets	• Duncan Maskell and Lykele van de Broek joined the Board in summer 2014, bringing considerable scientific, agri-business and international markets expertise to the Board • Business induction plans were performed for the new Directors, as described on page 56

Risk Management and Internal Control

The Board is responsible for our risk management system and for reviewing our controls and risk mitigations

The risk management system is designed to identify evaluate and prioritise the risks and uncertainties we face and applies to the Board the Audit Committee GELT, our businesses and our divisional business reviews Our principal risks and our mitigations for them are summarised on pages 18 and 19

The Board continued its programme of visits to our local operations and received regular political economic and industry risk updates from the relevant business groups The Board also sought regular updates on a number of specific risks during the year including the Group's work on its

- emerging market strategy, in particular progress in China and Russia
- Genus Sexed Semen (GSS) project particularly in light of the litigation the Group initiated, as detailed in note 7 and
- acquisition and integration of companies

Internal Control

The Board with the help of the Audit Committee, has reviewed the effectiveness of our internal control system as well as our financial, operational and compliance controls and our risk management

The review covered our internal audit programme and the reports our management prepared when the Board approved our interim and final reports and financial statements It also assessed

- whether we had identified, evaluated, managed and controlled significant risks and
- whether any significant weaknesses had arisen, and if so whether we had addressed them

The assessment also took into account any risk or control issues we identified through our divisional business reviews, Board and GELT meetings and insurers reviews

These assessments routinely identify areas for improvement However, the Board has not identified or been told of any material weaknesses in our internal controls

Risk Management Framework

The roles and responsibilities within our risk management framework are set out below

The Board

- Has overall responsibility for the Group's risk management and internal control systems
- Approves 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

GELT

- 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 and Internal Audit Function

- Oversees the risk management process and provides guidance on risk management
- Maintains the risk schedule created in consultation with senior management
- Engages with senior management to review risks and their mitigation

Our Internal Control System

The key elements of our internal control systems are set out below An internal control system cannot completely eliminate the risks we face or ensure we do not have a material misstatement or loss

Management Structure

The Board sets formal authorisation levels and other controls that allow it to delegate authority to run our businesses to the Chief Executive GELT and their management teams Our management supplements these controls by setting the operating standards that each subsidiary needs for its business and location

GELT regularly reviews our performance against strategy budget and a defined set of operational key performance indicators The Chief Executive Group Finance Director Group General Counsel and Company Secretary and the Group Financial Controller also hold monthly reviews with each business unit

Quality and Integrity of Our People

We strive to operate with high integrity in everything we do Our control environment depends on high-quality people who maintain our ethical standards We ensure our people s ability and integrity through our recruitment standards training and consistent performance management The Board approves appointments to our most senior management positions

Information and Financial Reporting Systems

We create detailed operational budgets for the year ahead along with five-year strategic plans, which the Board reviews and approves We then monitor our performance throughout the year, so we can address any issues The information we consider includes our monthly financial results, key performance indicators and variances, updated full-year forecasts and key business risks

The main internal control and risk management processes relating to our preparation of consolidated accounts are our Group-wide accounting policies and procedures, segregation of duties a robust consolidation and reporting system various levels of management review and centrally defined process control points and reconciliation processes

Investment Appraisal

We control our capital expenditure through our budget process and by having clear authorisation levels above which our businesses must submit detailed written proposals to the Board for approval

We carry out due diligence for business acquisitions and material licences, and conduct post-completion reviews of major projects to ensure we identify areas for improvement and correct any areas of underperformance or overspend

Internal Audit

Our internal audit activities are provided by both in-house and external resources under the leadership of our Head of Risk Management and Internal Audit During the year Internal Audit completed a risk-based audit programme agreed by the Audit Committee The Audit Committee reviews the results of these audits and the subsequent actions we take, which we also communicate to the external auditor

The regions and businesses complete risk and control self-assessments twice a year Internal Audit reviews these to identify any deficiencies in our controls and how we should address them The results are communicated to senior management and the Audit Committee

Understanding Shareholder Views

Our Chief Executive and Group Finance Director regularly meet institutional investors and private client brokers, to discuss our strategy and progress and to understand how investors view our business The Chairman also attends certain meetings During the year, our investor relations programme included meetings in London, Edinburgh Paris and New York

In May 2015, we also held a Capital Markets Day in London which was attended by almost 100 institutional investors and analysts The investor presentations were given by our Chief Executive Group Finance Director Chief Scientific Officer and the Chief Operating Officers of Genus ABS Genus PIC and Genus Asia The presentations covered

- an introduction to Genus and our strategic direction,
- an update on the Company's strategic progress since the last Investor Day,
- our R&D approach to continuous genetic improvement,
- our porcine dairy and beef businesses including Asia, and
- our financial performance

The Board sets time aside during the Board meetings to discuss feedback from the Capital Markets Day and other shareholder meetings including relevant feedback obtained by independent brokers and our advisers This allows all Directors to understand major shareholders' views

The AGM also gives the Board an opportunity to communicate with both private and institutional investors and we welcome their involvement All our Board members will be available to answer questions at the AGM on 19 November 2015

ENSURING THE COMPANY'S FINANCIAL REPORTING INTEGRITY

"In keeping with best practice we decided to tender the external audit for fiscal year 2016 The Committee was actively involved in the tender process and provided oversight and directions as the work progressed "

Dear Shareholder

The Audit Committee (Committee') acts on behalf of the Board and shareholders to ensure the integrity of the Company's financial reporting evaluate its system of risk management and internal control and oversee the performance of the internal and external auditors We design our annual work programme to deliver these commitments

The membership of the Committee changed during the year, with the retirement of Professor Barry Furr and the appointment of Professor Duncan Maskell and Lykele van der Broek I am happy to report that the Committee membership not only continues to comply with the UK Corporate Governance Code and related guidance, with all members being Non-Executive Directors, but also to maintain a sound range of financial, commercial and scientific expertise required to fulfil its role effectively More details on this and the appointment and induction process for new members is in the corporate governance section of this Annual Report

During the year I chaired five Committee meetings and invited the Company's Chairman, Chief Executive the Group Finance Director, the Group Financial Controller the Head of Risk Management and Internal Audit and senior representatives of the external auditor to attend these meetings The Committee members and I also held separate private sessions during the year with the Head of Risk Management and Internal Audit and the external audit partner

The Committee reviewed the appropriateness of the half-year and annual financial statements Among other matters, we focused on critical accounting policies key assumptions and judgements the quality of disclosures compliance with financial reporting standards and all material issues affecting the financial statements I am comfortable that the Committee fully discussed all critical policies and key assumptions and judgements In addition the Committee reviewed the Group s tax and treasury strategy and its pension arrangements The Committee reviewed the Annual Report and Accounts taken as a whole, to ensure they are fair balanced and understandable and provide the information necessary for shareholders to assess the Company s strategy business model and performance

In meeting its commitment to oversee the performance of our internal and external auditor the Committee reviewed and agreed internal audit s terms of reference and work plans as well as the scope fees and work undertaken by the external auditor The Committee received the results of the management feedback on the external audit process and reviewed the effectiveness of internal and external audit discussed the outcomes of these assessments and agreed any actions that were needed The Committee was satisfied with the performance of the internal audit function and the external auditor during the year

As I reported last year in keeping with best practice we decided to tender the external audit for fiscal year 2016, as it has been ten years since the last tender The Committee was actively involved in the tender process and provided oversight and directions as the work progressed I chaired a special meeting of the Committee to consider the proposals presented by the two shortlisted audit firms After careful consideration, the Committee recommended the award of external audit services to Deloitte LLP, with a new lead audit partner

Mike Buzzacott
Chairman of the Audit Committee
7 September 2015

Audit Committee Report
continued

Committee Composition and Governance
The Committee's members are Non-Executive Directors with a wide range of financial commercial and scientific research expertise appropriate for fulfilling the Committee s duties In FY15 the Committee met the UK Corporate Governance Code's requirement that at least one Committee member should have recent and relevant financial experience

The Committee has formal terms of reference approved by the Board, that comply with the UK Corporate Governance Code These are available from our website www genusplc com Our annual review of these terms took place during the year The Committee also assessed its own effectiveness, through a structured questionnaire and concluded that it was effective

Committee Role and Responsibilities
The Committee s role and responsibilities include reviewing and monitoring the financial reporting process the integrity of the Group's financial statements, the Company's reporting to shareholders, the effectiveness of the Group's accounting systems and control environment, including risk management and the internal audit function and the effectiveness and independence of the Group s external auditor including any non-audit services it provides to the Group The Committee also ensures that the Company maintains suitable confidential arrangements for employees to raise concerns and reviews the Company's systems and controls for preventing bribery

The Committee reports its findings to the Board, identifying any matters that require action or improvement and making recommendations about the steps to be taken

The Committee's Main Activities During the Year
At its five meetings during the year, the Committee focused on

Financial Reporting
The main areas of focus and matters where the Committee specifically considered management's judgements are set out below

Financial reporting area	Judgement and assumptions considered
Biological assets valuation	In compliance with IAS 41, Genus records its biological assets at fair value in the Group balance sheet (£315 9m), with the net valuation movement shown in the income statement At each reporting period, the Committee was updated on the methodology and outcomes of the biological assets valuation Having noted that the methodology was unchanged during the year, the Committee debated and considered management's assumptions and estimates, and discussed and reviewed the external auditor's report on this area The Committee was satisfied with management's accounting treatment
Intangible assets – capitalisation and impairment of development costs	Genus's policy is to capitalise certain development costs and to perform periodic reviews of the carrying amounts to determine whether there is any indication of impairment At the balance sheet date, the Group had £11 1m of capitalised development expenses in respect of GSS, as well as £5 4m in associated fixed assets During the year, the Committee received reports from management detailing the cost incurred and the outcome of the impairment reviews The Committee also reviewed progress against plans and the projects' timelines to full operation The Committee discussed management's reports in detail, including whether any known issues might block the projects' completion The Committee reviewed the external auditor's work, including its assessment of management's models supporting the estimates and judgements After due challenge and debate, the Committee was satisfied with management's assumptions and judgements
Acquisitions – Birchwood and IVB	During the financial year, Genus acquired 100% of the share capital of Birchwood Genetics Inc , a privately owned boar stud operation In addition, Genus acquired 51% of the share capital of In Vitro Brazil S A , the world's leading commercial provider of bovine IVF technology These transactions are described in note 37 to the accounts The Committee received updates on the transactions' structure and reviewed management's proposed accounting treatment The external auditor's views supported these proposals After discussing the accounting options available, the Committee agreed with management's recommendations
Pensions	The Committee received and reviewed management reports on the treatment of pension costs and also received and considered the external auditor's pensions accounting input The Committee considered management's recommendations were appropriate The Committee continued to review the status of the other parties who are jointly and severally liable for the Milk Pension Fund deficit and concurred with management's assumptions for reporting Genus's share of the fund

Monitoring Business Risks
The Committee reviewed the Group-wide risk management process designed to identify, evaluate and mitigate risks. In the external auditor's presence, the Committee discussed the risks identified with the Chief Executive and Group Finance Director, along with management's plans to mitigate them. In view of their importance during the year, the Committee ensured that the Board received and discussed detailed input from management on the following key risks and mitigations:

- China and emerging markets: this risk is the threat to our growth if we are unable to develop appropriate businesses in China and emerging markets. With a focus on China, the Board discussed with management the current developments in China and Russia and the actions taken by both regional and global management teams to minimise the impact on our strategy execution.
- GSS: this is the risk that we are unable to commercialise our GSS technology. The Board continued to receive regular updates throughout the year on go-to-market readiness as well as the legal proceedings relating to the anti-trust issues connected with this key initiative.
- Information systems continuity and recovery: this risk is relevant to our ability to continue to operate our business in case of a system outage or extended downtime. The Board received an update on the IT system strategy and the results of a comprehensive IT security review performed during the year. The Board discussed the actions taken to strengthen IT security and resilience.
- Biosecurity and continuity of supply: this is the risk of a negative outcome for Genus if we lose key livestock or lose our ability to move animals and/or semen freely (including across borders), due to disease outbreak, an environmental incident or international trade sanctions. The Board discussed the outbreak of PEDv in North America and its impact on the entire porcine industry. Genus PIC's management presented to the Board on the additional measures being taken to strengthen health management and supply chain resilience.

Internal Control System
Our risk management process and system of internal controls are described in detail on pages 58 and 59. The Committee reviewed the results of the key financial controls self-assessment process, which covers key areas of financial controls and is performed on a six-monthly basis, and conducted its annual review of the effectiveness of the Group's internal controls and disclosures. The Committee further reviewed internal audit's findings at each scheduled meeting, and the Group's whistleblowing policy and bribery prevention procedures.

The Committee's review of the Group's system of internal control did not identify any material deficiencies. However, Genus routinely identifies and actions control improvement opportunities and the Committee discussed with management various opportunities to further strengthen the Company's system of internal control.

Oversight of External Audit and Internal Audit
Internal Audit
The Committee reviewed and agreed the internal audit function's scope, terms of reference, resources and activities. The Head of Risk Management and Internal Audit provided regular reports to the Committee on the work undertaken and management's responses to proposals made in the internal audit reports issued during the year. The Committee continued to meet the Head of Risk Management and Internal Audit without management being present. The Committee reviewed and was satisfied with the internal audit function's performance.

External Audit
The Committee reviewed and agreed the external auditor's scope of work and fees, held detailed discussions of the results of its audits and continued to meet the external auditor without management being present. The Committee reviewed the external auditor's objectivity and independence and the Company's policy on engaging the external auditor to supply non-audit services. The Committee received details of the external auditor's non-audit services to the Group, reviewed the nature and monetary levels of these services, which stood at 47% of audit fees, and reviewed compliance with the Company's Non-Audit Services by Auditor Policy. The Committee was satisfied that using Deloitte for such services did not impair its independence as the Group's external auditor.

The Committee assessed the external auditor's performance, based on questionnaires completed by key finance staff and Committee members. The questionnaires covered the external auditor's fulfilment of the audit plan, the auditor's robustness and perceptiveness in its handling of key accounting and audit judgements, the content of the external auditor's reports, and cost effectiveness. The Committee also considered any regulatory reviews performed on the external auditor. The Committee concluded that the external auditor was effective.

External Auditor's Appointment
The external auditor, Deloitte LLP, was first appointed as the Company's external auditor for the period ended 30 June 2006 following a formal tender process. The current audit partner's first audit period was the financial year ended 30 June 2011 and he is due to hand over to a new partner after signing off this year's accounts.

In compliance with the UK Corporate Governance Code's requirement for FTSE 350 companies to put the external audit out to tender at least every ten years, the Committee oversaw a formal audit retender process for the audit of the financial year ending 30 June 2016. All big four audit firms were invited to tender, of which two accepted and engaged in the discovery process. Both firms had access to the Company's management and finance teams, as well as all key information relevant to developing their proposals. The final proposals were presented to the Committee at a special meeting dedicated to this topic. The presentations were followed by question and answer sessions, during which the Committee questioned each team's audit approach, global and IT capabilities and how they could add value through the audit process. The Committee then discussed the strengths and weaknesses of the two proposals and how they would meet its primary objective of securing the highest audit standards and the best overall client service. The process concluded with the selection of Deloitte LLP, and the Committee recommended its appointment to the Board.

Directors' Remuneration Report
Section A: Annual Statement

Contents

DELIVERING STAKEHOLDER VALUE

Letter from the Chairman
Our remuneration policy is transparent supports our business strategy and is working The pay of our executives is aligned with the value received by our shareholders

Dear Shareholder

On behalf of the Board I am pleased to present the Directors Remuneration Report for 2015

The Remuneration Committee (the 'Committee) believes the remuneration policy should support the Group's strategy and deliver value to stakeholders by focusing on sustainable profit growth The remuneration policy, therefore, clearly aligns corporate performance and individual remuneration with a significant proportion of pay delivered in shares and vesting over the longer-term

How does Executive remuneration align with our strategy?
Our remuneration policy encourages the achievement of the corporate goals through the structure of the annual bonus, it targets profit growth cash generation and strategy implementation, through the 2014 Performance Share Plan ('PSP) it provides incentives for sustained profit and Earnings Per Share (EPS') growth This is detailed in Section C Remuneration and Performance Statement

How did we perform in 2015?
As highlighted in the Strategic Report, 2015 has been a very good year for the Company, led by the strong performance of PIC Genus continued to deliver successfully on its strategic goals seeing very good progress across our R&D programmes, strong commercial progress in key markets a rapid integration of Genetiporc and the acquisition of IVB

As referred to in the Chairman's Statement the Chief Executive Karim Bitar, has appointed high-quality executives who are performing very well as a team and are capable of leading Genus as it becomes an increasingly science and intellectual property based company They have focused on executing the strategy managing the risks inherent in our sector and effectively tackling challenges such as PEDv and uncertainty in emerging markets

Overall the Committee is of the view that management had a very good year in 2015 with adjusted profit before tax growth of 19% to £46 6m coupled with strong cash flow and tight management of working capital

What does this mean for remuneration in 2015?
The Committee has focused on meeting shareholders expectations

GENUS PLC

COMPANY NUMBER: 2972325

we believe the best way to achieve this is to retain and motivate the current leadership team We want them to continue to deliver the strategy and to be rewarded for achievement of sustained growth The short-term incentive policy is designed to reward 10% year-on-year profit growth in constant currency as 'target' and 15% as 'stretch' Similarly, the 2014 PSP fits our remuneration strategy of encouraging the delivery of sustained EPS growth which aligns executive and shareholder interests

Being clear about our performance expectations is critical The Committee continued to set stretching strategic objectives for each member of the GELT The detail and specificity of these objectives define each team members' expected contribution and aligns their remuneration with their performance

The very good result for 2015 means that, for remuneration purposes the adjusted profit before tax growth of 23% in constant currency and cash generation of £22 6m delivered the full award on both measures Executives had stretching strategic objectives Karim Bitar achieved 95% and Stephen Wilson 90% on these measures see pages 68 and 69 for the detail of performance Overall this generated a short-term award of 98 75% of the maximum for Karim Bitar and 97 5% for Stephen Wilson which the Committee believes is fully justified given the performance in the year

The 2012 long-term incentive award partially vested in 2015 The three-year EPS growth rate was 23 2% Retail Prices Index ('RPI') was 7 6% resulting in an average annual EPS growth over the period of RPI +5 2% 25 6% of the award will vest for Karim Bitar and 23 4% for Stephen Wilson

What did the Committee do in 2015?

The Committee had five meetings during the year and on page 73 we describe the issues that were discussed However in summary in terms of remuneration it was a steady-as-she-goes year The most notable aspects of the implementation of the remuneration policy were

1 It was brought to our attention that we had been inconsistent in our communication on whether or not adjusted EPS included or excluded the share-based payments accounting charge (also known as IFRS 2) for the purposes of the PSP I confirm that no change is being made to the presentation of our financial statements but that when determining vesting under the PSP, EPS will be calculated after the deduction of the share-based payments accounting charge This applies to both the base year and final year adjusted EPS figures We think that this change is the right approach for the future in that the PSP should be self-funding and the share-based payments charge does represent a quantifiable cost to shareholders

2 We clarified our policy on malus and clawback confirming to the Executive Directors that both apply to the short-term incentive and the PSP awards When combined with our policy on bonus deferral and the two-year holding period applying to PSP awards we think we have a comprehensive approach to malus and clawback should events ever arise for us to invoke this

3 We have rewritten this Directors Remuneration Report so that it is clearer on what we have paid Executive Directors in respect of 2015 what they can earn in 2016 and why we do it We have sought to explain how our remuneration policy supports our strategy and is linked to the results achieved

Will anything change in 2016?

Following your approval of the remuneration policy in 2014 (please see Section E Director's remuneration policy table), the Committee will continue to pursue this policy in 2016 It believes the policy remains fit for purpose, driving growth without encouraging undue risk taking

In line with this policy in 2016 we are recommending that the Executive Directors salaries will increase by the same percentage as the award to employees in the country where the executive is based for the Executive Directors this will be 2%

> "Our remuneration policy is transparent, supports our business strategy and is working The pay of our executives is aligned with the value received by our shareholders."

Shareholders' views

The Committee was delighted that it received 99% approval of both the Policy Report and the Remuneration Report in 2014 We will continue to engage with shareholders, welcoming feedback and taking into account shareholder views and best practice

On behalf of the Board I would like to thank shareholders for their continued support The Committee hopes that the new form of report is clear succinct and, as always would welcome feedback If you wish to contact me please email me at remunerationchair@genusplc com The Committee looks forward to your support for our remuneration report at the 2015 AGM

Nigel Turner
Senior Independent Director and Chairman of the Remuneration Committee

This Directors Remuneration Report has been prepared so it complies with the provisions of the Large and Medium sized Companies and Groups (Accounts & Reports) (Amendment) Regulations 2013 which set out the disclosures required for Directors remuneration as at the reporting date The report is also in accordance with the requirements of the Financial Conduct Authority s Listing Rules

The legislation requires the auditor to report to the Company s members on the auditable parts of the Directors Remuneration Report and to state whether in its opinion the parts of the report that have been subject to audit have been properly prepared in accordance with the legislation We have highlighted the parts of this report which have been audited

Directors' Remuneration Report continued
Section B: At a Glance

What the Executive Directors were paid in 2015 and why

	Chief Executive	Group Finance Director	Explanation
Base salary	£526,830	£357,000	These were the salaries set on 1 July 2014
Benefits	£24,000	£14,000	This comprises a car allowance and insured benefits for both Executives and a medical screen for the Group Finance Director
Pension	£131,708	£53,550	This is a cash allowance (25% of salary for the Chief Executive and 15% for the Group Finance Director) in lieu of participation in a pension plan
Annual bonus	£650,306	£435,094	On the short-term bonus award, the Group's strong financial performance meant the bonus results are close to the maxima Karim Bitar will receive 98 75% of maximum and Stephen Wilson 97 5% This is made up of • Adjusted profit growth in constant currency of 23% > up to 60% of bonus – maximum achieved • Cash generation of £22 6m > up to 15% of bonus – maximum achieved • Non-financial strategic targets > up to 25% of bonus – Karim Bitar achieved 95% (23 75%) of this element, Stephen Wilson 90% (22 5%) We explain the link between pay and corporate performance on page 67 and detailed disclosure of the bonus targets on page 68
PSP	£275,511	£143,785	The 2014/15 adjusted EPS of 56 8 pence per share did meet the threshold, and therefore the Tier 1 awards granted to the Chief Executive (on 7 December 2012) and to the Group Finance Director (on 28 February 2013) partially vest
Total	£1,608,355	£1,003,429	This should be viewed in context of • A total shareholder return over the 2014/15 financial year of £183m (+ 26 2%) • Adjusted EPS growth of +22%

What the Executive Directors can earn in 2016 and how

	Chief Executive	Group Finance Director	Explanation
Base salary	£537,367	£364,140	Consistent with the general approach taken for Genus UK staff, the Executive Directors have been awarded a salary increase of 2% as from 1 July 2015
Benefits	£25,000	£14,000	There is no change to the provision of a car allowance and insured benefits a medical screen has been introduced The year-on-year change is adjustments in life and medical insurance premiums and medical screen
Pension	£134,342	£54,621	The Chief Executive continues to be paid a 25% cash allowance in lieu of participation in a pension plan, the Group Finance Director receives a 15% cash allowance
Annual bonus	A target bonus of 62 5% of salary and a maximum bonus of 125% of salary	A target bonus of 62 5% of salary and a maximum bonus of 125% of salary	The measures will remain • Adjusted profit growth > 60% of bonus • Cash generation > 15% of bonus • Non-financial strategic targets > 25% of bonus For the adjusted profit growth measure target bonus requires 10% growth and maximum bonus requires 15% growth in constant currency
PSP – September 2013 awards	Up to 73,107 shares	Up to 43,347 shares	The vesting of these awards depends on the EPS achieved in 2016 Full details are given on page 70
PSP – awards that will be granted in 2015 and may vest in 2018	An award over shares worth 200% of salary	An award over shares worth 175% of salary	The vesting of these awards will be subject to an EPS growth condition, with the 2018 EPS being compared to the 2015 adjusted EPS of 56 8 pence per share • 6% annual growth > threshold 20% vesting • 20% annual growth > 100% vesting For illustration, 20% annual growth corresponds to a 2018 adjusted EPS of 90 9 pence per share At a price/earnings ratio of 25, this would translate to a Genus share price of £22 72 and a market capitalisation of £1,379m

Section C: Remuneration and Performance Statement

Genus's strategy and corporate goals and their link to performance-related pay

Increase Genetic Control and Product Differentiation

Targeting Key Markets and Segments

Tailoring the Business Model

Strengthening Core Competencies

Success measured by

Creating genetic improvement

Delivering volume growth

Driving profitability

Generating cash

Our corporate goals see pages 14-15

Link to remuneration policy

Captured in the non-financial strategic measures under the annual bonus plan Over longer term will lead to higher EPS as used in PSP

Leads to higher earnings which is the primary annual bonus measure and the EPS performance condition in the PSP

Supported by the cash generation measure under the annual bonus plan in the near term Over the longer term success will flow into EPS captured by the PSP

Our remuneration policy see page 79-81

Performance components and their impact on remuneration

	2015	2014	Movement %	Impact on remuneration
Adjusted results				
Revenue	**£398 5m**	£372 2m	7	Input to annual bonus profit and EPS in PSP
Profit before tax	**£46.6m**	£39 3m	19	Annual bonus measure
Cash generation	**£22.6m**	£26 2m	(14)	Annual bonus measure, performance reflects increased capital investment in 2015
EPS adjusted	**56.8p**	46 5p	22	PSP performance condition
Dividend per share	**19.5p**	17 7p	10	Executives rewarded via dividend equivalent feature of deferred bonuses and PSP awards
Share price at year end	**1,427p**	1,147p	24	Determines the value of deferred bonuses and PSP awards

Executive Directors' alignment to share price

	Shares owned	Maximum rights to shares	Total share exposure	Value at share price on 1 July 2014 (£)	Value at share price on 30 June 2015 (£)	Difference (£)	Consequence of a +/– 50 pence share price change (£)	Conclusion
Chief Executive	40,008	242,942	282,950	3,140,745	4,037,697	896,952	+/– 141,475	Executives are aligned to share price
Group Finance Director	3,071	142,058	145,129	1,610,932	2,070,991	460,059	+/– 72,564	

Directors' Remuneration Report continued
Section D: Annual Report on Remuneration

Introduction

There are extensive legal and best practice disclosure obligations with which we comply in this section of the Directors' Remuneration Report This is important because as a shareholder, you will be asked to vote on the sections A and D of this report at the AGM Balancing this formality with a desire to have a clear and understandable report we have split this section D into the following chapters

1 What the Executive Directors were paid in 2015
2 What the Executive Directors can earn in 2016
3 The process that we as a Committee followed to arrive at these decisions
4 How the Chief Executive's pay compares to shareholder returns over the past six years
5 The Chairman and the Non-Executive Directors fees
6 Details of the Directors shareholdings and rights to shares
7 Details of the Directors contracts or letters of appointment

1 What the Directors were paid in 2015

Executive Directors' Single Total Remuneration Figure

The following table shows a single total figure of remuneration for the 2015 financial year for each of the Executive Directors and compares this figure to the prior year Following the strong performance in the year the variable pay has increased for 2015

	Year	Salary and fees £000	Benefits[1] £000	Pension[2] £000	Subtotal for fixed pay £000	Bonus[3] £000	Long-Term incentives[4] £000	Subtotal for variable pay £000	Total £000
Karim Bitar	**2015**	**527**	**24**	**132**	**683**	**650**	**275**	**925**	**1,608**
	2014	517	24	129	670	207	–	207	877
Stephen Wilson	**2015**	**357**	**14**	**53**	**424**	**435**	**144**	**579**	**1,003**
	2014	350	13	53	416	153	–	153	569

[1] Benefits comprise a car allowance of £20 000 for Karim Bitar and £12 000 for Stephen Wilson insured benefits including life assurance and private medical insurance and a medical screen for Stephen Wilson
[2] Cash allowance in lieu of pension and pension entitlement has been included in the Pension column
[3] Bonus earned includes the 25% which is deferred into Company shares for three years
[4] The value of long term incentive is determined by the number of awards vesting in relation to performance ended 30 June 2015

How the Bonuses for 2015 were Calculated

The 2015 bonuses for Executive Directors were calculated by reference to performance against a challenging sliding scale of profit cash/debt and personal targets Performance in the year was strong, demonstrated in the outcomes set out in the table below

Bonus target	Strategic objective	Proportion of bonus	Actual 2015 performance	Threshold	Target	Stretch	Extent to which targets were met
Adjusted PBT	Year-on-year profit growth	60%	£48 3m[1]	£39 3m	£43 2m	£45 2m	100%
Cash flow	Generate cash for reinvestment and dividend payments	15%	£22 6m	£13 0m	£16 0m	£19 0m	100%
Non-financial strategic objectives	To build the foundation for future growth	25%	See below				Chief Executive 95 0% Group Finance Director 90 0%
Overall extent to which the bonus targets were met							Chief Executive 98 75% Group Finance Director 97 5%

[1] Adjusted PBT in constant currency (actual currency was £46 6m)

The financial elements of the bonus are payable on a straight-line basis between each threshold target and stretch level

Performance against non-financial strategic objectives related to targets set in a number of areas that included customer, people and product and service improvement Retrospective disclosure of performance against these targets is set out opposite

Executive Director		Key achievements in the year	Payout against maximum of 25% of bonus
Karim Bitar	Customer	Achieved PIC targeted profit and volume growth in Americas increased sire line capacity and achieved royalty growth targets (see page 20) In the ABS business, delivered revenue growth, while operating profits were flat Expanded routes to market in China and Indian JV stud is at advanced stage of construction	95%
	People	Strengthened succession plans and leadership capability Staff engagement continued to rise measured by staff survey results (see page 45)	
	Product and service improvement	Accelerated the genetic improvement in PIC and reduced genetic lag This is described in more detail on page 16 (key performance indicators) Significant progress on new technologies (Real World Data ('RWD') and GSS), improved capability in supply chain and sales	
	Results	Tight management of working capital and cash flow, demonstrated by the cash key performance indicators on page 17	
Stephen Wilson	Customer/ stakeholders	Strengthened the good relationships with the Company's shareholders, evidenced by broker feedback following investor roadshows and Capital Markets Day	90%
	People	Strengthened the Finance, IT and Business Development teams, bringing in new high-quality recruits	
	Product and service improvement	Led the strategic review for the Board Oversaw the Birchwood and IVB due diligence and determined the financial structures through which they were acquired Introduced IT tools supporting better sales force engagement with customers Improved Genus's Risk management system by defining areas of focus and rigorous follow up of audit action plans	
	Results	Ensured that Genus managed working capital effectively, demonstrated by the cash key performance indicators on page 17	

As a result of this performance, the bonuses awarded to the Executive Directors were

	Extent to which targets were met	Maximum bonus	Actual total bonus	Bonus payable immediately	Deferred bonus[2]
Karim Bitar	98 75%	£658,538	£650,306	£487,730	£162,576
Stephen Wilson	97 5%	£446,250	£435,094	£326,321	£108,773

[1] This is the number that appears in the single total remuneration figure on page 68

[2] The number of shares will be calculated in September when bonuses are paid

Directors' Remuneration Report continued
Section D: Annual Report on Remuneration continued

How the Long-term Incentive Figure was Calculated in The Single Total Remuneration Table
Karim Bitar s PSP award granted on 7 December 2012 and Stephen Wilson s PSP award granted on 28 February 2013 were both subject to an EPS performance condition, based on the growth in EPS from a base year of 2012 compared to the EPS in 2015 These awards were granted under our former policy The performance targets were as follows in relation to the awards

Tier 1
The range of targets applicable to awards with a value of 125% of salary for the Chief Executive and 100% of salary to the Group Finance Director were as follows

Per annum growth in adjusted EPS	% of award vesting[2]
<RPI +4%	Nil
RPI +4%	30%
RPI +11%	100%

Tier 2
The range of targets applying to an additional award with a value of 75% of salary were as follows

Per annum growth in adjusted EPS[1]	% of award vesting[3]
<RPI +9%	Nil
RPI +9%	10%
RPI +10%	20%
RPI +11%	35%
RPI +20%	100%

1 Growth in adjusted EPS over the three year performance period will be computed based on a simple average annual growth rate
2 From RPI +4% a linear scale of 10% vesting per % increase in adjusted EPS was applied
3 From RPI +11% a linear scale of 7% vesting per % increase in adjusted EPS was applied

The adjusted 2015 EPS after the cost of share-based payments was 55 1 pence per share The comparable base 2012 adjusted EPS figure after the cost of share-based payments and with the effect on pension interest of the exceptional provision in respect of the Milk Pension Fund recognised in that year was 44 7 pence This represents a three-year growth rate of 23 2% RPI over the three-year period was 7 6% As a consequence the average annual growth in EPS was RPI +5 2% By applying the performance condition calibration the resulting level of vesting is 25 6% for Karim Bitar and 23 4% for Stephen Wilson

Karim Bitar's award was over a maximum of 75,420 shares so the actual level of vesting is 19,307 shares and these will vest on 8 December 2015 Stephen Wilson's award was over a maximum of 43,063 shares so the actual level of vesting is 10,076 shares and these will vest on 29 February 2016

The Company s share price on 30 June 2015 was 1,427 pence meaning that the value of Karim Bitar s award was £275 511 and Stephen Wilson s award was worth £143,785

Material Contracts
There have been no other contracts or arrangements during the financial year in which a Director of the Company was materially interested and/or which were significant in relation to the Group's business

Payments for Loss of Office and Payments to Former Directors (Audited)
There were no payments for loss of office in the year

Executive Directors' External Appointments
Executive Directors are permitted to accept an external non-executive position with the Board s approval Any fees received in respect of these appointments may be retained by the Executive Stephen Wilson received £50 000 in relation to his Non-Executive Directorship at Xchanging plc for the year to 31 December 2014

2 What the Executive Directors can earn in 2016
A summary of this chapter is given on page 66

Base Salary
The Committee reviews the Executive Directors' base salaries prior to each financial year, taking into account factors such as individual and corporate performance an assessment of market conditions and most importantly the salary increases applicable to the Group's other UK employees

The Executive Directors current salary levels (with effect from 1 July 2015) are as follows
- Karim Bitar £537,367 (2% increase from 2015) and
- Stephen Wilson £364 140 (2% increase from 2015)

The Committee determined that salaries would be increased by 2% reflecting the average increase awarded across the UK employee population It did not refer to other market benchmarking data this year when making this decision

Benefits
The Executive Directors will receive the following benefits-in-kind, namely a car allowance life assurance an annual medical screen and private medical insurance

Pension
In lieu of company pension contributions the Company pays Karim Bitar and Stephen Wilson a taxable pension allowance of 25% and 15% of basic salary per annum respectively

Performance-Related Annual Bonus
Consistent with the approved remuneration policy and past practice, the Company bonus scheme for the 2016 financial year for the Executive Directors is

<table>
<tr><td>On-target value of bonus</td><td>62 5% of salary</td></tr>
<tr><td>Maximum bonus</td><td>125% of salary</td></tr>
<tr><td>Performance measures</td><td>Adjusted profit before tax – 60% weighting
Cash generation – 15% weighting
Non-financial strategic targets – 25% weighting</td></tr>
<tr><td>Calibration of profit target</td><td>No bonus is payable unless the prior year's result is exceeded Thereafter, the bonus is determined on the following basis
<table>
<tr><th>Growth on prior year Adjusted PBT[1]</th><th>Pay out (profit element)</th><th>Percentage of salary awarded</th></tr>
<tr><td>0%</td><td>0%</td><td>0%</td></tr>
<tr><td>10% per annum delivers</td><td>50%</td><td>37 5%</td></tr>
<tr><td>15% per annum</td><td>100%</td><td>75%</td></tr>
</table>
Straight-line pay out between performance points
1 In constant currency</td></tr>
<tr><td>Calibration of cash generation target</td><td>The cash target is the budgeted figure, with a specific range of £3m below the target and £3m above Specific numbers were set (rather than a percentage range) to ensure the executives were focused on actual cash generation</td></tr>
<tr><td>Calibration of non-financial strategic targets</td><td>Non-financial strategic targets are linked to successful implementation of the Company's strategy, with the targets being both quantifiable and stretching Achievement of these targets is central to unlocking the Group's growth potential and as such it would be commercially sensitive to disclose them in advance We will disclose retrospective performance against the strategic targets as we have done on page 69</td></tr>
<tr><td>Bonus deferral</td><td>25% of any bonus will be deferred by way of shares for three years and will vest subject to continued employment, other than in certain good leaver circumstances</td></tr>
<tr><td>Malus and clawback</td><td>The Committee can apply malus to deferred bonuses and claw back any element of paid bonuses that should not have been awarded or paid, in the event of a material misstatement of the Group's annual results</td></tr>
</table>

Long-Term Incentives
At last year's AGM shareholders approved a new 2014 PSP This will be used in the manner set out in the Notice of 2014 AGM to grant awards in 2015 in line with the approved policy The Chief Executive will be granted an award over shares worth 200% of salary and the Group Finance Director will be granted an award over shares worth 175% of salary These awards are in line with those in 2014

The performance targets for the awards to be granted in 2015 will primarily relate to average annual growth in adjusted EPS measured over three years The range of targets for the 2015 awards is as follows

Average Annual Growth in Adjusted EPS[1]	Vesting (% award)
Less than 6% per annum	0%
6% per annum	20%
20% per annum	100%
Straight-line vesting between performance points	

1 Growth in adjusted EPS over the three year performance period will be calculated on a simple average annual growth rate after the cost of share based payments

Directors' Remuneration Report continued
Section D: Annual Report on Remuneration continued

The Committee remains convinced that using adjusted EPS is the correct approach, for the reasons set out in the Performance and Remuneration Statement above The Committee believes the above targets are appropriately challenging They incentivise Executives to deliver the Company's growth strategy and are therefore aligned with shareholders' interests They also adhere to the principles of transparency and simplicity to maximise the incentive provided to participants by the PSP

As with awards currently granted under the PSP, the Committee will retain the ability to scale back vesting based on EPS performance if it does not consider the vesting result to be consistent with the progress achieved against the Company's strategy during the performance period This is considered appropriate to broaden the executive team s focus beyond financial performance

Another key feature of the 2015 PSP awards will be the requirement to retain the after tax number of shares vesting in 2018 for two years Clawback and malus provisions may be applied at the Committee s discretion if the Company's results are found to have been misstated within three years of vesting

3 The process that the Committee followed to arrive at these decisions

The Company s Committee complies with the UK Corporate Governance Code The Committee makes recommendations to the Board within agreed terms of reference, on remuneration for the Executive Directors and other members of GELT The Committee s full terms of reference are available on the Company's website at www genusplc com

During 2015, the Committee comprised

Director	Independence status	Attendance at meetings
Nigel Turner (Chairman)	Yes	5/5
Mike Buzzacott	Yes	5/5
Barry Furr[1]	Yes	2/2
Duncan Maskell	Yes	5/5
Lykele van der Broek	Yes	5/5
Bob Lawson	Yes	5/5

[1] Barry Furr retired from the Board at the Company s AGM on 14 November 2014 and sadly died in February 2015

None of the Committee members has any personal financial interest (other than as shareholders) conflicts of interests arising from cross-directorships or day-to-day involvement in running the business The Chief Executive and the Group Finance Director attend meetings at the invitation of the Committee, but are not present when their own remuneration is being discussed The Committee is supported by the Group HR Director Finance and Company Secretariat functions

During the year the Committee reviewed its advisers and after a tender process decided to appoint PwC as from 23 January 2015 (New Bridge Street advised until that date) This tender process has reassured the Committee that the advice it receives is of value objective and is independent New Bridge Street (part of Aon plc) fees were £38 783 and PwC fees were £32 583 for their remuneration advice to the Committee New Bridge Street fees were £37,032 for advice relating to the PSP preparation Both firms are members of the Remuneration Consultants Group and comply with its Code of Conduct Aon plc acts as insurance broker to the Company and PwC provides international assignment support and associated tax advice to the Group

During the year to 30 June 2015, the Committee met five times and considered the following matters

September

2014

- Approval of the Directors Remuneration Report 2014
- The terms of the 2014 and 2015 Executive Annual Bonus Plan and the individual bonuses payable for 2014 in light of the Group's and individual's performances
- Testing of the performance conditions and approval of the vesting levels of long-term share incentive awards granted in 2011
- The individual long-term share incentive awards under the Company's 2004 PSP and 2004 Executive Share Option Plan and the associated performance measures and targets
- Review of shareholdings by Executive Directors and GELT
- The establishment of a 2014 PSP and the Deferred Share Bonus Plan (DSBP)
- Approval of PSP for senior leadership

November

2014

- Review of shareholder voting on the Directors' Remuneration Policy Report and Annual Remuneration Report
- Awards to senior leadership of shares under the 2014 PSP
- Review of remuneration advisers

April

2015

- The implications of revised reporting requirements for the Directors' Remuneration Report for 2015
- Current institutional investors' guidelines on executive remuneration
- The continuing appropriateness of the Company's remuneration policy and the remuneration arrangements for the Executive Directors and GELT
- Review of the Genus Directors Remuneration Report against best in class reports
- An early draft of the Directors' Remuneration Report against the reporting standards

May

2015

- Salary levels for the Executive Directors and GELT members
- Salary benchmarking and relationship between senior leaders and GELT
- Discussion on disclosure policy for annual bonus
- Remuneration Committee effectiveness reviewed based on responses of Committee members

June

2015

- Directors' Remuneration Report review
- Approval of the 2016 Group Business Unit and individual targets under the Executive Annual Bonus Plan

How Shareholders' Views are taken into Account

During June and July 2014 we consulted with our major shareholders over the changes to our remuneration policy primarily concerning the PSP We reported on these changes in detail in last year s report We thank shareholders for approving these remuneration policies and practices at the 2014 AGM

	Vote on Directors Remuneration Policy (binding)		Vote on Directors Remuneration Report (advisory)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	38,754,902	99 36	38,759,793	98 97
Against	247,865	0 64	401,649	1 03
Total number of shares in respect of which votes were validly made	**39,002,767**	**100**	**39,161,442**	**100**
Votes withheld	232,117	–	73,442	–

There was no other consultation with shareholders during the year ending 30 June 2015

Directors’ Remuneration Report continued
Section D: Annual Report on Remuneration continued

How Employees’ Pay is taken into Account

While the Company does not consult employees on matters of Directors remuneration the Committee does take account of the policy for employees across the workforce when determining the remuneration policy for Directors

The Group HR Director facilitates this process, presenting to the Committee the pay structures across the organisation and how they fit the Group s remuneration policy The process includes an annual staff engagement survey that includes questions on pay, as well as consulting employees informally on their views of the current overall remuneration policy This forms part of the feedback provided to the Committee and is used by the Group HR Director to assess the policy’s ongoing effectiveness and the changes that should be made

When setting the Executive Directors base salaries the Committee compares the salary increases proposed for each Executive Director within those proposed for employees in their geographical location, as well as considering the typical increase proposed across the Group as a whole

4 How the Chief Executive’s pay compares to shareholder returns over the past six years and employees

Total Shareholder Return

The following graph shows the Company’s performance measured by total shareholder return (TSR) compared with the TSR performance of the FTSE 250 Index The FTSE 250 Index was selected as it represents a broad equity market of which the Company is a member

	Year ending 30 June						
	Richard Wood			Karim Bitar			
	2010	2011[1]	2012	2012[2]	2013	2014	**2015**
Total remuneration (£000)	£2,034	£2,383	£231	£1,776	£868	£877	**£1,608**
Annual bonus (% of max)	64%	94%	88%	77%	31%	32%	**99%**
Total PSP vesting (% of max)	100%	88%	–	–	–	–	**26%**

1 PSP vesting relates to all awards that were tested early on cessation of employment

2 Includes payment (as previously disclosed) for loss of annual bonus (£163 000) and the value of restricted stock (£755 000) granted to compensate him for loss of value forfeit on joining Genus

Chief Executive Pay Compared to Genus Employees
Remuneration Received (% Change from 2014 to 2015)

	Salary	Benefits	Annual bonus
Chief Executive	2%	0%	214%
UK comparators[1]	2%	0%	237%

[1] A subset of the UK workforce comprising circa 25 employees with a bonus structure based on Group performance This is considered the most relevant comparator group for these purposes

Distribution Statement

	2015	2014	% change
Employee costs	**£109.1m**	£99.4m	10
Distributions to shareholders[1]	**£11.1m**	£10.1m	10

[1] Includes dividends and share buy backs

5 The Chairman and Non-Executive Directors' fees
Fees payable to the Non-Executive Directors per annum are as follows

Position	2014 Fees	2015 Fees	2016 Fees
Chairman	£140,000	£140,000	£160,000
Audit and Remuneration Committee Chairs	–	–	£60,000
Base Non-Executive Director fee	£50,000	£50,000	£55,000

There were no increases from the fees paid in 2014 and 2015 and no incremental fees were paid for chairing our Board Committees or being the Senior Independent Director

For 2016 fees, which have been held for three years, will be increased The Chairman s fees, which have not been reviewed since appointment in 2010 will be increased to £160 000 and the Non-Executive fees to £55 000 We have also recognised the responsibilities of the Audit and Remuneration Committee Chair roles and plan to award them an additional fee of £5 000 totalling £60,000 in fees

Total Single Figure of Remuneration (Audited) for 2015 and 2014

	2015 Fees £000	2014 Fees £000
Non-Executive Directors		
Bob Lawson	**140**	140
Nigel Turner	**50**	50
Mike Buzzacott	**50**	50
Barry Furr	**21**	50
Duncan Maskell	**50**	13
Lykele van der Broek	**50**	0
Total	**361**	303

Directors' Remuneration Report continued
Section D: Annual Report on Remuneration continued

6 Details of the Directors' shareholdings and rights to shares

Directors' Shareholdings

The Directors had the following interests in the Company s shares

	At 30 June 2015 Number	% of salary held[1]	% of shareholding guideline[2]	Unvested DSBP awards at 30 June 2015 Number	Unvested PSP awards held at 30 June 2015 Number	At 30 June 2014 Number
Bob Lawson	**7,201**	**n/a**	**n/a**	**n/a**	**n/a**	7,201
Karim Bitar	**40,008**	**121%**	**121%**	**8,143**	**234,799**	40,008
Stephen Wilson	**3,071**	**22%**	**22%**	**4,495**	**137,563**	3,026
Nigel Turner	**15,000**	**n/a**	**n/a**	**n/a**	**n/a**	15,000
Mike Buzzacott	**4,000**	**n/a**	**n/a**	**n/a**	**n/a**	4,000
Barry Furr	**8,000**	**n/a**	**n/a**	**n/a**	**n/a**	8,000
Duncan Maskell	**–**	**n/a**	**n/a**	**n/a**	**n/a**	–
Lykele van der Broek	**–**	**n/a**	**n/a**	**n/a**	**n/a**	–
Total	**77,280**			**12,638**	**372,362**	77,235

[1] Based on the combined number of beneficially held shares and the net of tax DSBP awards held and the average closing share price over the three months to 30 June 2015 of 1 434 08 pence

[2] Executives are expected to achieve a shareholding of 100% of salary as set out in Section E Share Ownership Guidelines (page 81)

There were no changes in the Directors interests between 30 June 2015 and the date of this report

Company Share Price

The market price of the Company s shares on 30 June 2015 was 1,427 pence and the low and high share prices during the financial year were 1 017 pence and 1 505 pence respectively

Performance Share Awards Granted in 2015 (Audited)

The Performance Share Awards granted were as follows

Executive	Number of shares comprising award	Face/maximum value of awards at grant date (% salary)[1]	% of award vesting at threshold	Performance period
Karim Bitar	86,271	£1,053,369 (200)	20	01 07 14–30 06 17
Stephen Wilson	51,153	£624,578 (175)	20	01 07 14–30 06 17

[1] The closing average share price over the three days prior to the award being granted has been used to determine the maximum face value of the awards This was £12 21 for Karim Bitar and Stephen Wilson (award granted on 20 November 2014)

The awards were granted as nil cost share options and vesting will be subject to achieving a challenging sliding scale of EPS growth target and a strategic underpin consistent with our approved remuneration policy The EPS growth performance target for the above awards is

Average annual growth in adjusted EPS[1]	Vesting (% award)
Less than 6% per annum	0
6% per annum	20
20% per annum	100
Straight-line vesting between performance points	

[1] Growth in adjusted EPS over the three year performance period will be calculated on a simple average annual growth rate after the cost of share based payments

Deferred Bonus Awards Granted in 2015 (Audited)

The basis of the awards' calculation is described in more detail on page 68 which resulted in the following DSBP awards being granted in relation to the 2014 annual bonus

Executive	Number of shares comprising award	Face value of awards at grant date[1]
Karim Bitar	4,648	£52,522
Stephen Wilson	3,445	£38,929

[1] The awards were granted on 21 October 2014 The share price used to grant awards was £11 11

These awards are not subject to any further performance conditions and will normally vest in full on 21 October 2017 subject to continued service

Summary of Scheme Interests (Audited)

The Directors at 30 June 2015 had the following beneficial interests in share awards and share options

Karim Bitar

Grant date	Award	Vesting period	Share price at grant	At 30 June 2014 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	**At 30 June 2015 Number**
9 September 2011	PSP	9 September 2011 to 10 September 2014	977 83p	63,917	–	(63,917)	–	–
7 December 2012	PSP	7 December 2012 to 8 December 2015	1,369 66p	75,420	–	–	–	**75,420**
26 September 2013	PSP	26 September 2013 to 27 September 2016	1,413p	73,107	–	–	–	**73,107**
30 December 2013	DSBP	30 December 2013 to 27 September 2016	1,304p	3,495	–	–	–	**3,495**
21 October 2014	DSBP	21 October 2014 to 21 October 2017	1,111p	–	4,684	–	–	**4,684**
20 November 2014	PSP	20 November 2014 to 20 November 2017	1,221 33p	–	86,271	–	–	**86,271**
Total				215,939	90,955	(63,917)	–	**242,977**

Stephen Wilson

Grant date	Award	Vesting period	Share price at grant	At 30 June 2014 Number	Granted in year Number	Exercised in year Number	**At 30 June 2015 Number**
28 February 2013	PSP	28 February 2013 to 29 February 2016	1,422 333p	43,063	–	–	**43,063**
26 September 2013	PSP	26 September 2013 to 27 September 2016	1,413p	43,347	–	–	**43,347**
30 December 2013	DSBP	30 December 2013 to 27 September 2016	1,304p	1,050	–	–	**1,050**
21 October 2014	DSBP	21 October 2014 to 21 October 2017	1,111p	–	3,445	–	**3,445**
20 November 2014	PSP	20 November 2014 to 20 November 2017	1,221 33p	–	51,153	–	**51,153**
Total				87,460	54,598	–	**142,058**

In relation to the share awards granted on 20 November 2014, the closing average share price over the three days prior to 20 November 2014 (the grant date for the PSP awards) was used (1 221 33p) to determine the number of shares comprising individual awards

The performance targets applying to the 20 November 2014 awards are as described above All the earlier PSP awards have a more complicated structure to their EPS targets and these are described in our previous Annual Reports No further performance conditions apply to the DSBP awards

Directors' Remuneration Report continued
Section D: Annual Report on Remuneration continued

Dilution

The aggregate dilution of all relevant share incentives is 6 09% at 30 June 2015, which is less than the permissible 10% in ten years dilution limit

Employee Benefit Trust

The Company has an Employee Benefit Trust to be the custodian of shares purchased in the market to satisfy equity incentives granted to employees As at 30 June 2015 the trust held 146,625 ordinary shares (0 24%) in the Company

7 Details of the Directors' contracts and Non-Executive Directors' letters of appointment

Director	Contract date	Expiry date	Notice period (months)
Executives			
Karim Bitar	24 May 2011	n/a	12 (from Company) 6 (from Executive)
Stephen Wilson	12 December 2012	n/a	12 (from Company) 6 (from Executive)
Non-Executives			
Bob Lawson	11 November 2013	10 November 2016	1
Nigel Turner	16 January 2014	15 January 2017	1
Mike Buzzacott	5 May 2015	4 May 2018	1
Barry Furr[1]	1 December 2012	30 November 2015	1
Duncan Maskell	1 April 2014	31 March 2017	1
Lykele van der Broek	1 July 2014	30 June 2017	1

[1] Barry Furr retired from the Company at its AGM on 14 November 2014 and sadly died in February 2015

Section E: Directors' Remuneration Policy Report

The Directors remuneration policy was approved by shareholders last year We were very pleased to receive 99 36% support

There are no proposed changes to the policy this year Accordingly there will be no resolution at this year's AGM seeking approval of the policy Please note that we will have the annual resolution seeking shareholder approval of how we have implemented the policy

As such we repeat the table summarising our policy below, but refer you to the 2014 Annual Report found on our website (www genusplc com) for the full details

Element purpose and link to strategy	Element purpose and link to strategy	Element purpose and link to strategy
Base Salary To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group	**Benefits** To provide competitive benefits and to attract and retain high calibre employees	**Pension** To provide a competitive company contribution that enables effective retirement planning
Operation	**Operation**	**Operation**
Normally reviewed annually with increases normally effective from 1 July Periodically benchmarked against relevant market comparators, reflecting the size and nature of the role individual performance and experience, increases awarded to other employees Group performance and broader economic conditions	Benefits generally include a car allowance and insured benefits (e g life assurance and private medical insurance) Where Executive Directors are recruited from overseas or required to relocate on an international assignment, benefits more tailored to their geographical location may be provided and may include relocation costs and/or tax equalisation arrangements as necessary Where revised benefits are offered in a geographic location or across the Group Executive Directors are likely to be eligible to receive those benefits on similar terms If the Company introduces an all-employee share plan, Executive Directors will be eligible to participate on the same terms as other employees	Only basic salary is pensionable Pension is provided by way of contribution to a personal pension or as a salary supplement in lieu of pension provision
Maximum	**Maximum**	**Maximum**
Annual percentage increases are generally consistent with the range awarded across the Group Percentage increases in salary above this level may be made in certain circumstances such as a change in responsibility or a significant increase in the role's scale or the Group s size and complexity	The car allowance value is limited to £20 000 per annum The value of insured benefits will vary year on year based on the cost of providing insured benefits and is included in the total single figure table on page 68	Pension contribution or salary supplements in lieu of pension are provided to a maximum of 25% of basic salary
Performance Conditions	**Performance Conditions**	**Performance Conditions**
A broad assessment of individual and Company performance is used as part of the salary review The salaries payable to the Executive Directors from 1 July 2015 are disclosed on page 66	None	None

Directors' Remuneration Report continued
Section E: Directors' Remuneration Policy Report continued

Element purpose and link to strategy

Annual Bonus

Incentivises achievement of annual objectives which support the Group's short-term performance goals

Operation

Payments under the annual bonus plan are subject to
- compulsory deferral of 25% of any bonus earned into the Company's shares, and
- malus and clawback provisions for a period of three years which may apply in the event of a material misstatement of the Group's financial results

DSBP awards will vest after three years subject to continued service

A dividend equivalent provision operates, enabling dividends to be paid (in cash or shares) on deferred shares that vest

Maximum

125% of salary

Performance Conditions

Bonus awards are subject to achievement against a sliding scale of challenging financial targets and personal objectives which the Committee sets each year to reflect the priorities for the year ahead

Financial targets govern the majority of bonus payments and are typically linked to the Group's key performance indicators (e g profit and cash generation), with a minority earned based on performance against personal objectives

For financial performance targets, bonus is earned on a graduated scale, with 0% payable up to a predetermined threshold, through to a maximum payment for substantial out-performance of the threshold (100% payable)

A summary of the performance targets for 2016 is included on page 66

Element purpose and link to strategy

PSP

The PSP incentivises executives to achieve superior returns to shareholders over a three-year period to retain key individuals and align their interests with shareholders

Operation

Eligibility to receive awards is at the discretion of the Committee each year

Awards vest three years from grant, subject to continued employment and satisfaction of challenging three-year performance targets

For awards granted from 2014, the after tax number of vested shares must be held for at least a two-year period

A dividend equivalent provision enables dividends to be paid (in cash or shares) on shares that vest

Malus and clawback provisions may apply for a period of three years in the event of a material misstatement of the Group's financial results

Maximum

Maximum annual award of 200% of salary (300% of salary in exceptional circumstances such as recruitment)

Performance Conditions

Awards vest based on three-year performance against a challenging range of targets aligned with the delivery of the Company's long-term strategy

Financial targets (including adjusted EPS growth) will determine the vesting of a majority of awards granted in any year

Targets are typically structured as a challenging sliding scale, with no more than 20% of the maximum award vesting for achieving the threshold performance level through to full vesting for substantial out-performance of the threshold

The awards will also be subject to an underpin that enables the Committee to scale back (but not scale up) vesting, if the Group's performance over the period is not considered to reflect the progress made against its strategic business targets

A summary of the performance targets for 2016 is given on page 66

The Committee will review performance conditions annually, in terms of the range of EPS targets and the metrics and weightings applied to each element of the PSP Any revisions to the metrics and/or weightings will only take place if it is necessary because of developments in the Company's strategy and where these are material following dialogue with the Company's major shareholders Should the Committee believe that a major change of the current approach is appropriate (for example replacing a primary performance metric with an alternative), this would only take place following a revised Directors' Remuneration Policy being tabled to shareholders

GENUS PLC
COMPANY NUMBER: 2972325

Element purpose and link to strategy

Share Ownership Guidelines

To align Executives and shareholders

Operation

Executives are expected to achieve a shareholding of 100% of salary, by retaining 50% of the net of tax number of vested shares under the Company's DSBP and PSP

In addition, the Chief Executive will retain the entire after tax number of Restricted Stock that was granted to him shortly after his appointment

Maximum

None

Performance Conditions

None

Element purpose and link to strategy

Non-Executive Directors

To provide compensation that attracts high calibre individuals and reflects their experience and knowledge

Operation

The Committee determines the Chairman's fee

The Board periodically reviews Non-Executive Directors' fees

No Directors take part in meetings where their own remuneration is discussed

Fees are based on the time commitments involved in each role and set with reference to the fees paid in other similarly sized UK listed companies

Maximum

Any increase in Non-Executive Director fees may be above the level awarded to other employees given that they may only be reviewed periodically and may need to reflect any changes to time commitments or responsibilities

Non-Executive Directors also receive reimbursement of reasonable travel related expenses incurred undertaking Company business

Performance Conditions

None

The fees payable for 2016 are stated on page 75

Approval
This report was approved by the Remuneration Committee and signed on its behalf by

Nigel Turner
Chairman of the Remuneration Committee
7 September 2015

GENUS PLC

COMPANY NUMBER: 2972325

Nomination Committee Report

Chairman's Overview
The Committee's purpose is to propose candidates for appointment to the Board Our duties include reviewing the Board's structure size and composition including the skills, knowledge and experience the Board needs We then make recommendations to the Board taking into account succession planning for Directors and other senior executives, and the Group's challenges and opportunities The Committee meets when required

Membership and Governance
Bob Lawson chairs the Committee Its other members are currently Nigel Turner, Mike Buzzacott Duncan Maskell Lykele van der Broek and Karim Bitar

The Committee has written terms of reference, which set out the authority delegated to it by the Board These are available from our website www.genusplc.com

Activities During the Year
In our 2014 Annual Report we reported on the appointment of two Non-Executive Directors Duncan Maskell, who has a scientific background and Lykele van der Broek who has experience in agriculture Their appointments followed an objective assessment of the Group's needs and strategy and the Board's current skills and experience, and involved a thorough search with the help of one of the world's leading global executive search firms During FY15 both new Non-Executive Directors have integrated well into the Board and made valuable contributions

The Committee did not meet during the year but did conduct a review of its effectiveness This included considering the value of a gender-diverse Board and identifying and discussing further improvements to the Non-Executive Director succession planning process We already conduct a formal executive succession planning process each year, and we intend to introduce a similar formal process for Non-Executive Directors, to be carried out at the same time

The Committee's biographies, along with information on Genus's other Board members can be found on page 51

Bob Lawson

Bob Lawson
Chairman
7 September 2015

GENUS PLC

COMPANY NUMBER: 2972325

Other Statutory Disclosures

Directors
The Directors and the dates of their respective appointments are listed on pages 50 and 51

Equal Opportunities/Employees with Disabilities
Genus values diversity and aims to make best use of everyone's skills and abilities We are therefore committed to equal opportunities at every stage of our employees careers Our policy on employees with disabilities is to fully and fairly consider people with disabilities for all vacancies We interview and recruit people with disabilities and endeavour to retain employees if they become disabled while they work for us Where possible we will retrain employees who become disabled and adjust their working environment, so they can maximise their potential

Political Contributions
The Group does not make political contributions

Dividend
The Board is recommending to shareholders a final dividend of 13 4 pence per ordinary share, resulting in a total dividend for the year of 19 5 pence per ordinary share an increase of 10% for the year It is proposed that the final dividend will be paid on 4 December 2015 to shareholders on the register at the close of business on 20 November 2015

Capital Structure
Note 30 gives details of the Company's authorised and issued share capital and any movements in the issued share capital during the year

The Company has one class of ordinary share All issued shares are fully paid and each share has the right to one vote at the Company's general meetings There are no specific restrictions either on the size of a holding or on the transfer of shares which are both governed by our Articles of Association and prevailing legislation No person has any special rights of control over the Company's share capital

Details of the Company's employee share schemes are set out in note 29 In connection with these schemes, the Genus plc Employee Benefit Trust holds shares in the Company from time to time and abstains from voting in respect of any such shares

Substantial Shareholdings
As at 1 September 2015 we were aware of the following material interests in the Company's ordinary shares

Fund manager	Shareholding	%
Lansdowne Partners	6,045,988	9 92
Baillie Gifford & Co Limited	4,046,945	6 64
Threadneedle Asset Mgt	3,355,400	5 50
NFU Mutual	3,235,258	5 31
Allianz Global Investors Europe GmbH	2,582,335	4 24
Neptune Investment Management	2,499,883	4 10
M&G Investments	2,456,712	4 03
Legal & General Investment Mgt	2,121,042	3 48
Norges Bank Investment Mgt	2,069,366	3 39

There have been no material changes in shareholding since 30 June 2015

No other person has notified an interest in the Company's ordinary shares which is required to be disclosed to us

Authority to Acquire the Company's Own Shares
No shares were bought back by the Company under the authority of the shareholders resolutions of 14 November 2014 in the period since 15 November 2014 and up to the date of this report

Going Concern
As described more fully in the Basis of Preparation note on pages 95 and 96 the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future For this reason, the Board continues to adopt the going concern basis in preparing the Financial Statements

Provision of Information to the Company's Auditor
Each of the Directors at the date of approval of this Annual Report confirms that
- so far as the Director is aware there is no relevant audit information of which the Company's auditor is unaware and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 Companies Act 2006

Appointment of Auditor
Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming AGM

Approved by the Board

Dan Hartley
Group General Counsel and Company Secretary
7 September 2015

GENUS PLC
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2972325

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the Parent Company Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity s financial position and financial performance and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions

Responsibility Statement
We confirm that to the best of our knowledge

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and
- the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

By order of the Board

Karim Bitar
Chief Executive
7 September 2015

Stephen Wilson
Group Finance Director
7 September 2015

Independent Auditor's Report
Group Financial Statements

Independent Auditor's Report to the Members of Genus plc

Opinion on financial statements of Genus plc

In our opinion
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2015 and of the Group's profit for the year then ended,
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union,
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements Article 4 of the IAS Regulation

The financial statements comprise the Group Income Statement the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets the Group Statement of Cash Flows, the Group Statement of Changes in Equity and the related notes 1 to 51 The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Going concern

As required by the Listing Rules we have reviewed the Directors' statement contained within the Other Statutory Disclosures section that the Group is a going concern We confirm that
- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate, and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern

However because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below, which are the same risks as were identified in the prior year are those that had the greatest effect on our audit strategy the allocation of resources in the audit and directing the efforts of the engagement team

Risk	How the scope of our audit responded to the risk
Fair value of biological assets under IAS 41 *'Agriculture'*	
The Group calculates the fair value of biological assets through the use of discounted cash flow models and recent transaction prices	Our response to this risk considers the separate elements of the fair value calculations the basis for management's estimates and judgements applied in the key assumptions, the validity of transactional data used for other inputs and the mechanical integrity of the models themselves
The valuation models and related data inputs and assumptions require a number of management estimates as explained in note 15 to the financial statements	For the bovine asset valuations, our audit work included obtaining an understanding of management's processes surrounding the compilation of the future demand, marketable life and production volume forecasts We considered the appropriateness of projected volume growth rates against historical trends and current performance, and analysed management's historical forecasting accuracy
For bovine asset valuations the key assumptions include the future demand for semen, estimated production volume, expected marketable life of each bull, the discount rate applied to the future cash flows, current market prices and the percentage of bulls which are expected to be actively marketed	For the porcine asset valuations our audit work included consideration of the appropriateness of management's assessment of the number of future generations from which output is attributable to the current herd and expected useful lives We tested the expected percentages of animals to be sold retained and slaughtered by reference to historical transactional data For all other assumptions in each model we challenged the significant estimates with reference to third party or historical transactional data as appropriate
For porcine asset valuations the key assumptions include the percentage of production animals expected to be sold the expected sales price the expected useful life, the discount rate applied to the future cash flows and for the pureline pigs the number of future generations from which output is attributable to the current herd	For both species' valuation models, we used internal valuation experts in our testing of the discount rates applied to the cash flows We also tested the mechanical integrity of the spreadsheets used to calculate the fair values using analytical tools and performed sensitivity analyses on the key assumptions

Independent Auditor's Report continued
Group Financial Statements

Risk	How the scope of our audit responded to the risk
Valuation of pension schemes and post-retirement benefits The Group operates several defined benefit pension schemes for which there is judgement in determining the net deficit valuation under IAS 19 of £63 1m as recorded at the balance sheet date The valuation is based on a number of assumptions disclosed in note 28 such as the discount rate inflation rate and life expectancy Genus is party to the Milk Pension Fund a multi-employer pension scheme and is exposed to the risk of additional liabilities from the default of other scheme members beyond its current 75% share of the liabilities	In conjunction with our actuarial specialists, we have evaluated the appropriateness of management s methodology and assumptions used to value the defined benefit pension schemes by benchmarking the assumptions to those used in the external market as at the same date In addition we circularised the independent actuaries and investment managers responsible for managing the pension funds to confirm the source inputs into the pension valuations In response to the risk of additional liabilities for the multi-employer scheme arising from other employers, we have considered the financial strength and stability of remaining employers in the scheme and their ability to contribute to the deficit through a review of the most recent publicly available financial information
Accounting for acquisitions Genus acquired two businesses during the year Birchwood Genetics Inc and In Vitro Brasil S A In relation to these acquisitions £7 6m of intangible assets were identified which predominantly relate to customer relationships and technology assets as set out in note 37 The determination of the fair value of identified intangible assets is a matter of management judgement The significant assumptions include the growth rates inherent in the forecast sales expected to be generated from the acquired customer relationships and technology, customer churn, royalty rates and the discount rate applied to the future cash flows The carrying values of each of the put and call options over the remaining 49% share capital of In Vitro Brasil S A require judgement as they are dependent on the company's future profitability	In respect of the intangible assets identified we involved our valuation specialists in our testing of the valuation model including checking the appropriateness of the valuation methodology employed and benchmarking the discount rates applied against comparable companies We agreed the forecast cash flows used in the models to Board approved plans and understood the related key assumptions including the growth rate, with reference to recent performance In respect of the carrying values of each of the put and call options, we evaluated the consistency of management's forecasts with those used in the intangible assets valuation

Risk	How the scope of our audit responded to the risk
Impairment of goodwill and capitalised development costs **Goodwill** The Group has £73 9m of goodwill on its balance sheet, as set out in note 14 There is a risk regarding potential impairment of the carrying value of goodwill arising from historical acquisitions In management's impairment assessment there are a number of key judgements used to determine the recoverable amount, including the identification of cash-generating units ('CGUs') growth rates in future cash flow forecasts the cost savings to be derived from the Genus Sexed Semen ('GSS') project and discount rates applied to these forecasts	**Goodwill** We challenged the assumptions used by management in their annual impairment assessment by comparing the projected growth rates and forecast cash flows against historical trends achieved in the business We analysed historical budgeting accuracy to assess the reliability of management's forecasts We reviewed third party market data sources used by management in their forecast models We reviewed management's identification of CGUs which is consistent with last year We agreed the projected cost savings from the GSS project to detailed plans and forecasts We evaluated management's assessment of the sensitivity of the Group s impairment assumptions to reasonably possible changes and considered the associated disclosures provided by the Group in relation to its impairment review within note 14 We used valuation specialists within the audit team to challenge the discount rates applied to these cash flows by reference to market data including the risk premium applied to each CGU This involved benchmarking the rates against other companies operating in similar regions
Capitalised development costs There is also a risk regarding potential impairment of development costs of £11 4m capitalised in relation to the GSS project	**Capitalised development costs** We tested the development costs capitalised to assess whether they meet the criteria for capitalisation as set out in IAS 38 *Intangible Assets'* We reviewed management's assessment of the carrying value of costs capitalised and challenged the assumptions applied to the total project valuation model including the projected cash flows, growth rates and discount rates applied To corroborate the information contained within the valuation model we discussed the progress and future prospects with project managers and discussed the potential impact of the related litigation with management

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 60 to 63

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced We use materiality both in planning the scope of our audit work and in evaluating the results of our work

We determined materiality for the Group to be £2 3m (2014 £2 5m), which is 5 8% (2014 7 5%) of pre-tax profit before exceptional items and changes in fair value of biological assets and below 1 0% of equity We have used this measure to eliminate volatility due to non-recurring items and fair value movements

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0 1m (2014 £0 1m) as well as differences below that threshold that, in our view warranted reporting on qualitative grounds We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements

Independent Auditor's Report continued
Group Financial Statements

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls and assessing the risks of material misstatement at the Group level Based on that assessment we focused our Group audit scope primarily on the audit work at 20 (2014 21) components

Twelve (2014 eleven) of these were subject to a full audit, whilst the remaining eight (2014 ten) were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group s operations at those locations

The entities subject to a full scope audit represent the principal business units and other components and account for 85% (2014 75%) of the Group s net assets 78% (2014 69%) of the Group's revenue and 86% (2014 62%) of the Group s operating profit They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above

The entities subject to specified audit procedures account for 10% (2014 19%) of the Group s net assets, 14% (2014 21%) of the Group's revenue and 9% (2014 29%) of the Group's operating profit

Our audit work at the 20 entities was executed at levels of materiality which were lower than Group materiality A senior member of the group audit team visits some of the more significant components each year We include all the component audit teams in our team briefing review documentation of the findings from their work and attend their audit close meetings via conference call

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances

Opinion on other matters prescribed by the Companies Act 2006
In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006 and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors Remuneration Report to be audited is not in agreement with the accounting records and returns We have nothing to report arising from these matters

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company s compliance with ten provisions of the UK Corporate Governance Code We have nothing to report arising from our review

GENUS PLC

COMPANY NUMBER. 2972325

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland) we are required to report to you if, in our opinion information in the Annual Report is

- materially inconsistent with the information in the audited financial statements, or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or
- otherwise misleading

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed We confirm that we have not identified any such inconsistencies or misleading statements

Respective responsibilities of Directors and auditor
As explained more fully in the Directors Responsibilities Statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors We also comply with International Standard on Quality Control 1 (UK and Ireland) Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied Our quality controls and systems include our dedicated professional standards review team and independent partner reviews

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company s members those matters we are required to state to them in an auditor s report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group s and the Parent Company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Edward Hanson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
7 September 2015

Group Income Statement
For the year ended 30 June 2015

	Note	2015 £m	2014 £m
Revenue from continuing operations	5, 6	**398.5**	372.2
Adjusted operating profit from continuing operations	5	**47.2**	42.9
Net IAS 41 valuation movement on biological assets	15	**24.9**	7.5
Amortisation of acquired intangible assets	14	**(6.1)**	(5.8)
Share-based payment expense	29	**(1.4)**	(0.8)
		64.6	43.8
Exceptional items			
– Acquisition and integration	7	**(1.4)**	(1.8)
– Other (including restructuring)	7	**(4.1)**	(0.2)
– Pension related	7	**0.4**	–
		(5.1)	(2.0)
Operating profit from continuing operations	8	**59.5**	41.8
Share of post-tax profit of joint ventures and associates	17	**2.9**	1.9
Net finance costs	10	**(4.6)**	(5.5)
Profit before tax from continuing operations		**57.8**	38.2
Taxation	11	**(17.3)**	(9.3)
Profit for the year from continuing operations		**40.5**	28.9
Attributable to:			
Owners of the Company		**39.9**	28.9
Non-controlling interest		**0.6**	–
		40.5	28.9
Earnings per share from continuing operations	13		
Basic earnings per share		**66.7p**	47.7p
Diluted earnings per share		**65.9p**	47.6p
Non-statutory measure of profit			
Adjusted operating profit from continuing operations		**47.2**	42.9
Operating profit attributable to non-controlling interest		**(0.6)**	–
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		**4.6**	1.9
Adjusted operating profit including joint ventures and associates		**51.2**	44.8
Net finance costs	10	**(4.6)**	(5.5)
Adjusted profit before tax from continuing operations		**46.6**	39.3
Adjusted earnings per share from continuing operations	13		
Basic adjusted earnings per share		**56.8p**	46.5p
Diluted adjusted earnings per share		**56.1p**	46.4p

Group Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 £m	2015 £m	2014 £m	2014 £m
Profit for the year			**40.5**		28 9
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation differences		**14.5**		(53 9)	
Fair value movement on net investment hedges		**(6.1)**		8 6	
Fair value movement on cash flow hedges		**-**		0 3	
Tax relating to components of other comprehensive income	11	**(6.7)**		7 8	
			1 7		(37 2)
Items that may not be reclassified subsequently to profit or loss					
Actuarial (loss)/gain on retirement benefit obligations		**(8.5)**		4 5	
Tax relating to components of other comprehensive income	11	**1.6**		(2 5)	
			(6.9)		2 0
Other comprehensive expense for the year			**(5 2)**		(35 2)
Total comprehensive income/(expense) for the year			**35.3**		(6 3)
Attributable to:					
Owners of the Company			**35.0**		(6 3)
Non-controlling interest			**0.3**		–
			35.3		(6 3)

Group Statement of Changes in Equity

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non controlling interest £m	Total equity £m
Balance at 30 June 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 year		–	–	–	(37 5)	0 3	2 0	(35 2)	–	(35 2)
Profit for the year		–	–	–	–	–	28 9	28 9	–	28 9
Total comprehensive (expense)/income for the year		–	–	–	(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
Non-controlling interest on acquisition		–	–	–	–	–	–	–	0 2	0 2
Dividends	12	–	–	–	–	–	(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		–	–	–	6 8	–	–	6 8	(0 3)	6 5
Fair value movement on net investment hedges, net of tax		–	–	–	(4 8)	–	–	(4 8)	–	(4 8)
Actuarial loss on retirement benefit obligations, net of tax		–	–	–	–	–	(6 9)	(6 9)	–	(6 9)
Other comprehensive (expense)/income for the year		–	–	–	2 0	–	(6 9)	(4 9)	(0 3)	(5 2)
Profit for the year		–	–	–	–	–	39 9	39 9	0 6	40 5
Total comprehensive income for the year		–	–	–	2 0	–	33 0	35 0	0 3	35 3
Recognition of share-based payments, net of tax		–	–	–	–	–	2 2	2 2	–	2 2
Adjustment arising from change in non-controlling interest and written put option		–	–	–	–	–	–	–	(6 6)	(6 6)
Dividends	12	–	–	–	–	–	(11 1)	(11 1)	–	(11 1)
Balance at 30 June 2015		**6 1**	**112.2**	**(0 1)**	**(10.1)**	**–**	**202.7**	**310.8**	**(5 7)**	**305 1**

GENUS PLC

COMPANY NUMBER: 2972325

Group Balance Sheet
As at 30 June 2015

	Note	2015 £m	2014 £m
Assets			
Goodwill	14	**73.9**	69 9
Other intangible assets	14	**69.8**	64 4
Biological assets	15	**242.7**	208 9
Property, plant and equipment	16	**50 3**	40 6
Interests in joint ventures and associates	17	**19.6**	21 7
Available for sale investments	18	**0.2**	0 1
Deferred tax assets	19	**7 8**	4 8
Total non-current assets		**464.3**	410 4
Inventories	20	**32.2**	30 6
Biological assets	15	**50.2**	44 1
Trade and other receivables	21	**74.7**	75 1
Cash and cash equivalents	22	**21.3**	22 8
Income tax receivable		**0.4**	0 4
Derivative financial asset	25	**0.7**	-
Asset held for sale		**0.5**	0 8
Total current assets		**180.0**	173 8
Total assets		**644.3**	584 2
Liabilities			
Trade and other payables	23	**(58.9)**	(53 3)
Interest-bearing loans and borrowings	26	**(12 2)**	(13 0)
Provisions	24	**(2.4)**	(1 4)
Obligations under finance leases	27	**(1.1)**	(1 1)
Current tax liabilities		**(6.3)**	(6 4)
Derivative financial liabilities	25	**(0.2)**	(2 6)
Total current liabilities		**(81.1)**	(77 8)
Interest-bearing loans and borrowings	26	**(77.4)**	(71 1)
Retirement benefit obligations	28	**(63.1)**	(58 2)
Deferred tax liabilities	19	**(105.2)**	(90 3)
Derivative financial liabilities	25	**(10.0)**	–
Obligations under finance leases	27	**(2 4)**	(1 5)
Total non-current liabilities		**(258.1)**	(221 1)
Total liabilities		**(339.2)**	(298 9)
Net assets		**305 1**	285 3
Equity			
Called up share capital	30	**6 1**	6 1
Share premium account		**112 2**	112 2
Own shares	30	**(0 1)**	(0 1)
Translation reserve	30	**(10 1)**	(12 1)
Hedging reserve	30	**-**	–
Retained earnings		**202 7**	178 6
Equity attributable to owners of the Company		**310 8**	284 7
Non-controlling interest		**4.3**	0 6
Put option over non-controlling interest		**(10.0)**	–
Total non-controlling interest		**(5.7)**	0 6
Total equity		**305.1**	285 3

The Financial Statements were approved by the Board of Directors on 7 September 2015

Signed on behalf of the Board of Directors

Karim Bitar
Chief Executive

Stephen Wilson
Group Finance Director

Group Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 £m	2014 £m
Net cash flow from operating activities	31	**34.8**	32.3
Cash flows from investing activities			
Dividends received from joint ventures and associates		**2.3**	0.9
Acquisition of subsidiaries	37	**(10.3)**	(20.9)
Purchase of trade and assets		**–**	(2.0)
Acquisition of investment in joint venture	17	**(0.8)**	(11.2)
Purchase of property, plant and equipment		**(12.0)**	(5.1)
Purchase of intangible assets		**(2.8)**	(1.5)
Proceeds from sale of property, plant and equipment		**0.3**	–
Proceeds from sale of assets held for sale		**–**	0.3
Net cash outflow from investing activities		**(23.3)**	(39.5)
Cash flows from financing activities			
Drawdown of borrowings		**51.8**	48.0
Repayment of borrowings		**(51.0)**	(29.2)
Payment of finance lease liabilities		**(1.5)**	(1.4)
Equity dividends paid		**(11.1)**	(10.1)
Issue of ordinary shares		**–**	0.1
Debt issue costs		**–**	(0.8)
(Decrease)/increase in bank overdrafts		**(2.0)**	6.4
Net cash (outflow)/inflow from financing activities		**(13.8)**	13.0
Net (decrease)/increase in cash and cash equivalents		**(2.3)**	5.8
Cash and cash equivalents at start of the year		**22.8**	18.4
Net (decrease)/increase in cash and cash equivalents		**(2.3)**	5.8
Cash acquired on acquisition		**1.5**	0.4
Effect of exchange rate fluctuations on cash and cash equivalents		**(0.7)**	(1.8)
Total cash and cash equivalents at 30 June	22	**21.3**	22.8

Notes to the Group Financial Statements
For the year ended 30 June 2015

1 Reporting entity
Genus plc (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006 Its registered office is Matrix House, Basing View Basingstoke, Hampshire RG21 4DZ The Group Financial Statements for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the Group') We have used the equity method to account for the Group s interests in joint ventures and associates Genus at a Glance on pages 2 and 3 explains the Group's operations and principal activities

2 Basis of preparation
We have prepared the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and therefore comply with Article 4 of the IAS Regulation

Unless otherwise stated we have consistently applied the significant accounting policies set out below to all periods presented in these Group Financial Statements

We reclassified certain comparative amounts in 2014 to conform to the current year s presentation

Functional and presentation currency
We present the Group Financial Statements in Sterling, which is the Company's functional and presentational currency All financial information presented in Sterling has been rounded to the nearest £0 1m

Basis of measurement
We prepare the Group Financial Statements under the historical cost convention, except for our biological assets and derivative financial instruments In accordance with IFRS we measure

- biological assets at fair value less point-of-sale costs, which represent the costs of distribution and selling expenses and
- derivative financial instruments at fair value

Use of estimates
Preparing financial statements requires management to make judgements, estimates and assumptions that affect our application of accounting policies and our reported assets, liabilities income and expenses Our actual results may differ from these estimates We review our estimates and underlying assumptions on an ongoing basis and recognise revisions to accounting estimates in the period in which we revise the estimate and in any future periods affected

Note 4 provides information about significant areas of estimation uncertainty and the critical judgements we made in applying accounting policies that have the most effect on the amounts we recognised in the financial statements

Going concern
After reviewing the available information including the Group's business plans and after making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

At 30 June 2015 the Group had net debt of £71 8m (2014 £63 9m) and undrawn committed borrowing facilities of £51 1m The Group s credit facilities at the balance sheet date comprised a £65m multi-currency revolving credit facility, a US$100m revolving credit facility and an amortising US$15m term loan repayable in instalments by 15 September 2017 We do not expect the financial covenants on these facilities to prevent the Group making further use of the facilities if required This, together with the maturity profile of debt, gives the Directors 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 current uncertainties in the economic environment

Basis of consolidation
Subsidiaries are entities the Group controls We have control when we have the power to govern the entity s financial and operating policies so we benefit from its activities In assessing control we take into account potential voting rights that we can currently exercise or convert We fully consolidate the results of subsidiaries we acquire from the date that control transfers to the Group We cease consolidating the results of subsidiaries we sell from the date that control passes

Associates are entities in which the Group has significant influence but not control over the financial and operating policies The Group Financial Statements include the Group s share of the total recognised income and expense of associates on an equity accounted basis from the date that significant influence commences until the date it ceases When our share of losses exceeds our interest in an associate, we reduce the carrying amount to nil and stop recognising further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on an associate s behalf

Joint ventures are entities over whose activities we have joint control under a contractual agreement The Group Financial Statements include the Group s share of profit or loss arising from joint ventures

In preparing the Group Financial Statements, we eliminate intra-Group balances and any unrealised income and expenses arising from intra-Group transactions Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of our interest in the investee We eliminate unrealised losses in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

2 Basis of preparation continued

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 or 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 Group Income Statement

Foreign currencies

We record foreign currency transactions in the relevant Group entity's functional currency, at the exchange rate on the transaction date At each balance sheet date we retranslate monetary assets and liabilities denominated in foreign currencies at the exchange rate on the balance sheet date We recognise the foreign exchange differences arising on retranslation in the Group Income Statement

When non-monetary assets and liabilities are measured at historical cost in a foreign currency we translate them at the exchange rate at the transaction date When non-monetary assets and liabilities are stated at fair value in a foreign currency, we translate them at the prevailing exchange rate on the date we determined the fair value

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

When exchange differences arise from translating foreign operations into Sterling, or from the fair value movement of related effective hedges, we take them to the foreign currency translation reserve When we dispose of the foreign operation we release these differences to the income statement

Exchange movements on inter-company loans designated as long-term funding are taken to the foreign currency translation reserve together with any related taxation

The principal exchange rates were as follows

	Average			**Closing**		
	2015	2014	2013	**2015**	2014	2013
US Dollar/£	**1.57**	1 64	1 57	**1 57**	1 71	1 52
Euro/£	**1.32**	1 20	1 21	**1.41**	1 25	1 17
Brazilian Real/£	**4.26**	3 75	3 22	**4 89**	3 77	3 35
Mexican Peso/£	**22 68**	21 44	20 16	**24 68**	22 18	19 76

3 Significant accounting policies

Business combinations

We use the purchase method to account for all business combinations The cost of acquisition is the aggregate of the fair value at the date of exchange of assets we give liabilities we incur or assume and equity instruments we issue in exchange for control of the acquiree We recognise acquisition related costs in the profit and loss as we incur them

We recognise the acquiree s identifiable assets, liabilities and contingent liabilities which meet the conditions for recognition under IFRS 3, at their fair values at the acquisition date The exceptions are non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which we recognise and measure at fair value less costs to sell

Goodwill

When we acquire a subsidiary, associate or joint venture the goodwill arising is the excess of the acquisition cost, excluding transaction costs, over our interest in the net fair value of the acquiree's identifiable assets liabilities and contingent liabilities Identifiable assets include intangible assets which could be sold separately or which arise from legal rights regardless of whether those rights are separable

We state goodwill at cost less any accumulated impairment losses We allocate goodwill to cash-generating units which are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets We do not amortise goodwill but we do test it annually for impairment For associates we include the carrying amount of goodwill in the carrying amount of our investment in the associate

IAS 21 requires us to treat the following as assets and liabilities of the acquired entity rather than of the acquiring entity
- goodwill arising on acquisition of a foreign operation and
- any fair value adjustments we make on acquisition to the carrying amounts of the acquiree s assets and liabilities

We therefore express them in the foreign operation's functional currency and retranslate them at the balance sheet date

Research and development
We undertake research with the aim of gaining new scientific or technical knowledge, and recognise this expenditure in the income statement as we incur it

The Group constantly monitors its research activities When research projects achieve technical feasibility and are commercially viable our policy is to capitalise further development costs in accordance with IAS 38

Our development activities include developing and maintaining our porcine genetic nucleus herd and our bovine pre-stud herds We do not capitalise development expenditure separately for these herds, as their fair value is included in the fair value of the Group's biological assets, in accordance with IAS 41

We capitalise other development costs within intangible assets when the criteria of IAS 38 are met

We disclose the costs of research and herd development activities as required by IAS 38

Exceptional items
The Group presents items as exceptional when the Directors believe them to be exceptional because of their size or incidence

Intangible assets
Intangible assets that we have acquired in a business combination since 1 April 2005 are identified and recognised separately from goodwill where they meet the definition of an intangible asset and we can reliably measure their fair values Their cost is their fair value at the acquisition date

After their initial recognition we report these intangible assets at cost less accumulated amortisation and accumulated impairment losses This is the same basis as for intangible assets acquired separately

The estimated useful lives for intangible assets are as follows

Software	2 to 10 years
Porcine and bovine genetics technology	20 years
Multiplier contracts	15 years
Customer relationships	15 to 17 years

Intangible assets acquired separately
We carry intangible assets acquired other than through a business combination at cost less accumulated amortisation and any impairment loss We charge amortisation on a straight-line basis over their estimated useful lives, and review the useful life and amortisation method at the end of each financial year, accounting for the effect of any changes in estimate on a prospective basis

Impairment
We review the carrying amounts of our tangible and intangible assets at each balance sheet date to determine whether there is any indication of impairment If any indication exists, we estimate the asset's recoverable amount

For goodwill, and tangible and intangible assets that are not yet available for use we estimate the recoverable amount at each balance sheet date The recoverable amount is the greater of their net selling price and value in use In assessing value in use we discount the estimated future cash flows to their present value using a pre-tax discount rate of 10 8% (2014 11 1%) which is derived from the Group s weighted average cost of capital For some countries we add a premium to this rate to reflect the risk attributable to that country If the asset does not generate largely independent cash inflows we determine the recoverable amount for the cash-generating unit (CGU) that the asset belongs to

We recognise an impairment loss in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount

When we recognise an impairment loss in respect of a CGU, we first allocate it to reduce the carrying amount of any goodwill allocated to CGUs and then apply any remaining loss to reduce the carrying amount of the unit s other assets on a pro rata basis

Reversals of impairment
We reverse an impairment loss in respect of assets other than goodwill when the impairment loss may no longer exist and we have changed the estimates we used to determine the recoverable amount

We only reverse an impairment loss to the extent that the asset s carrying amount does not exceed the carrying amount it would have had, net of depreciation or amortisation, if we had not recognised the impairment loss

3 Significant accounting policies continued

Biological assets and inventories

The Group's principal activity during the period was the global application of quantitative genetics and biotechnology to animal breeding We use these techniques to identify and select animals with the genes responsible for superior milk and meat, high health and performance traits We sell breeding animals and semen to customers, who use them to produce offspring which yield greater production efficiency milk and meat quality, for the global dairy and meat supply chain

In bovine we use research and development to identify genetically superior bulls in a number of breeds, primarily the Holstein dairy breed Each selected bull has its performance measured against its peers by using genomic evaluations and progeny testing of its daughters performance We collect and freeze semen from the best bulls, to satisfy our customers demand Farmers use semen from dairy breeds to breed replacement milking stock They use the semen we sell from beef breeds in either specialist beef breeding herds for multiplying breeding bulls for use in natural service or on dairy cows to produce animals to be reared for meat

We hold our bovine biological assets for long-term internal use and classify them as non-current assets We transfer bull semen to inventory at its fair value at the point of harvest which becomes its deemed cost under IAS 2 We state our inventories at the lower of this deemed cost and net realisable value

Sorting semen is a production process rather than a biological process As a result, we transfer semen inventory into sexed semen production at its fair value at the point of harvest, less the cost to sell, and it becomes a component of the production process We carry sexed semen in finished goods at production cost

In porcine we maintain and develop a central breeding stock (the 'nucleus herd), to provide genetically superior animals These genetics help make farmers and food processors more profitable by increasing their output of consistently high-quality products which yield higher value So we can capitalise on our intellectual property, we outsource the vast majority of our pig production to our global multiplier network We sell the offspring or semen we obtain from animals in the nucleus herd to customers for use in commercial farming

Pig sales generally occur in one of two ways upfront and 'royalty Under upfront sales we receive the full fair value of the animal at point we transfer it to the customer Under royalty sales the pig is regarded as comprising two separately identifiable components its carcass and its genetic potential We receive the initial consideration, which is approximately the animal's carcass value, at the point we transfer the pig to the customer We retain our interest in the pig's genetic potential and receive royalties for the customer's use of this genetic potential

The breeding animal biological assets we own, and our retained interest in the biological assets we have sold under royalty contracts are recognised and measured at fair value at each balance sheet date We recognise changes in fair value in the income statement within operating profit for the period

We classify the porcine biological assets we are using as breeding animals as non-current assets and carry them at fair value The porcine biological assets we are holding for resale which are the offspring of the breeding herd are carried at fair value and classified as current assets We split our retained interest in the genetics from royalty sales between current and non-current assets, based on the remaining expected life of the animals

Determination of fair values – biological assets

IAS 41 *'Agriculture* requires us to show the carrying value of biological assets in the Group Balance Sheet We determine this carrying value according to IAS 41's provisions and show the net valuation movement in the income statement There are important differences in how we value our bovine and porcine assets as explained below

Bovine – we base the fair value of proven bulls bulls with a genomic evaluation and bulls on test on the net cash flows we expect to receive from selling their semen, discounted at a current market-determined pre-tax rate Proven bulls are those we have evaluated and whose semen we actively market Genomic bulls are those we market on their estimated genetic value We adjust the fair value of the bovine herd and semen inventory we manage where a third party has a share in semen sales from a particular bull The significant assumptions determining the fair values are the expected future demand for semen, estimated production value each bull's expected marketable life and for bulls on test, the percentage whose production we expect to actively market In assessing the sales price we use independent statistical data for the bulls This data is produced three times a year in all our major markets In addition, we estimate which markets we will sell the semen in as well as domestic and export prices Bulls that have not yet entered our testing programme have a fair value equivalent to their acquisition and rearing costs

Porcine – the fair values of porcine biological assets includes the animals we own entirely and our retained interest in the genetics of animals we have sold under royalty arrangements The fair value of animals we own is calculated using the animals average live weights plus a premium where we believe that their genetics make them saleable We base the live weight value and the genetic premium on recent transaction prices we have achieved The significant assumptions in determining fair values are the breeding animals' expected life the percentage of production animals that are saleable as breeding animals and the expected sales prices For our retained interest in the genetics of animals sold under royalty contracts we base the initial fair value on the fair values we achieved in recent direct sales of similar animals less the amount we received upfront for the carcass element We then remeasure the fair value of our retained interest at each reporting date The significant assumption in determining the fair value of the retained interest is the animals expected life

We value the pigs in our pure line herds which are the repository of our proprietary genetics, as a single unit of account We do this using a discounted cash flow model, applied to the herds' future outputs at current prices The significant assumptions we make are the number of future generations attributable to the current herds, the fair value prices we achieve on sales the animals expected useful lifespan and productivity and the discount rate

Non-recognition of porcine multiplier contracts where no contractual interest is retained by the Group
To manage commercial risk, a very large part of our porcine business model involves selling pigs to farmers ('multipliers) who produce piglets on farms we neither manage nor control We have the option, but not the obligation, to buy the offspring at slaughter market value plus a premium Because the offspring have superior genetics we can then sell them to other farmers at a premium

We do not recognise the right to purchase offspring on the balance sheet, as we enter into the contracts and continue to hold them for the purpose of receiving non-financial items (the offspring), in accordance with our expected purchase requirements This means the option is outside the scope of IAS 39 We do not recognise the offspring as biological assets under IAS 41 as we do not own or control them

Property, plant and equipment
We state property plant and equipment at cost together with any directly attributable expenses of acquisition, or at their latest valuation, less depreciation and any impairment losses Where parts of an item of property plant and equipment have different useful lives we account for them separately

We charge depreciation to the income statement on a straight-line basis, over the estimated useful lives of each part of an asset The estimated useful lives are as follows

Freehold buildings	10 to 15 years
Leasehold buildings	over the term of the lease
Plant and equipment	3 to 20 years
Motor vehicles	3 to 5 years

We do not depreciate land and assets not available for use

Trade and other receivables
We state trade and other receivables at their nominal amount less any impairment losses If there is a material difference between the nominal amount and the present value, we state the trade or other receivable at its present value

Cash and cash equivalents
Cash and cash equivalents comprise cash balances

Bank overdrafts that are repayable on demand form an integral part of our cash management We only include them in cash and cash equivalents in the statement of cash flows

Interest-bearing loans and borrowings
We initially recognise interest-bearing loans and borrowings at their fair value, less attributable transaction costs After this initial recognition we state them at amortised cost and recognise any difference between the cost and redemption value in the income statement over the borrowings' expected life, on an effective interest rate basis

Provisions
We recognise a provision in the balance sheet when an event results in the Group having a current legal or constructive obligation, and it is probable that we will have to settle the obligation through an outflow of economic benefits If the effect is material, we discount provisions to their present value

Revenue
Revenue is the value of sales and royalties receivable from customers net of trade discounts and value added tax

The principal components of the Group s revenue and their respective accounting treatments are
- Revenue from the sale of bovine and porcine semen, porcine breeding animals and ancillary products which we recognise when risks and rewards transfer to the customer This is either when we ship to customers or on delivery depending on the terms of sale
- Royalties which we recognise when receivable We receive royalty payments from certain porcine customers based on key performance variables such as the number of pigs born per litter, the number of litters born per sow and the average slaughter weight of the animals born
- Revenue from consulting and other services which represent the amounts we charged for services we provided during the year including recoverable expenses but excluding value added tax We recognise services provided but not yet billed as revenue, based on a fair value assessment of the work we have delivered and our contractual right to receive payment Where unbilled revenue is contingent on a future event we do not recognise any revenue until the event occurs

3 Significant accounting policies continued

Leases

We classify leases as finance leases whenever the lease terms transfer substantially all the risks and rewards of ownership to us All other leases are operating leases

We recognise the assets we hold under finance leases at their fair value or, if lower at the present value of the minimum lease payments each of which we determine at the start of the lease We include our corresponding liability in the balance sheet as a finance lease obligation

We apportion lease payments between finance charges and a reduction in our lease obligation so we achieve a constant rate of interest on the remaining liability We recognise finance charges directly in the income statement, unless they are directly attributable to qualifying assets in which case we capitalise them in accordance with our general policy on borrowing costs (see below)

For operating leases we charge the rentals payable and any incentives we receive to enter into an operating lease to the income statement on a straight-line basis over the lease term

Finance costs

We recognise interest income and interest payable in the income statement as they accrue We recognise dividend income in the income statement on the date the entity's right to receive payments is established

Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use or sale Finance costs that are directly attributable to constructing a qualifying asset are added to the asset's cost, until the asset is substantially ready for its intended use or sale

We recognise other borrowing costs in the income statement in the period in which we incur them

Taxation

Tax on the profit or loss for the year comprises current and deferred tax We recognise tax in the income statement, unless
- it relates to items we have recognised directly in equity in which case we recognise it in equity or
- it arises as a fair value adjustment in a business combination

We provide for current tax including UK corporation tax and foreign tax, at the amounts we expect to pay (or recover), using the tax rates and the laws enacted or substantively enacted at the balance sheet date, together with any adjustments to tax payable in respect of previous years

Deferred tax is tax we expect to pay or recover due to differences between the carrying amounts of our assets and liabilities in our financial statements and the corresponding tax bases used in calculating our taxable profit We account for deferred tax using the balance sheet liability method

We generally recognise deferred tax liabilities for all taxable temporary differences, and deferred tax assets to the extent that we will probably have taxable profits to utilise deductible temporary differences against We do not recognise these assets and liabilities if the temporary difference arises from
- our initial recognition of goodwill, or
- our initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither our taxable profit nor our accounting profit

We recognise deferred tax liabilities for taxable temporary differences arising on our investments in subsidiaries and associates, and interests in joint ventures, except where we can control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future

We calculate deferred tax at the tax rates we expect to apply in the period when we settle the liability or realise the asset We charge or credit deferred tax in the income statement, except when it relates to items we have charged or credited directly to equity in which case the deferred tax is also dealt with in equity

Share-based payments

In accordance with IFRS 2, we recognise the fair value of share awards and options granted as an employee expense with a corresponding increase in equity We measure the fair value at the grant date and spread it over the vesting period of each option We use a binomial valuation model to measure the fair value of options, and a Black-Scholes valuation model to measure the fair value of share awards We adjust the amount we recognise as an expense, to reflect the estimated performance against non-market related conditions and the number of share awards and options that actually vest at the end of the vesting period

Treasury shares

We include the transactions assets and liabilities of the Group-sponsored Qualifying Employee Share Ownership Trust (QUEST') in the Group Financial Statements In particular the trust's purchases of the Company's shares are deducted from shareholders' funds until they vest unconditionally with employees

Retirement benefit obligations

Defined contribution pension schemes

A number of our employees are members of defined contribution pension schemes We charge contributions to the income statement as they become payable under the scheme rules We show differences between the contributions payable and the amount we have paid as either accruals or prepayments in the balance sheet The schemes assets are held separately from those of the Group

Defined benefit pension schemes

The Group operates defined benefit pension schemes for some of its employees These schemes are closed to new members We calculate our net obligation separately for each scheme, by estimating the amount of future benefit that employees have earned, in return for their service to date We discount that benefit to determine its present value and deduct the fair value of the plan's assets (at bid price) The liability discount rate we use is the market yield at the balance sheet date on high-quality corporate bonds, with terms to maturity approximating our pension liabilities Qualified actuaries perform the calculations using the projected unit market method

We recognise actuarial gains and losses directly into equity in the period in which they occur through the Group Statement of Changes in Equity Actuarial gains and losses include the difference between the expected and actual return on scheme assets and experience gains and losses on scheme liabilities

We recognise pension costs evenly over the service lives of the employees concerned We allocate any difference between the actuarial value of assets and the actuarial value of liabilities over the average remaining service lives of current employees

The retirement benefit obligations referred to in note 28 include those relating to the Milk Pension defined benefit scheme Genus and the other participating employers are jointly and severally liable for the scheme s obligations We account for our section of the scheme and our share of any orphan assets and liabilities and provide for any amounts we believe we will have to pay under our joint and several liability The joint and several liability also means we have a contingent liability for the scheme's obligations that we have not accounted for

Under the joint and several liability we initially recognise any changes in our share of orphan assets and liabilities in the income statement After this initial recognition any actuarial gains and losses in the orphan assets and liabilities are recognised directly into equity through the Group Statement of Changes in Equity in the period in which they occur

Derivative financial instruments and hedging activities

The Group uses interest rate swaps to hedge interest rate risk, forward exchange contracts to manage foreign exchange risk and forward commodity contracts to manage commodity price risk

The fair value of interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date taking into account current interest rates and the creditworthiness of the swap counterparties

The fair values of forward exchange contracts and forward commodity contracts are their quoted market price at the balance sheet date which is the present value of the quoted forward price

Cash flow hedges

Where a derivative financial instrument is designated as hedging the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, we recognise the effective part of any gain or loss on the instrument in equity in the hedging reserve We recognise any ineffective portion of the hedge immediately in the Group Income Statement

If we hedge a forecast transaction that subsequently results in our recognising a financial asset or liability, we recycle the associated gains and losses that we had recognised in equity in the Group Income Statement We do this in the same period or periods that the asset or liability affects the Group Income Statement which are the periods when we recognise the interest income or expense

If we expect a hedged forecast transaction to occur but the hedging instrument has expired, been sold terminated or exercised, or we have revoked the designation of the hedge relationship then the cumulative gain or loss at that point remains in equity and we recognise it in accordance with the above policy when the transaction occurs If we no longer expect the hedged transaction to take place we immediately recognise in the Group Income Statement the cumulative unrealised gain or loss recognised in equity

Net investment hedges

Where we have designated a derivative financial instrument as hedging the variability of the net assets of an overseas subsidiary which arises from the spot or forward exchange rate translation risk associated with the subsidiary s functional currency, we recognise the effective part of any gain or loss on the instrument directly in the hedging reserve Any ineffective portion of the hedge is recognised immediately in the Group Income Statement

When a hedging instrument expires or is sold, terminated or exercised or we revoke designation of the hedge relationship, the cumulative gain or loss at that point remains in equity until we dispose of the investment it relates to

We only apply net investment hedge accounting in the Group Financial Statements

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

3 Significant accounting policies continued
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

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)

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

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

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed

4 Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group s accounting policies which are described in note 3 the Directors are required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimate and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ 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 the revision and future periods if the revision affects both current and future periods

Critical judgements and key sources of estimation uncertainty
Determination of the fair value of biological assets
Determining the fair values of our bovine and porcine biological assets requires significant judgement and assumptions

Bovine The key judgements are in respect of the forecast sales volumes, the expected unit prices, the animals useful lifespan and the discount rate we apply

Porcine The key judgements and assumptions are in respect of the animals useful lifespan the proportion that go to slaughter, the mix of boars and gilts and, in the case of the animals in the pure line herds the number of future generations attributable to the current herds, the fair value prices achieved on sales, the animals' expected useful lifespan and productivity, and the discount rate we apply See note 15

Fair value of assets and liabilities on business combinations
The Group s accounting policy on the acquisition of subsidiaries is to determine the net fair value of identifiable assets, liabilities and contingent liabilities acquired with the fair value of any consideration in excess of this amount representing goodwill In determining the fair values of assets, liabilities and contingent liabilities acquired the use of significant judgement and assumptions with respect to estimated future cash flows and unprovided liabilities and commitments, particularly to tax are often involved

The determination of the useful life of intangible assets particularly on those arising on acquisition, involves the exercise of management judgement

Impairment of goodwill, intangible and tangible assets
Determining whether goodwill intangible and tangible assets are impaired requires us to consider any specific impairment indicators and to estimate the value in use of the cash-generating units to which we have allocated goodwill intangible and tangible assets The value in use calculation requires us to estimate the future cash flows arising from the cash-generating unit and the appropriate discount rate, in order to calculate present value See note 14

Recognition of deferred tax assets
In recognising income tax assets and liabilities, we estimate the likely decisions by tax authorities on transactions and events whose tax treatment is uncertain. In recognising deferred tax assets and liabilities, we also make judgements about our likely future taxable profits. When the final outcome of such matters, including the recognition of deferred tax assets or tax losses, is different or expected to be different from our previous assessments, we record a change to the carrying value of income tax assets and liabilities in the period in which we make the determination. See note 19.

Defined benefit pension scheme
Amounts recorded in the financial statements in respect of defined benefit pension schemes are also based on significant estimates and judgement. Details of the estimates and judgements we made in calculating these transactions are contained in note 28. These include estimates and judgements about the extent to which we should provide for any amounts that might become payable under our joint and several liability in respect of the Milk Pension Fund.

Share-based payments
Amounts recorded in the financial statements in respect of share-based payments are also based on significant estimates and judgement. Details of the estimates and judgements we made in calculating these transactions are contained in note 29.

5 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

	2015 £m	2014 £m
Genus PIC	**175.5**	152.8
Genus ABS	**167.8**	157.4
Genus Asia	**41.4**	46.5
Research and Development		
Research	**–**	–
Porcine Product Development	**13.8**	15.5
Bovine Product Development	**–**	–
	13.8	15.5
	398.5	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 year is shown on the Group Income Statement.

Operating profit

	2015 £m	2014 £m
Genus PIC	**57.2**	49.9
Genus ABS	**24.0**	24.3
Genus Asia	**5.7**	6.8
Research and Development		
Research	**(4.6)**	(3.6)
Porcine Product Development	**(11.6)**	(12.5)
Bovine Product Development	**(12.4)**	(11.6)
	(28.6)	(27.7)
Segment operating profit	**58.3**	53.3
Central	**(11.1)**	(10.4)
Adjusted operating profit	**47.2**	42.9

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

5 Segmental information continued
Other segment information

	Depreciation		Amortisation		Additions to non-current assets	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Genus PIC	**0.5**	0 4	**6.1**	5 8	**0 5**	0 5
Genus ABS	**1.5**	1 2	**0.6**	0 6	**1 8**	1 9
Genus Asia	**0.5**	0 4	**-**	–	**0.4**	0 3
Research and Development						
Research	**0.1**	–	**-**	–	**5.2**	0 2
Porcine Product Development	**1 9**	1 7	**–**	–	**0.6**	0 7
Bovine Product Development	**0.2**	0 1	**–**	–	**5.2**	2 5
	2.2	1 8	**–**	–	**11 0**	3 4
Segment total	**4.7**	3 8	**6.7**	6 4	**13.7**	6 1
Central	**1.6**	1 3	**–**	–	**3.3**	1 7
Total	**6.3**	5 1	**6.7**	6 4	**17.0**	7 8

	Segment assets		Segment liabilities	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Genus PIC	**194.9**	198 6	**(45.5)**	(41 4)
Genus ABS	**123.7**	107 3	**(39.9)**	(32 5)
Genus Asia	**37.0**	38 6	**(7.6)**	(7 7)
Research and Development				
Research	**6.0**	1 2	**(0.1)**	(0 8)
Porcine Product Development	**110.0**	86 1	**(47.6)**	(35 0)
Bovine Product Development	**167.5**	149 0	**(52 2)**	(45 9)
	283.5	236 3	**(99 9)**	(81 7)
Segment total	**639.1**	580 8	**(192.9)**	(163 3)
Central	**5.2**	3 4	**(146 3)**	(135 6)
Total	**644.3**	584 2	**(339.2)**	(298 9)

Other exceptional items of £5 1m expense (2014 £2 0m), relate to Genus PIC (£1 5m) Genus ABS (£0 9m) Genus Asia (£0 1m) Research and Development (£2 8m) and our central segment (£0 2m credit) Note 7 provides details of these exceptional items

We consider share-based payments on a Group-wide basis and do not allocate them to reportable segments

Geographical information
The Group s revenue by geographical segments is analysed below

Revenue

	2015 £m	2014 £m
North America	**181.2**	153 7
Latin America	**59.0**	50 2
Europe, Middle East and Africa	**116.9**	121 8
Asia	**41.4**	46 5
	398.5	372 2

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

	2015 £m	2014 £m
North America	**306.3**	261 2
Latin America	**51.2**	45 2
Europe, Middle East and Africa	**85.0**	84 8
Asia	**14.0**	14 4
	456.5	405 6

6 Revenue

	2015 £m	2014 £m
Sale of animals, semen and associated products and services	**314.4**	297 7
Royalties	**77.1**	67 1
Consulting services	**7.0**	7 4
	398.5	372 2
Interest income (see note 10)	**0.2**	0 2
	398.7	372 4

7 Exceptional items

Operating (expenses)/income

	2015 £m	2014 £m
Acquisition and integration	**(1 4)**	(1 8)
Legal fees	**(2 8)**	(0 6)
Other (including restructuring)	**(1.3)**	0 4
Pension related	**0.4**	–
	(5.1)	(2 0)

During the period £1 4m of expenses were incurred in relation to the acquisition and integration principally in relation to Birchwood Genetics Inc and In Vitro Brasil S A of £0 3m and £0 9m respectively See note 37

Legal fees of £2 8m (2014 £0 6m) related to an action by ABS Global Inc (ABS) against Inguran LLC (aka Sexing Technologies ('ST'))

On 14 July 2014 ABS a wholly owned subsidiary of the Company, launched a legal action against ST in the US District Court for the Western District of Wisconsin alleging among other matters, that ST (i) have a monopoly in the processing of sexed bovine semen in the US and (ii) unlawfully maintain this monopoly through anticompetitive contractual provisions and the repeated acquisition of exclusive patent rights related to semen processing The legal action aims to remove these barriers and allow free and fair competition in the sexed bovine semen processing market ('ABS Action) On the same date ABS also filed an Inter-Partes Review application (IPR) challenging the validity of one of the ST's group patents, US Patent No 7195,920 (the '920 patent) before the US Patent Office Subsequently, ABS also filed IPRs challenging the validity of ST s group patents US Patent No 7 820 425 (the '425 patent') and US Patent No 8 206 987 (the '987 patent')

On 7 November 2014, ST filed its Answer and Counterclaim to the ABS Action, denying any anticompetitive activities, and alleging among other matters (i) that ABS fraudulently induced ST to enter into the parties semen sorting agreement, (ii) that the Company and ABS repudiated and breached the agreement, and (iii) that the Company and ABS have infringed the 987 patent

On 13 January 2015 and 15 April 2015 respectively the Patent Trial and Appeal Board (PTAB) ruled that ABS had demonstrated a reasonable likelihood of prevailing on its assertion that relevant claims of the '920 patent and the '425 patent were invalid, and ordered the institution of a trial

On 31 March 2015, the Court in Wisconsin among other matters (i) denied ST's motion to transfer the ABS Action to Texas, confirming that Wisconsin was the appropriate venue (ii) denied ST s partial motion to dismiss the ABS Action, and (iii) permitted XY Inc ('XY), a subsidiary of ST to join the litigation Subsequently a revised timetable for the ABS Action was established and the trial is now scheduled to commence on 1 August 2016

On 6 May 2015 XY filed an Answer and Counterclaim denying the anti-competitive activities and alleging, among other matters infringement of the 920 patent and the '425 patent by both ABS and the Company

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

7 Exceptional items continued

On 29 April 2015, the PTAB ruled that ABS had not demonstrated a reasonable likelihood of prevailing on its assertion that relevant claims of the '987 patent were invalid and declined to order the institution of a trial ABS will now pursue the invalidity of this patent through the Wisconsin litigation

On 12 June 2015, ST was given leave to amend its counterclaims to allege the infringement by ABS and the Company of US Patent No 8,198,092 (the "092 patent')

This Wisconsin litigation continues through discovery depositions and related preparations for trial ABS intends to continue to vigorously pursue this litigation in order to seek to enter and compete in this market using its own technology

Included within other is £1 2m related principally to refocus the European porcine business as it continues to reduce farm operations and align with the Group s global strategy

During the year a settlement gain of £0 4m was recorded in relation to members leaving the Milk Pension Fund

8 Operating profit

Operating costs comprise

	2015 **£m**	2014 £m
Cost of sales excluding net IAS 41 valuation movement on biological assets and amortisation of multiplier contract intangible assets	**(177.4)**	(167 6)
Net IAS 41 valuation movement on biological assets	**24 9**	7 5
Amortisation of multiplier contract intangible assets	**(0.2)**	(0 2)
Cost of goods	**(152.7)**	(160 3)
Other cost of sales	**(84 1)**	(79 6)
Amortisation of customer relationship intangible assets	**(3 6)**	(3 0)
Cost of sales	**(87.7)**	(82 6)
Research and Development expenditure	**(28 6)**	(27 7)
Amortisation of technology intangible assets	**(2.3)**	(2 6)
Research and Development costs	**(30 9)**	(30 3)
Administrative expenses	**(60 6)**	(53 8)
Share-based payment expense	**(1 4)**	(0 8)
Amortisation of software	**(0 6)**	(0 6)
Exceptional items within administrative expenses	**(5 1)**	(2 0)
Total administrative expenses	**(67 7)**	(57 2)
Total operating costs	**(339.0)**	(330 4)

Profit for the year is stated after charging

	2015 **£m**	2014 £m
Net foreign exchange losses	**–**	0 1
Depreciation of owned fixed assets	**5.1**	4 2
Depreciation of assets held under finance leases and hire purchase contracts	**1.2**	0 9
Loss on disposal of fixed assets	**0.4**	0 2
Impairment on asset held for sale	**0.3**	–
Operating lease rentals		
– plant and machinery	**3 5**	2 3
– other	**5 6**	4 0
Employee costs (see note 9)	**109.1**	99 4
Cost of inventories recognised as an expense	**86 8**	71 2

Auditor's remuneration is as follows

	2015 £m	2014 £m
Fees payable to the Company's auditor for the audit of the Company's Annual Report and Financial Statements	**0 1**	0 1
Fees payable to the Company's auditor and associates for the audit of the Company's subsidiaries	**0.5**	0 5
Total audit fees	**0 6**	0 6
Tax compliance services	**0 1**	0 2
Taxation advisory services	**–**	0 1
Other services	**0 2**	–
Total non-audit fees	**0.3**	0 3
Total fees to the Group's auditor	**0.9**	0 9
Fees payable to other auditors of Group companies	**–**	–

Non-audit tax services principally comprise tax advisory and tax compliance support services This year £0 2m of non-audit fees have been incurred in relation to due diligence work These services fall within the non-audit services policy approved by the Company s Audit Committee

9 Employee costs

Employee costs, including Directors' remuneration amounted to

	2015 £m	2014 £m
Wages and salaries (including bonuses and sales commission)	**97 3**	89 7
Social security costs	**8.3**	6 8
Contributions to defined contribution pension plans	**2.1**	2 0
Share-based payment expense (excluding NI)	**1.4**	0 9
	109 1	99 4

The average monthly number of full time equivalent employees including Executive Directors was as follows

	2015 Number	2014 Number
Genus PIC	**501**	515
Genus ABS	**1,378**	1,289
Genus Asia	**337**	377
Research and Development	**118**	93
Central	**52**	40
	2,386	2,314
Included in the totals above		
UK	**737**	707

The Directors' Remuneration Report sets out details of the Directors remuneration, pensions and share options

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

10 Net finance costs

	2015 £m	2014 £m
Interest payable on bank loans and overdrafts	**(1 8)**	(1 7)
Amortisation of debt issue costs	**(0.4)**	(0 4)
Other interest payable	**(0 1)**	(0 2)
Net interest cost in respect of pension scheme liabilities	**(2.3)**	(2 9)
Net interest cost on derivative financial instruments	**(0.2)**	(0 5)
Total interest expense	**(4.8)**	(5 7)
Interest income on bank deposits	**0.2**	0 2
Total interest income	**0.2**	0 2
Net finance costs	**(4.6)**	(5 5)

11 Income tax expense

	2015 £m	2014 £m
Current tax expense		
Current period	**13.0**	10 8
Adjustment for prior periods	**(0.4)**	(0 7)
Total current tax expense in the Group Income Statement	**12 6**	10 1
Deferred tax expense/(income)		
Origination and reversal of temporary differences (see note 19)	**5.1**	(1 0)
Adjustment for prior periods	**(0.4)**	0 2
Total deferred tax expense/(income) in the Group Income Statement	**4.7**	(0 8)
Total income tax expense excluding share of income tax of equity accounted investees	**17 3**	9 3
Share of income tax of equity accounted investees	**0.7**	0 7
Total income tax expense in the Group Income Statement	**18 0**	10 0

Reconciliation of effective tax rate

	2015 %	2015 £m	2014 %	2014 £m
Profit before tax		**57.8**		38 2
Income tax at UK corporation tax of 20 75% (2014 22 5%)	**20.75**	**12 0**	22 50	8 6
Effect of tax rates in foreign jurisdictions	**13.85**	**8.0**	15 70	6 0
Non-deductible expenses	**2.40**	**1.4**	0 50	0 2
Tax exempt income and incentives	**(6.40)**	**(3 7)**	(5 00)	(1 9)
Change in tax rate	**(1.00)**	**(0.6)**	(6 30)	(2 4)
Movements in recognition of tax losses	**1.00**	**0.6**	1 60	0 6
Change in unrecognised temporary differences	**1 70**	**1.0**	(1 30)	(0 5)
Tax over provided in prior periods	**(1.40)**	**(0.8)**	(1 00)	(0 4)
Tax on undistributed reserves	**0.20**	**0.1**	(0 50)	(0 2)
Total income tax expense in the Group Income Statement	**31.10**	**18.0**	26 20	10 0

The tax rate for the year depends on our mix of profits by country particularly the high proportion of profits we generate in North America and our ability to recognise deferred tax assets in respect of losses in some of our smaller territories

The tax credit attributable to exceptional items is £1 6m (2014 £0 3m)

Income tax recognised directly in equity
Tax in relation to

	2015 £m	2014 £m
Foreign exchange differences on long-term intra-Group currency loans	**0.3**	0 2
Actuarial movement on retirement benefit obligations	**(1.6)**	2 5
Translation of biological assets, intangible assets and finance leases	**6.4**	(8 0)
Income tax on income and expense recognised directly in equity	**5.1**	(5 3)
Share-based payment expense	**(0.8)**	(0 1)
Total income tax recognised directly in equity	**4.3**	(5 4)

12 Dividends

Amounts recognised as distributions to equity holders in the year

	2015 £m	2014 £m
Final dividend		
Final dividend for the year ended 30 June 2014 of 12 2 pence per share	**7 4**	–
Final dividend for the year ended 30 June 2013 of 11 1 pence per share	**–**	6 7
Interim dividend		
Interim dividend for the year ended 30 June 2015 of 6 1 pence per share	**3 7**	–
Interim dividend for the year ended 30 June 2014 of 5 5 pence per share	**–**	3 4
	11.1	10 1

The Directors have proposed a final dividend of 13 4 pence per share for 2015 This is subject to shareholders' approval at the Annual General Meeting and we have therefore not included it as a liability in these financial statements

13 Earnings per share

Basic earnings per share from continuing operations

	2015	2014
Basic earnings per share	**66.7p**	47 7p

The calculation of basic earnings per share from continuing operations for the year ended 30 June 2015 is based on the profit attributable to ordinary shareholders from continuing operations of £40 5m (2014 £28 9m) and a weighted average number of ordinary shares outstanding of 60 702 000 (2014 60 592 000) which is calculated as follows

Weighted average number of ordinary shares (basic)

	2015 000s	2014 000s
Issued ordinary shares at start of the year	**60,919**	60,649
Effect of own shares held	**(239)**	(239)
Shares issued on exercise of stock options	**22**	41
Shares issued in relation to employee benefit trust	**-**	141
Weighted average number of ordinary shares in year	**60,702**	60,592

13 Earnings per share continued
Diluted earnings per share from continuing operations

	2015	2014
Diluted earnings per share	**65.9p**	47 6p

The calculation of diluted earnings per share from continuing operations for the year ended 30 June 2015 is based on profit attributable to ordinary shareholders from continuing operations of £40 5m (2014 £28 9m) and a weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares of 61 476 000 (2014 60,713 000) which is calculated as follows

Weighted average number of ordinary shares (diluted)

	2015 000s	2014 000s
Weighted average number of ordinary shares (basic)	**60,702**	60,592
Dilutive effect of share options	**774**	121
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**61,476**	60,713

Adjusted earnings per share from continuing operations

	2015	2014
Adjusted earnings per share	**56 8p**	46 5p
Diluted adjusted earnings per share	**56.1p**	46 4p

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 £34 5m (2014 £28 2m) which is calculated as follows

	2015 £m	2014 £m
Profit before tax from continuing operations	**57.8**	38 2
Add/(deduct)		
Net IAS 41 valuation movement on biological assets	**(24.9)**	(7 5)
Amortisation of acquired intangible assets	**6.1**	5 8
Share-based payment expense	**1.4**	0 8
Exceptional items (see note 7)	**5.1**	2 0
Net IAS 41 valuation movement on biological assets in joint ventures and associates	**1.0**	(0 7)
Tax on joint ventures and associates	**0.7**	0 7
Attributable to non-controlling interest	**(0.6)**	–
Adjusted profit before tax	**46 6**	39 3
Adjusted tax charge	**(12.1)**	(11 1)
Adjusted profit after taxation	**34 5**	28 2
Effective tax rate on adjusted profit	**26.0%**	28 2%

14 Intangible assets

	Technology £m	Multiplier contracts £m	Customer relationships £m	Separately identified acquired intangible assets £m	Software £m	Genus sexed semen and other £m	Total £m	Goodwill £m
Cost								
Balance at 1 July 2013	40 4	3 9	55 3	99 6	6 7	6 7	113 0	67 8
Additions	–	–	–	–	–	1 5	1 5	–
Acquisition	2 4	–	2 6	5 0	–	–	5 0	7 6
Effect of movements in exchange rates	(0 1)	(0 4)	(6 5)	(7 0)	(0 2)	–	(7 2)	(5 5)
Balance at 30 June 2014	42 7	3 5	51 4	97 6	6 5	8 2	112 3	69 9
Additions	–	–	–	–	–	2 8	2 8	–
Acquisition (see note 37)	3 5	–	4 1	7 6	–	–	7 6	5 3
Disposal	–	–	–	–	–	(0 2)	(0 2)	–
Effect of movements in exchange rates	(0 1)	–	2 5	2 4	0 1	0 6	3 1	(1 3)
Balance at 30 June 2015	**46.1**	**3 5**	**58.0**	**107.6**	**6.6**	**11.4**	**125.6**	**73.9**
Amortisation and impairment losses								
Balance at 1 July 2013	15 2	1 7	24 6	41 5	3 2	–	44 7	–
Amortisation for the year	2 3	0 2	3 3	5 8	0 6	–	6 4	–
Effect of movements in exchange rates	–	(0 2)	(3 0)	(3 2)	–	–	(3 2)	–
Balance at 30 June 2014	17 5	1 7	24 9	44 1	3 8	–	47 9	–
Amortisation for the year	2 3	0 2	3 6	6 1	0 6	–	6 7	–
Effect of movements in exchange rates	–	–	1 1	1 1	0 1	–	1 2	–
Balance at 30 June 2015	**19.8**	**1.9**	**29.6**	**51.3**	**4 5**	**–**	**55.8**	**–**
Carrying amounts								
At 30 June 2015	**26 3**	**1 6**	**28.4**	**56.3**	**2 1**	**11.4**	**69 8**	**73 9**
At 30 June 2014	25 2	1 8	26 5	53 5	2 7	8 2	64 4	69 9
At 30 June 2013	25 2	2 2	30 7	58 1	3 5	6 7	68 3	67 8

Additions in the year to intangible assets of £2 8m relates to costs capitalised in respect of a Genus Sexed Semen (GSS) development project

Included above is £11 1m of capitalised development expenses in respect of GSS and in addition there is also £5 4m included within fixed assets relating to GSS

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

14 Intangible assets continued

Impairment testing for cash-generating units ('CGU') containing goodwill

To test impairment we allocate goodwill to our operating segments These are the lowest level within the Group at which we monitor goodwill for internal management purposes

The aggregate carrying amounts of goodwill allocated to each operating segment are as follows

	2015 **£m**	2014 £m
Genus PIC	**49.2**	47 1
Genus ABS	**17.2**	15 8
Genus Asia	**7.5**	7 0
	73.9	69 9

We test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired

We determine the recoverable amount of our CGUs by using value in use calculations The key assumptions for these calculations relate to discount rates, growth rates expected changes to selling prices, direct costs and the cost saving derived from the GSS project We have estimated the discount rate using the Group's weighted average cost of capital ('WACC') Our estimates of changes in selling prices and direct costs are based on past experience and our expectations of future changes in the market

We prepare cash flows for the next five years derived from our most recent financial and strategic plans approved by management and extrapolate cash flows beyond this period using estimated growth rates

We have applied annual growth rates as outlined below to cash flows in the five year financial and strategic planning period

A growth rate of 2 5% (2014 2 5%) has been used to extrapolate cash flows beyond this period

The post-tax WACC of 8 0% (2014 8 0%) we applied to our cash flow projections equates to a pre-tax rate of approximately 10 8% (2014 11 1%) We risk adjusted the discount rate on a country basis adding between nil and 16% to the WACC as appropriate

Genus PIC and Genus ABS CGUs are deemed to be significant The individual country assumptions used to determine value in use for these CGUs are

	Risk adjusted discount rate		**Short-term growth rates (CAGR)**		**Long-term growth rates**	
	2015	2014	**2015**	2014	**2015**	2014
Genus PIC	**11%–26%**	11%–14%	**1%–14%**	3%–15%	**2.5%**	2 5%
Genus ABS	**11%–26%**	11%–26%	**3%–19%**	3%–33%	**2 5%**	2 5%

Sensitivity to changes in assumptions

We believe that no reasonable potential change in any of the above key assumptions would cause the carrying value of any unit to exceed its recoverable amount

15 Biological assets
Fair value of biological assets

	Bovine £m	Porcine £m	Total £m
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
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 Genetiporc	–	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
Increases due to purchases	6 9	119 6	126 5
Decreases attributable to sales	–	(166 3)	(166 3)
Decrease due to harvest	(34 8)	(16 7)	(51 5)
Changes in fair value less estimated sale costs	34 5	78 7	113 2
Effect of movements in exchange rates	9 6	8 4	18 0
Balance at 30 June 2015	**144.8**	**148 1**	**292.9**
Non-current biological assets	144 8	97 9	242 7
Current biological assets	–	50 2	50 2
Balance at 30 June 2015	**144.8**	**148 1**	**292.9**

Bovine biological assets include £6 0m (2014 £3 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% (2014 8 0%)

Decreases due to harvest represent the semen extracted from the biological assets Inventories of such semen are shown as biological asset harvest in note 20

Porcine biological assets include £65 2m (2014 £49 5m) relating to the fair value of the retained interest in the genetics in respect of animals, other than parent gilts to customers under royalty contracts Total revenue in the period includes £94 6m (2014 £80 7m) in respect of these contracts comprising £17 5m (2014 £13 6m) on initial transfer of animals to customers and £77 1m (2014 £67 1m) in respect of royalties received Decreases attributable to sales during the period of £166 3m (2014 £153 2m) include £37 0m (2014 £32 8m) in respect of the reduction in fair value of the retained interest in the genetics of animals, other than parent gilts, transferred under royalty contracts

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

15 Biological assets continued
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% (2014 11 0%) The number of future generations which have been taken into account is seven (2014 seven) and their estimated useful lifespan is 1 3 years (2014 1 4 years)

Included in increases due to purchases is the aggregate increase arising during the period on initial recognition of biological assets in respect of multiplier purchases £43 3m (2014 £34 1m)

Year ended 30 June 2015

	Bovine £m	**Porcine £m**	**Total £m**
Net IAS 41 valuation movement on biological assets*			
Changes in fair value of biological assets	**34 5**	**78 7**	**113.2**
Inventory transferred to cost of sales at fair value	**(30.0)**	**(16.7)**	**(46 7)**
Biological assets transferred to cost of sales at fair value	**–**	**(42.2)**	**(42.2)**
	4.5	**19.8**	**24 3**
Fair value movement in related financial derivative	**–**	**0.6**	**0.6**
	4.5	**20.4**	**24 9**

Year ended 30 June 2014

	Bovine £m	Porcine £m	Total £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

Fair value measurement
All of the biological assets fall under Level 3 of the hierarchy defined in IFRS 13

Unobservable inputs

	2015	2014	Sensitivity
Bovine			
Long-term growth rate in volumes	**3%**	3%	1% decrease in the growth rate would result in approximately a £3 5m reduction in value
Weighted average cost of capital	**8%**	8%	1% increase in the discount rate would result in approximately a £4 0m reduction in value
Porcine			
Weighted average cost of capital	**8%–11%**	8%–11%	1% increase in the discount rate would result in approximately a £1 8m reduction in value

Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement These assumptions vary significantly across different countries and species

Additional information

	2015	2014
Bovine		
Quantities at period end		
Number of proven bulls	**277**	315
Number of genomic bulls	**110**	116
Total number of marketable bulls	**387**	431
Number of doses of semen valued in inventory	**8.2m**	8 7m
Total number of bulls in development	**1,435**	1,620
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	**£34.8m**	£33 3m
Porcine		
Quantities at period end		
Number of pigs (existing – own farms)	**131,842**	137,055
Number of pigs acquired with Genetiporc	**–**	40,874
Number of pigs (own farms)	**131,842**	177,929
Number of pigs despatched on a royalty basis and valued at fair value	**67,835**	51,176
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	**£16.7m**	£11 0m

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

16 Property, plant and equipment

	Land and buildings £m	Plant, motor vehicles and equipment £m	Total £m
Cost or deemed cost			
Balance at 1 July 2013	36 8	40 2	77 0
Additions	1 5	4 8	6 3
Acquisition	–	0 2	0 2
Disposals	(0 3)	(1 2)	(1 5)
Reclassified as held for sale	(1 0)	–	(1 0)
Effect of movements in exchange rates	(5 0)	(5 1)	(10 1)
Balance at 30 June 2014	32 0	38 9	70 9
Additions	4 2	10 0	14 2
Acquisition (see note 37)	0 2	0 9	1 1
Disposals	(0 1)	(1 5)	(1 6)
Effect of movements in exchange rates	1 0	2 0	3 0
Balance at 30 June 2015	**37.3**	**50.3**	**87 6**
Depreciation and impairment losses			
Balance at 1 July 2013	12 1	19 9	32 0
Depreciation for the year	1 7	3 4	5 1
Disposals	(0 2)	(1 1)	(1 3)
On assets reclassified as held for sale	(0 2)	–	(0 2)
Effect of movements in exchange rates	(2 1)	(3 2)	(5 3)
Balance at 30 June 2014	11 3	19 0	30 3
Depreciation for the year	1 8	4 5	6 3
Disposals	(0 1)	(0 8)	(0 9)
Effect of movements in exchange rates	0 2	1 4	1 6
Balance at 30 June 2015	**13 2**	**24.1**	**37 3**
Carrying amounts			
At 30 June 2015	**24.1**	**26 2**	**50 3**
At 30 June 2014	20 7	19 9	40 6
At 30 June 2013	24 7	20 3	45 0

Leased plant and machinery

At 30 June 2015 plant, motor vehicles and equipment included assets held under finance leases with a carrying value of £6 8m (2014 £5 6m 2013 £6 2m) The associated depreciation charge for the year was £1 2m (2014 £0 9m 2013 £1 0m)

17 Equity accounted investees

The Group s share of profit after tax in its equity accounted investees for the year was £2 9m (2014 £1 9m)

The carrying value of the investment is reconciled as follows

	2015 £m	2014 £m
Balance at 1 July	**21 7**	11 4
Share of post-tax profits of joint ventures and associate retained	**2.9**	1 9
Dividends received	**(2.3)**	(0 9)
Addition	**0.8**	11 2
Effect of other movements including exchange rates	**(3.5)**	(1 9)
Balance at 30 June	**19 6**	21 7

During the year the Group completed its investment under a joint venture agreement with B G Chitale Dairies Pvt Ltd and acquired a 50% interest in a newly formed company Chitale Genus ABS (India) Pvt Ltd in India for £0 8m

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

Year ended 30 June 2015

Net assets	Ownership	Current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agroceres – PIC Genetica de Suinos Ltda [Brazil]	**49%**	**2.9**	**7.6**	**2.8**	**13.3**	**(2 1)**	**(2.1)**	**11.2**
HY-CO Hybridschweine – Cooperations GmbH [Germany]	**50%**	**0 1**	**–**	**–**	**0.1**	**–**	**–**	**0.1**
Humei Pig Improvement Company [China]	**50%**	**1.0**	**–**	**–**	**1.0**	**–**	**–**	**1.0**
Xianyang Yongxiang Agriculture Technology Co , Ltd [China]	**49%**	**6 4**	**–**	**0 1**	**6.5**	**–**	**–**	**6 5**
Chitale Genus ABS (India) Private Limited [India]	**50%**	**0 8**	**–**	**–**	**0.8**	**–**	**–**	**0 8**
		11 2	**7.6**	**2.9**	**21.7**	**(2.1)**	**(2 1)**	**19.6**

Income statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agroceres – PIC Genetica de Suinos Ltda [Brazil]	**49%**	**17.1**	**(0.6)**	**(12 3)**	**4.2**	**(0 7)**	**3 5**
HY-CO Hybridschweine – Cooperations GmbH [Germany]	**50%**	**2.9**	**–**	**(2 9)**	**–**	**–**	**–**
Humei Pig Improvement Company [China]	**50%**	**2.4**	**–**	**(2.8)**	**(0.4)**	**–**	**(0 4)**
Xianyang Yongxiang Agriculture Technology Co , Ltd [China]	**49%**	**3.4**	**(0 4)**	**(3.2)**	**(0.2)**	**–**	**(0 2)**
Chitale Genus ABS (India) Private Limited [India]	**50%**	**–**	**–**	**–**	**–**	**–**	**–**
		25 8	**(1.0)**	**(21 2)**	**3 6**	**(0.7)**	**2.9**

Year ended 30 June 2014

Net assets	Ownership	Current assets £m	Non current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agroceres - PIC Genetica de Suinos Ltda [Brazil]	49%	3 3	7 4	3 1	13 8	(1 3)	(1 3)	12 5
HY-CO Hybridschweine – Cooperations GmbH [Germany]	50%	0 2	–	–	0 2	–	–	0 2
Humei Pig Improvement Company [China]	50%	1 3	–	–	1 3	–	–	1 3
Xianyang Yongxiang Agriculture Technology Co , Ltd [China]	49%	7 1	–	0 6	7 7	–	–	7 7
		11 9	7 4	3 7	23 0	(1 3)	(1 3)	21 7

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

17 Equity accounted investees continued

Income statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agroceres – PIC Genetica de Suinos Ltda [Brazil]	49%	12 8	0 1	(10 2)	2 7	(0 7)	2 0
HY-CO Hybridschweine – Cooperations GmbH [Germany]	50%	6 0	–	(5 9)	0 1	–	0 1
Humei Pig Improvement Company [China]	50%	2 3	–	(2 6)	(0 3)	–	(0 3)
Xianyang Yongxiang Agriculture Technology Co , Ltd [China]	49%	1 7	0 6	(2 2)	0 1	–	0 1
		22 8	0 7	(20 9)	2 6	(0 7)	1 9

18 Available for sale investments

	2015 £m	2014 £m
Fair value	**0.2**	0 1

Available for sale investments are in respect of unlisted trade related investments

19 Deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities

At the balance sheet date the Group has unused tax losses which are available for offset against future profits with a potential tax benefit of £11 9m (2014 £12 4m) We have recognised a deferred tax asset in respect of £1 5m (2014 £1 0m) of these benefits as we expect these losses to be offset against future profits of the relevant jurisdictions in the near term We have not recognised a deferred tax asset in respect of the remaining £10 4m (2014 £11 4m), due to uncertainty about the availability of future taxable profits in the relevant jurisdictions

We have not recognised deferred tax liabilities totalling £3 9m (2014 £4 2m) for the withholding tax and other taxes that would be payable on the unremitted earnings of certain overseas subsidiaries This is because we can control the timing and reversal of these differences and it is probable that the differences will not reverse in the foreseeable future

Recognised deferred tax assets and liabilities

We have offset deferred tax assets and liabilities above to the extent that they arise in the same tax jurisdiction

The following is the analysis of the deferred tax balances

	2015 £m	2014 £m
Deferred tax assets	**(7 8)**	(4 8)
Deferred tax liabilities	**105.2**	90 3
	97.4	85 5

UK deferred tax assets and liabilities are stated at 20% The Government intends to enact further reductions in the main tax rate down to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 As these tax rates were not substantively enacted at the balance sheet date, the relevant rate reductions are not yet reflected in these financial statements as it is a non-adjusting event occurring after the reporting period

We estimate that the future rate change to 18% would reduce our UK net deferred tax asset recognised at 30 June 2015 from £7 5m to £6 7m The actual impact will be dependent on our deferred tax position at that time

Movement in net deferred tax liabilities during the year

	Balance brought forward 1 July 2014 £m	Recognised in income statement £m	Changes in tax rate recognised in income statement £m	Prior year adjustments recognised in income statement £m	Recognised in equity £m	Acquisitions £m	Foreign exchange difference £m	**Balance carried forward 30 June 2015 £m**
Property, plant and equipment	4.4	(0.9)	0.1	0.4	–	–	0.4	**4.4**
Intangible assets	17.6	(1.3)	0.1	(0.8)	0.2	2.1	0.6	**18.5**
Biological assets	81.6	8.1	0.7	0.9	6.2	–	–	**97.5**
Retirement benefit obligations	(12.1)	0.6	–	–	(1.6)	–	(0.1)	**(13.2)**
Share-based payment expense	(1.1)	(0.2)	–	0.1	(0.7)	–	–	**(1.9)**
Short-term timing differences	(3.9)	(0.2)	(1.8)	(0.5)	–	–	–	**(6.4)**
Tax loss carry-forwards	(1.0)	(0.1)	–	(0.5)	–	–	0.1	**(1.5)**
	85.5	6.0	(0.9)	(0.4)	4.1	2.1	1.0	**97.4**

	Balance brought forward 1 July 2013 £m	Recognised in income statement £m	Changes in tax rate recognised in income statement £m	Prior year adjustments recognised in income statement £m	Recognised in equity £m	Acquisitions £m	Foreign exchange difference £m	Balance carried forward 30 June 2014 £m
Property, plant and equipment	5.5	(0.5)	–	–	–	–	(0.6)	4.4
Intangible assets	20.5	(0.5)	(0.7)	–	(0.8)	–	(0.9)	17.6
Biological assets	87.7	3.1	(2.0)	–	(7.2)	–	–	81.6
Financial instruments	(0.1)	0.1	–	–	–	–	–	–
Retirement benefit obligations	(15.1)	0.3	–	–	2.5	–	0.2	(12.1)
Share-based payment expense	(1.6)	0.3	–	–	0.2	–	–	(1.1)
Short-term timing differences	(3.7)	(0.8)	0.2	0.2	(0.1)	–	0.3	(3.9)
Tax loss carry-forwards	(0.5)	(0.5)	–	–	–	–	–	(1.0)
	92.7	1.5	(2.5)	0.2	(5.4)	–	(1.0)	85.5

20 Inventories

	2015 £m	2014 £m
Biological assets harvest classed as inventories	**23.0**	22.5
Raw materials and consumables	**1.0**	1.1
Goods held for resale	**8.2**	7.0
	32.2	30.6

21 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**64.4**	63.4
Other debtors	**4.7**	5.2
Prepayments and accrued income	**3.3**	3.9
Other taxes and social security	**2.3**	2.6
	74.7	75.1

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

21 Trade and other receivables continued
Trade receivables
The average credit period our customers take on the sales of goods is 59 days (2014 62 days) We do not charge interest on receivables for the first 30 days from the date of the invoice We provide for all receivables based upon knowledge of the customer and historical experience, and estimate irrecoverable amounts by reference to past default experience

No customer represents more than 5% of the total balance of trade receivables (2014 nil)

At 30 June 2015 £45 0m (2014 £44 9m) of trade receivables were not yet due for payment

Included in the Group s trade receivables balance are debtors with a carrying amount of £19 6m (2014 £18 7m) which are past due at the reporting date but which we have not provided for as there has been no significant change in credit quality and we consider the amounts are recoverable The Group does not hold any collateral over these balances The average age of these receivables is 45 days (2014 60 days)

Ageing of trade receivables that are past due and presented net of provisions that have been established

	2015 **£m**	2014 £m
0–30 days	**11.5**	9 8
31–90 days	**5.5**	4 7
91–180 days	**2.0**	2 5
Over 180 days	**0 6**	1 7
	19.6	18 7

The Directors consider that the carrying amount of trade and other receivables approximates their fair value At 30 June 2015 trade receivables are shown net of an allowance for doubtful debts of £3 1m (2014 £3 2m)

Movement in the allowance for doubtful debts

	2015 **£m**	2014 £m
Balance at the beginning of the year	**3.2**	3 1
Impairment losses recognised	**0.4**	1 5
Amounts written off as uncollectible	**(0.3)**	(0 4)
Impairment losses reversed	**(0.3)**	(0 7)
Acquired on acquisition	**0.4**	–
Effect of movements in exchange rates	**(0.3)**	(0 3)
Balance at the end of the year	**3.1**	3 2

In determining the recoverability of a trade receivable, we consider any change in the receivable's credit quality from the date we initially granted credit up to the reporting date The concentration of credit risk is limited as our customer base is large and unrelated

The impairment recognised is the difference between the carrying amount of these trade receivables and the present value of expected proceeds The Group does not hold any collateral over these balances

Receivables denominated in currencies other than Sterling comprise £21 5m of receivables denominated in US Dollars (2014 £21 3m), £11 8m of receivables denominated in Euros (2014 £14 0m) and £26 3m of receivables denominated in other currencies (2014 £23 9m)

22 Cash and cash equivalents

	2015 **£m**	2014 £m
Bank balances	**21 3**	22 8

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

Included within bank balances above is £4 6m (2014 £4 9m) which is subject to certain local restrictions The majority is held in China for future investment

23 Trade and other payables

	2015 £m	2014 £m
Trade payables	**16.6**	16 8
Other payables and accrued expenses	**37.6**	31 7
Other taxes and social security	**4 7**	4 8
	58.9	53 3

Payables denominated in currencies other than Sterling comprise £17 5m of payables denominated in US Dollars (2014 £12 2m) £8 9m of payables denominated in Euros (2014 £10 4m) and £15 3m of payables denominated in other currencies (2014 £13 7m) The carrying values of these liabilities are a reasonable approximation of their fair values

24 Provisions

	Onerous property leases £m	Other provisions £m	Total £m
Balance at 30 June 2013	0 8	0 4	1 2
Additional provision in the year	–	0 8	0 8
Utilisation of provision	(0 1)	(0 3)	(0 4)
Release of provision	(0 2)	–	(0 2)
Balance at 30 June 2014	0 5	0 9	1 4
Additional provision in the year	0 1	2 2	2 3
Utilisation of provision	(0 3)	(0 8)	(1 1)
Release of provision	(0 2)	–	(0 2)
Balance at 30 June 2015	**0 1**	**2.3**	**2 4**

	2015 £m	2014 £m
Current	**2.4**	1 4
Non-current	**–**	–
Balance at 30 June	**2.4**	1 4

Other provisions relate to legal and restructuring costs

The onerous property provision represents the discounted future costs of properties not occupied by the Group or sublet We computed these costs net of risk-weighted rental income and, where necessary dilapidation and letting expenses and expect to utilise the provision over the next year

25 Financial instruments

Capital risk management

The Group manages its capital to ensure that Group entities can continue as a going concern while maximising the return to stakeholders by optimising our debt and equity balance The Group s capital structure consists of debt, which includes the borrowings disclosed in note 26 cash and cash equivalents and equity attributable to equity holders of the Parent comprising issued capital, reserves and retained earnings as disclosed in note 30

Gearing ratio

The Group keeps its capital structure under review The gearing ratio at the year end is as follows

	2015 £m	2014 £m
Debt	**93.1**	86 7
Cash and cash equivalents	**(21 3)**	(22 8)
Net debt	**71.8**	63 9
Equity	**305.1**	285 3
Net debt to equity ratio	**24%**	22%

Debt is defined as long and short-term borrowings as detailed in note 26

Equity includes all capital and reserves of the Group attributable to equity holders of the Parent

25 Financial instruments continued

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements

Significant accounting policies

Details of the significant accounting policies and methods adopted are disclosed in note 3 to the financial statements

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) 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 We have estimated the fair values of the Group s outstanding interest rate swaps by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7 We have not categorised any financial instruments as Level 1 or Level 3

Categories of financial instruments

	Carrying value	
	2015 **£m**	2014 £m
Financial assets		
Assets held for sale	**0.5**	0 8
Trade receivables and other debtors (excluding prepayments)	**71.4**	71 2
Cash and cash equivalents	**21.3**	22 8
Derivative instruments in non-designated hedge accounting relationships	**0 7**	–
Financial liabilities		
Trade and other payables	**(58 9)**	(53 3)
Derivative instruments in designated hedge accounting relationships	**(0 1)**	(0 2)
Loans and overdrafts	**(89 6)**	(84 1)
Leasing obligations	**(3.5)**	(2 6)
Derivative instruments in non-designated hedge accounting relationships	**(0 1)**	(2 4)
Put option over non-controlling interest	**(10 0)**	–

Financial risk management objectives

The Group s Corporate Treasury function provides services to the business co-ordinates our access to domestic and international financial markets and monitors and manages the financial risks relating to the Group s operations through internal risk reports that analyse exposures by degree and magnitude of risks These risks include market risk (including currency risk fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk

We seek to minimise the effects of these risks by hedging them using derivative financial instruments Our use of financial derivatives is governed by policies approved by the Board of Directors which provide written principles on foreign exchange risk, interest rate risk credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity The Board of Directors regularly reviews our compliance with policies and exposure limits The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purposes

Key financial risks and exposures are monitored through a monthly report to the Board of Directors together with an annual Board review of corporate treasury matters

Financial risk

The principal financial risks our activities expose us to are risks of changes in foreign currency exchange rates, interest rates and commodity prices We use derivative financial instruments to manage our exposure to interest rate foreign currency risk and commodity price risk, including

- forward foreign exchange contracts, to hedge the exchange rate risk arising on the sale of goods and purchase of supplies in foreign currencies
- interest rate swaps to mitigate the risk of rising interest rates and
- forward commodity contracts to hedge commodity price risk

Foreign currency risk management
We undertake transactions denominated in foreign currencies We manage any exposures to exchange rate fluctuations within approved policy parameters by using forward foreign exchange contracts

The carrying amounts of the Group s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities		Assets	
	2015 £m	2014 £m	2015 £m	2014 £m
US Dollar (including leases)	**(73.4)**	(75 8)	**4.3**	1 0
Euro	**(4.2)**	(4 8)	**0.3**	–
Russian Rouble	–	–	–	0 6
Brazilian Real	–	–	**0 1**	–
Chinese Yuan Renminbi	–	–	**5 3**	4 9

Foreign currency sensitivity analysis
The Group is mainly exposed to movement in the US Dollar Euro Brazilian Real and Mexican Peso exchange rates

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against these currencies 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents our assessment of a significant change in foreign exchange rates The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates It includes external loans as well as loans to foreign operations within the Group where the loan is denominated in a currency other than the lender or borrower s currency A positive number below indicates an increase in profit when Sterling weakens against the relevant currency A strengthening of Sterling against the relevant currency would produce an equal but opposite impact on profit and the balances below would be negative The impact on other equity is minimal due to the net investment hedging in place

	Euro currency impact		US Dollar currency impact	
	2015 £m	2014 £m	2015 £m	2014 £m
10% currency movement				
Profit or loss	**1 2**	0 7	**2.3**	2 4

	Brazilian Real currency impact		Mexican Peso currency impact	
	2015 £m	2014 £m	2015 £m	2014 £m
10% currency movement				
Profit or loss	**0.6**	0 6	**1 0**	0 8

Forward foreign exchange contracts
The Group s policy is to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts

The following table details the forward foreign currency contracts outstanding as at the year end

	Average exchange rate 2015	Foreign currency 2015	Contract value		Fair value	
			2015 £m	2014 £m	2015 £m	2014 £m
Outstanding contracts						
Sell CNY	**9.31**	**CNY**	**0.3**	0 6	–	–
Sell PLN	**5.86**	**PLN**	**0.9**	0 7	–	–
Buy AUD	**2.01**	**AUD**	**(1.0)**	–	–	–
Buy EUR	**1.40**	**EUR**	**(0.7)**	(2 0)	–	–
Buy CAD/Sell USD	**1.23**	**CAD**	**(1.5)**	(3 6)	–	–
Buy USD/Sell ARS	**9.86**	**ARS**	**0.8**	0 3	**(0.1)**	–
Buy USD/Sell BRL	**3.14**	**BRL**	**2.0**	0 9	–	–
Buy USD/Sell COP	**2571**	**COP**	**0.8**	0 4	–	–
Buy USD/Sell EUR	**1.12**	**EUR**	**0.8**	0 3	–	–
Buy USD/Sell CNY	**6.13**	**CNY**	**1.0**	0 9	–	–
Buy MXN/Sell USD	**15 27**	**MXN**	**(1.6)**	–	**(0.1)**	–
Buy PHP/Sell USD	**44 92**	**PHP**	**(1.0)**	–	–	–
Buy EUR/Sell CHF	**1 05**	**CHF**	**(0.2)**	–	–	–
					(0.2)	–

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

25 Financial instruments continued

Interest rate risk management

The Group is exposed to interest rate risk as Group entities borrow funds at both fixed and floating interest rates We manage this risk centrally, by maintaining an appropriate mix between fixed and floating rate borrowings using interest rate swaps We regularly review our hedging activities, to align with our interest rate views and defined risk appetite, thereby ensuring we apply optimal hedging strategies to minimise the adverse impact of fluctuations in interest expense through different interest rate cycles

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note

Interest rate sensitivity analysis

We have determined the sensitivity analyses below based on the Group's exposure to interest rates for both derivatives and non-derivative instruments, at the balance sheet date For floating rate liabilities we prepared the analysis assuming the liability outstanding at the balance sheet date was outstanding for the whole year A 1 0% increase or decrease is used when reporting interest rate risk internally to key management personnel and is our assessment of a significant change in interest rates

If interest rates had been 1 0% higher or lower and all other variables were held constant the Group's profit for the year ended 30 June 2015 would decrease or increase by £0 5m (2014 decrease/increase by £0 5m) This impact is smaller than would otherwise be the case due to the effects of fixed rate hedging

Interest rate swap contracts

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts These contracts enable us to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate debt we hold We determine the fair value of interest rate swaps at the reporting date by discounting the future cash flows, using the yield curves at the reporting date and the credit risk inherent in the contract This fair value is disclosed below The average interest rate is based on the outstanding balances at the end of the financial year

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date

Cash flow hedges
Interest rate swaps

	Average contract fixed interest rate		**Notional principal amount**		**Fair value**	
Outstanding receive floating pay fixed contracts	**2015 %**	2014 %	**2015 £m**	2014 £m	**2015 £m**	2014 £m
USD interest rate swaps						
Within one year	**0.61**	1 42	**25 4**	17 5	**(0.1)**	(0 2)
Two to five years	**0 68**	0 64	**12 7**	35 0	**–**	–

The interest rate swaps settle on a quarterly basis The corresponding floating rate on the interest rate swaps is 3 month LIBOR We settle the difference between the fixed and floating interest rate on a net basis

Interest rate swap contracts that exchange floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges, to reduce our cash flow exposure resulting from variable interest rates on borrowings The interest rate swaps and the interest payments on the loan occur simultaneously and we recognise the amount deferred in equity in profit or loss, over the period that the floating rate interest payments on debt impact profit or loss

Commodity hedges

The Group hedges both feed and slaughter exposures by using the Chicago Mercantile Exchange ('CME) lean hog corn, soybean meal and winter wheat commodity futures

Commodity hedge	Average price 2015 US$	2014 US$	Notional principal amount 2015 £m	2014 £m	Fair value 2015 £m	2014 £m
Open contracts from July 2015 to June 2016						
Lean hog futures	**0.75**	n/a	**4.8**	n/a	**0.4**	n/a
Corn	**4.18**	n/a	**(2.0)**	n/a	**0.1**	n/a
Soybean meal	**320**	n/a	**(1.5)**	n/a	**0.1**	n/a
Winter wheat	**6.00**	n/a	**(0.3)**	n/a	**–**	n/a
Open contracts from July 2014 to June 2015						
Lean hog futures	**0.90**	0 83	**1.0**	8 9	**–**	(2 0)
Corn	**4.43**	4 68	**(0 3)**	(2 2)	**–**	(0 2)
Soybean meal	**346**	351	**(0 2)**	(1 4)	**–**	0 1
Winter wheat	**6.24**	6 39	**(0 1)**	(0 5)	**–**	–
			1 4	4 8	**0.6**	(2 1)

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group We have a policy of only dealing with creditworthy counterparties We regularly monitor our exposure and the credit ratings of our counterparties and the aggregate value of transactions concluded is spread amongst approved counterparties Credit exposure on financial instruments is controlled by counterparty limits that are reviewed and approved by the Board annually

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas We carry out ongoing credit evaluation on the financial condition of accounts receivable

Liquidity risk management

Ultimate responsibility for managing liquidity risk rests with the Board of Directors We manage this risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities excluding trade payables and other creditors We have drawn up these tables based on the undiscounted cash flows of financial liabilities using the earliest date on which we can be required to pay The table includes both interest and principal cash flows

	Weighted average effective interest rate %	Less than 1 month £m	1–3 months £m	3 months to 1 year £m	1–5 years £m	5+ years £m	Total £m
2015							
Variable interest rate instruments	**1.6**	**6.0**	**3 5**	**5.2**	**81.7**	**–**	**96 4**
2014							
Variable interest rate instruments	1 6	7 5	3 2	4 9	76 7	–	92 3

The following table details tne Group s expected maturity for other non-derivative financial assets excluding trade receivables and other debtors We have drawn up these tables based on the undiscounted contractual maturities of the assets including interest we will earn on them, except where we expect the cash flow to occur in a different period

	Weighted average effective interest rate %	Less than 1 month £m	1–3 months £m	3 months to 1 year £m	1–5 years £m	5+ years £m	Total £m
2015							
Variable interest rate instruments	**0.96**	**21.3**	**–**	**–**	**–**	**–**	**21.3**
2014							
Variable interest rate instruments	0 82	20 7	2 1	–	–	–	22 8

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

25 Financial instruments continued
The Group has financing facilities with a total unused amount of £51 1m (2014 £55 4m) at the balance sheet date We expect to meet our other obligations from operating cash flows and the proceeds of maturing financial assets We expect to reduce the debt to equity ratio as borrowings decrease through repayment from operating cash flows

The following table details the Group s liquidity analysis for its derivative financial instruments We have drawn up the table based on the undiscounted net cash outflows on derivative instruments that settle on a net basis and the undiscounted gross outflows on derivatives that require gross settlement When the amount payable or receivable is not fixed we have determined the amount disclosed by reference to the projected interest and foreign currency rates as illustrated by the yield curves at the reporting date

	Less than 1 month £m	1–3 months £m	3 months to 1 year £m	1–5 years £m	5+ years £m	Total £m
2015						
Interest rate swaps	–	–	**(0.1)**	–	–	**(0.1)**
2014						
Interest rate swaps	–	(0 1)	(0 2)	0 1	–	(0 2)

26 Loans and borrowings

	2015 £m	2014 £m
Non-current liabilities		
Unsecured bank loans	**77 4**	71 1
Obligations under finance leases	**2.4**	1 5
	79 8	72 6
Current liabilities		
Unsecured bank loans and overdrafts	**12.2**	13 0
Obligations under finance leases	**1.1**	1 1
	13.3	14 1
Total interest-bearing liabilities	**93.1**	86 7

Terms and debt repayment schedule
Terms and conditions of outstanding loans and overdrafts were as follows

	Currency	Interest rate	2015 £m	2014 £m
Revolving credit facility and overdraft	GBP	1 7%	**10.8**	6 5
Revolving credit facility and term loan and overdraft	USD	1 4%	**73.1**	73 0
Revolving credit facility and overdraft	EUR	1 6%	**3.5**	4 0
Finance lease liabilities	USD	5 0%	**3.5**	2 6
Other unsecured bank borrowings	Other	1 4%	**2.2**	0 6
Total interest-bearing liabilities			**93.1**	86 7

The above revolving credit facilities are unsecured

Information about the Group s exposure to interest rate and foreign currency risk is shown in note 25

	2015 £m	2014 £m
Loans and borrowings (excluding finance leases) comprise amounts falling due:		
In one year or less or on demand	**12.7**	13 4
In more than one year but not more than two years	**6 5**	5 9
In more than two years but not more than five years	**70.9**	65 7
	90.1	85 0
Less unamortised issue costs	**(0.5)**	(0 9)
	89.6	84 1
Current liabilities	**(12.2)**	(13 0)
Non-current liabilities	**77.4**	71 1

The Group's credit facilities at the balance sheet date comprised a £65m multi-currency revolving credit facility, a US$100m revolving credit facility and an amortising US$15m term loan, repayable in instalments by 15 September 2017.

As part of its interest rate strategy, the Company has entered into interest rate swaps to hedge floating LIBOR rates. As a result, bank loan and overdrafts include borrowings of US$60m (£38.2m) fixed at 0.64%, excluding applicable bank margin.

Also included in the above are unsecured loans of £0.1m (2014: £0.2m) for an agricultural development loan in the US and a £0.1m (2014: £0.2m) loan in Spain. Both of these loans are interest free.

27 Finance lease liabilities
Finance lease liabilities are payable as follows:

	Minimum lease payments 2015 £m	**Interest 2015 £m**	**Principal 2015 £m**	Minimum lease payments 2014 £m	Interest 2014 £m	Principal 2014 £m
Less than one year	**1.1**	**–**	**1.1**	1.1	–	1.1
Between one to five years	**2.4**	**0.2**	**2.6**	1.5	0.1	1.6
	3.5	**0.2**	**3.7**	2.6	0.1	2.7

Finance lease liabilities are secured over the assets to which they relate.

28 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 the Milk Pension Fund and Dalgety Pension Fund in the UK, 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:

	2015 £m	2014 £m
The Milk Pension Fund – Genus's share	**54.3**	49.5
The Dalgety Pension Fund	**–**	–
Other retirement benefit obligations	**8.8**	8.7
Overall pension liability	**63.1**	58.2

Overall, we expect to pay £6.8m (2015: £6.1m) in contributions to defined benefit plans in the 2016 financial year.

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 (2014: 75%). 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.

The most recent actuarial triennial valuation of the MPF was at 31 March 2012. The valuation used the projected unit method (for future service a control period of three years was used) and was carried out by qualified actuaries.

The principal actuarial assumptions adopted in the 2012 valuation were that investment returns on existing assets would be 6.4% per annum before retirement and 4.0% per annum after retirement, and that pensions in payment would increase by 3.4% per annum.

At 31 March 2012 the market value of the fund's assets was £312m. This represented approximately 69% of the value of the uninsured liabilities which were £453m at 31 March 2012, after allowing for expected future increases in earnings.

The deficit in the fund as a whole, by reference to the 31 March 2012 valuation, was £141m (of which Genus's notional share was £106m). This shortfall is being addressed by additional contributions from the participating employers and the exit payment of £31m made in September 2012 by two employers. Under the funding agreement, Genus has agreed to make deficit repair contributions of between £4.5m and £6.4m per annum between 31 March 2013 and 31 March 2016, and rising thereafter by 3.4% per annum for a further nine years until 31 March 2026.

With effect from 30 June 2013, Genus's active members ceased accruing benefits in the fund and became deferred pensioners.

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

28 Retirement benefit obligations continued

Dalgety Pension Fund ('DPF')

The most recent actuarial valuation of the DPF was at 31 March 2012 The valuation of the scheme used the projected unit method and was carried out by professionally qualified actuaries

The principal actuarial assumptions adopted in the 2012 valuation were that investment returns on existing assets would be 5 2% per annum before retirement and 3 3% per annum after retirement and that the annual increase in pensions in payment would be 3 5% per annum

The market value of the available assets at 31 March 2012 was £21 3m The value of those assets represents approximately 99% of the value of the uninsured liabilities which were £21 6m at 31 March 2012 Under the funding agreement the Company will not have to make deficit repair contributions

The disclosures required under IAS 19 have been calculated by an independent actuary based on accurate calculations carried out as at 31 March 2012 updated to 30 June 2015

There is an £13 8m reserve held by the Trustees of DPF against future unknown liabilities materialising (Restricted Fund) As the economic benefit to Genus of this amount is not certain it is treated as a contingent asset

Other defined benefit scheme in deficit

The Group operates a closed defined benefit scheme for a small number of former employees of the National Pig Development Company Limited The total market value of scheme assets and liabilities at 30 June 2015 under the provisions of IAS 19 were £5 0m (2014 £4 5m) and £6 0m (2014 £5 9m) respectively

Other unfunded schemes

When the Group acquired Sygen International plc, it also acquired three unfunded defined benefit schemes and an unfunded retirement health benefit plan which it now operates for the benefit of the previous group's senior employees and executives

The scheme liabilities for the three unfunded defined benefit schemes amount to £6 7m (2014 £6 1m) based on IAS 19 s methods and assumptions This amount is included within pension liabilities in the Group s balance sheet Interest on pension scheme liabilities amounted to £0 2m (2014 £0 3m)

The principal assumptions used to calculate the scheme liabilities were that the discount rate would be 3 8% (2014 4 2%) and that inflation and pension payment increases would be 3 1% per annum (2014 3 2%)

The scheme liabilities for the unfunded retirement health benefit plan amount to £1 1m (2014 £1 2m), based on IAS 19 s methods and assumptions This amount is included within retirement benefit obligations in the Group's balance sheet Interest on plan liabilities amounted to £0 1m (2014 £0 1m)

The principal assumptions used to calculate the plan liabilities were that the discount rate would be 3 8% (2014 4 2%) and that the long-term rate of medical expense inflation would be 7 1% (2014 7 2%)

Aggregated position of defined benefit schemes

	2015 £m	2014 £m
Present value of funded obligations (includes Genus's 75% share of MPF)	**378.3**	360 5
Present value of unfunded obligations	**7.8**	7 3
Total present value of obligations	**386.1**	367 8
Fair value of plan assets (includes Genus's 75% share of MPF)	**(329.2)**	(314 6)
Restrict recognition of asset (DPF)	**6.2**	5 0
Recognised liability for defined benefit obligations	**63 1**	58 2

Plan assets consist of the following

	2015 £m	2014 £m
Equities	**106.2**	165 0
Diversified growth funds	**56 9**	–
Liability driven investments	**25 4**	–
Gilts and corporate bonds	**93 2**	110 4
Cash	**3.6**	2 0
Other	**43 9**	37 2
	329 2	314 6

Movement in the liability for defined benefit obligations

	2015 £m	2014 £m
Liability for defined benefit obligations at the start of the year	**367 8**	355 2
Benefits paid by the plans	**(14 5)**	(15 1)
Current service costs and interest	**15.1**	16 0
Actuarial losses/(gains) recognised on fund liabilities arising from changes in demographic assumptions	**0.3**	(0 5)
Actuarial losses recognised on fund liabilities arising from changes in financial assumptions	**23.5**	12 5
Actuarial (gains)/losses recognised on fund liabilities arising from experience (other)	**(4.8)**	0 3
Gains on curtailments and settlements	**(1.8)**	-
Exchange rate adjustment	**0.5**	(0 6)
Liability for defined benefit obligations at the end of year	**386.1**	367 8

Movement in plan assets

	2015 £m	2014 £m
Fair value of plan assets at the start of the year	**314 6**	294 1
Administration expenses	**(0.6)**	(0 4)
Gains on curtailments and settlements	**(1 4)**	-
Contributions paid into the plans	**6 1**	5 6
Benefits paid by the plans	**(14.5)**	(15 1)
Interest income on plan assets	**12.8**	13 1
Actuarial gains recognised in equity	**12.2**	17 3
Fair value of plan assets at the end of the year	**329 2**	314 6

Amounts recognised in the Group Income Statement

	2015 £m	2014 £m
Administrative expenses	**0.6**	0 4
Interest obligation	**15.1**	16 0
Interest income on plan assets	**(12 8)**	(13 1)
Gains on curtailments and settlements	**(0 4)**	-
	2 5	3 3

The expense/(income) is recognised in the following line items in the income statement

	2015 £m	2014 £m
Administrative expenses	**0.6**	0 4
Settlement gain in exceptional expenses	**(0.4)**	-
Finance charge	**2.3**	2 9
	2.5	3 3

Actuarial gains and losses recognised directly in equity

	2015 £m	2014 £m
Cumulative loss at the start of the year	**41 5**	46 0
Actuarial loss/(gain) recognised during the year	**6.8**	(5 0)
Movement in restriction of asset	**1.2**	1 1
Exchange rate adjustment	**0.5**	(0 6)
Cumulative loss at the end of the year	**50.0**	41 5

28 Retirement benefit obligations continued

Actuarial assumptions and sensitivity analysis

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

	2015	2014
Discount rate	**3.8%**	4 2%
Expected return on plan assets	**6.3%**	6 6%
Medical cost trend rate	**7.1%**	7 2%
Future pension increases and inflation	**3 1%**	3 2%

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 For 2015 and 2014 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

The following table shows the assumptions used for all schemes and illustrates the life expectancy of an average member retiring at age 65 at the balance sheet date and a member reaching age 65 in 20 years time

	2015 Years	2014 Years
Retiring at balance sheet date at age 65		
Male	**23.4**	23 3
Female	**25.9**	25 8
Retiring at age 65 in 20 years' time		
Male	**25.2**	25 1
Female	**27.8**	27 7

The overall expected long-term rate of return on assets is 6 3% (2014 6 6%) The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories The return is based exclusively on historical returns without adjustments

Duration of benefit obligations

The weighted average duration of the defined benefits obligations at 30 June 2015 is 17 5 years (2014 17 5 years)

Sensitivity analysis

Measurement of the Group s defined benefit obligation is sensitive to changes in certain key assumptions The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would in isolation result in an increase or decrease in the present value of the defined benefits obligation as at 30 June 2015

	Discount rate		Rate of inflation		Life expectancy	
	Decrease by 0 25% £m	Increase by 0 25% £m	Decrease by 0 25% £m	Increase by 0 25% £m	Decrease by 1 year £m	Increase by 1 year £m
Increase/(decrease) in present value of defined obligation	16 6	(15 8)	(11 0)	11 5	(16 0)	16 0

The sensitivity analysis may not be representative of an actual change in the defined benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another

The sensitivities assume the fund s assets remain unchanged however in practice changes in interest rates and inflation will also affect the value of the fund s assets The fund s investment strategy aims to hold matching assets which should move broadly in line with the liabilities of the funds so as to protect partially against changes in interest rates and inflation

In presenting this sensitivity analysis the information has been prepared using the same method as adopted when adjusting results of the latest funding valuation to the balance sheet date This is the same approach as has been adopted in previous periods

The history of experience adjustment is as follows

	2015 **£m**	2014 £m	2013 £m	2012 £m	2011 £m
Present value of the defined benefit obligation	**386.1**	367 8	355 2	204 7	163 0
Fair value of plan assets	**(329.2)**	(314 6)	(294 1)	(143 7)	(146 4)
Restrict recognition of asset and recognition of additional liability	**6.2**	5 0	3 9	6 3	7 0
Deficit in the plan	**63.1**	58 2	65 0	67 3	23 6
Experience adjustments arising on plan liabilities (%)	**4.9**	2 9	5 1	10 8	3 0
Experience adjustments arising on plan assets (%)	**3 7**	4 9	2 5	(5 5)	7 0

29 Share-based payments

The Group recognised a total share-based payment expense of £1 4m (2014 £0 8m), including National Insurance contributions of £nil (2014 £0 1m - credit)

Share awards

There are 1 034 287 conditional share awards outstanding at 30 June 2015 These conditional shares were awarded to Executive Directors and senior management on 10 September 2010 7 December 2012 28 February 2013, 26 September 2013 and 14 March 2014 under the 2004 Performance Share Plan and 20 November 2014 under the new 2014 Performance Share Plan In accordance with the plan s terms, participants have received a conditional annual award of shares or nil cost option awards which will normally vest after three years, with the proportion of the award vesting depending on growth in the Group s adjusted earnings per share Further details of the plan's performance conditions are given in the Directors' Remuneration Report

In the year to 30 June 2015 awards were granted on 20 November 2014, with an aggregate fair value of £4 968,000 The fair value of services received in return for share awards granted is based on the fair value of share awards granted measured using a Black-Scholes valuation model

	Number of awards 2015	Number of awards 2014
Outstanding at start of year	**743,055**	622,529
Exercised during the year	**-**	(163,742)
Lapsed during the year	**(135,947)**	(29,867)
Granted during the year	**427,179**	314,135
Outstanding at 30 June	**1,034,287**	743,055
Exercisable at 30 June	**5,000**	5,000

Bonus and restricted stock share awards

In addition to the outstanding share awards above there are 43 547 bonus and restricted stock share awards outstanding at 30 June 2015 The bonus shares were awarded to Executive Directors and senior management as part of the compulsory deferred bonus and restricted stock share awards were granted to senior management in connection with recruitment In accordance with the award s terms, participants have received a conditional annual bonus award of shares or nil cost option awards, which will normally vest between one and three years providing the participant is employed by the Group at that time

In the year to 30 June 2015 14 474 bonus share awards were granted on 21 October 2014, with an aggregate fair value of £164 000 and 43 847 restricted stock share awards were granted in total on 20 November 2014 and 30 December 2014 with an aggregate fair value of £490,000

	Number of awards 2015	Number of awards 2014
Outstanding at start of year	**9,270**	-
Exercised during the year	**(24,044)**	(814)
Granted during the year	**58,321**	10,084
Outstanding at 30 June	**43,547**	9,270
Exercisable at 30 June	**433**	-

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

29 Share-based payments continued
Share options

On 12 August 2004 the Group established a share option programme that entitles key management personnel and other senior employees to purchase shares in the Company Further grants on similar terms were offered to these employee groups as set out below The terms and conditions of the grants are as set out below All options are to be settled by physical delivery of shares and meet the criteria for being treated as equity settled

Employees entitled	**Grant date**	**Number of instruments**	**Vesting conditions**	**Option exercise price**	**Contractual life of options**
(1) 2004 Company share plan	21 June 2006	12,300	Exercisable	439 75p	10 years
(2) 2004 Company share plan	21 September 2007	7,759	Exercisable	582p	10 years
(3) 2004 Company share plan	19 September 2008	11,717	Exercisable	775 67p	10 years
(4) 2004 Company share plan	15 September 2009	24,710	Exercisable	654 5p	10 years
(5) 2004 Company share plan	10 September 2010	53,288	Exercisable	729 83p	10 years
(6) 2004 Company share plan	9 September 2011	201,097	3 years' service*	977 83p	10 years
(7) 2004 Company share plan	7 September 2012	144,060	3 years' service*	1,334p	10 years
(8) 2004 Company share plan	26 September 2013	157,890	3 years' service*	1,413p	10 years
Total share options		**612,821**			

The options under (1) (2) (3) (4) and (5) are now exercisable The options under (6) (7) and (8) above can only be exercised if over a three year period the average annual percentage growth in EPS exceeds a minimum of RPI +5% for the same period unless provisions for good leavers have been met where members retire leave employment due to ill health or are made redundant

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price 2015	**Number of options 2015**	Weighted average exercise price 2014	Number of options 2014
Outstanding at start of year	**1,062p**	**723,156**	908p	742,267
Forfeited during the year	**1,282p**	**(14,739)**	850p	(30,355)
SAR effected during the year	**697p**	**(45,880)**	743p	(80,263)
Exercised during the year	**632p**	**(49,716)**	699p	(70,167)
Granted during the year	**–**	**–**	1,413p	161,674
Outstanding at 30 June	**1,119p**	**612,821**	1 062p	723,156
Exercisable at 30 June	**675p**	**109,774**	669p	205,370

No share options were granted during the period

The fair value of services received in return for share options granted is based on the fair value of share options granted We measure this using a binomial model with the following inputs

Assumptions applied in valuation models at grant date

	2015	2014
Exercise price of options granted in the year (nil for awards)	**n/a**	1,413p
Expected volatility (weighted average volatility)	**n/a**	32%
Option life (expected weighted average life)	**n/a**	6 5 years
Expected dividends	**n/a**	1 10%
Risk-free interest rate (based on Government bonds)	**n/a**	1 80%

We determined expected volatility by calculating the historical volatility of the estimated fair value of the Company s share price over the previous three years We have adjusted the option life used in the model, based on our best estimate of the effects of non-transferability exercise restrictions and behavioural considerations

30 Capital and reserves

Share capital

	2015 Number	2014 Number	2015 £m	2014 £m
Authorised				
Ordinary shares of 10 pence	**75,989,400**	75,989,400	**7.6**	7 6
Issued and fully paid				
Ordinary shares of 10 pence	**60,968,447**	60,918,731	**6.1**	6 1

The holders of ordinary shares are entitled to receive dividends as declared from time to time

The movement in share capital for the period was as follows

	2015 Number	2014 Number	2015 £m	2014 £m
Issued under the Executive Share Option Plan	**49,716**	70,167	–	–
Issued to employee benefit trust	–	200,001	–	–
	49,716	270,168	–	–

Shares issued under share option plans were issued at option prices as follows

	2015 Number	Price	2014 Number	Price
Executive Share Option Plan	**11,454**	**310 5p**	4,232	310 5p
	–	**582p**	867	582p
	531	**776p**	–	776p
	899	**654 5p**	11,337	654 5p
	36,832	**729.83p**	51,222	729 83p
	–	**977.83p**	2,509	977 83p
	49,716		70,167	

Reserve for own shares

The Company's shares are held by a Qualifying Employee Share Ownership Trust (QUEST) which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management The reserve amount represents the deduction in arriving at shareholders funds for the consideration the trust paid for the Company's shares, which had not vested unconditionally at the balance sheet date The number and market value of the ordinary shares held by the employee benefit trust and the QUEST were

	2015 Number	2014 Number	2015 £m	2014 £m
Shares allocated but not vested	**146,625**	146,625	**2.1**	1 7
Unallocated shares	**92,334**	92,334	**1.3**	1 0
	238,959	238,959	**3.4**	2 7

Translation reserve

The translation reserve comprises all foreign currency differences arising from translating the financial statements of our foreign operations, as well as from translating financial instruments (and any related tax effect) that hedge the Company s net investment in a foreign subsidiary In addition, translation gains losses and the related tax arising on a US Dollar denominated inter-company loan to the Group's operations in the US are recorded in the translation reserve

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments net of taxation

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

30 Capital and reserves continued
Hedging and translation reserves

	Hedging reserve £m	Translation reserve £m
Balance at 30 June 2013	(0 3)	25 4
Exchange differences on translation of overseas operations	–	(53 9)
Loss recognised on net investment hedges	–	8 6
Gain recognised on cash flow hedges interest swaps	0 3	–
Income tax related to losses recognised in equity	–	7 8
Balance at 30 June 2014	–	(12 1)
Exchange differences on translation of overseas operations	–	14 8
Gain recognised on net investment hedges	–	(6 1)
Income tax related to losses recognised in equity	–	(6 7)
Balance at 30 June 2015	**–**	**(10.1)**

31 Notes to the cash flow statement

	2015 £m	2014 £m
Profit for the year	**40 5**	28 9
Adjustment for		
Net IAS 41 valuation movement on biological assets	**(24.9)**	(7 5)
Amortisation of acquired intangible assets	**6 1**	5 8
Share-based payment expense	**1 4**	0 8
Share of profit of joint ventures and associates	**(2.9)**	(1 9)
Finance costs (net)	**4 6**	5 5
Income tax expense	**17.3**	9 3
Other exceptional items	**5 1**	2 0
Adjusted operating profit from continuing operations	**47.2**	42 9
Depreciation of property, plant and equipment	**6.3**	5 1
Loss on disposal of plant and equipment	**0.4**	0 2
Impairment on asset held for sale	**0.3**	–
Amortisation of intangible assets	**0.6**	0 6
Earnings before interest, tax, depreciation and amortisation	**54.8**	48 8
Exceptional item cash	**(4.7)**	(2 0)
Other movements in biological assets and harvested produce	**1.9**	(3 0)
Increase in provisions	**1.0**	0 2
Additional pension contributions in excess of pension charge	**(6.1)**	(5 6)
Other	**(0.4)**	(0 3)
Operating cash flows before movement in working capital	**46.5**	38 1
(Increase)/decrease in inventories	**(0 6)**	1 5
Decrease in receivables	**0.6**	1 1
Increase in payables	**4.2**	3 6
Cash generated by operations	**50 7**	44 3
Interest received	**0 2**	0 2
Interest and other finance costs paid	**(2 2)**	(1 8)
Cash flow from derivative financial instruments	**(1 2)**	(0 5)
Income taxes paid	**(12 7)**	(9 9)
Net cash from operating activities	**34 8**	32 3

Analysis of net debt

	At 1 July 2014 £m	Net cash flows £m	Foreign exchange £m	Non cash movements £m	**At 30 June 2015 £m**
Cash and cash equivalents	22 8	(2 3)	(0 7)	1 5	**21 3**
Interest bearing loans – current	(13 0)	8 6	(1 0)	(6 8)	**(12.2)**
Obligation under finance leases – current	(1 1)	1 5	(0 1)	(1 4)	**(1.1)**
	(14 1)	10 1	(1 1)	(8 2)	**(13 3)**
Interest bearing loans – non-current	(71 1)	(7 4)	(5 3)	6 4	**(77.4)**
Obligation under finance lease – non-current	(1 5)	–	(0 1)	(0 8)	**(2 4)**
	(72 6)	(7 4)	(5 4)	5 6	**(79.8)**
Net debt	(63 9)	0 4	(7 2)	(1 1)	**(71.8)**

Included within non-cash movements is £2 2m in relation to new finance leases

32 Operating leases

The Group leases offices under non-cancellable operating leases The leases have various terms and renewal rights The Group also leases plant and machines under non-cancellable operating leases

Total of future minimum lease payments under non-cancellable operating leases which expire within

	2015 £m	2014 £m
Less than one year	**1.3**	1 5
Between one and five years	**10 5**	9 9
More than five years	**11 1**	7 4
	22.9	18 8

The total future sublease payments receivable relating to the above operating leases amounted to £nil (2014 £nil)

33 Capital commitments

At 30 June 2015 outstanding contracted capital expenditure amounted to £0 8m (2014 £1 8m)

34 Contingencies

The retirement benefit obligations referred to in note 28 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 the scheme's obligations that it has not accounted for

35 Related parties

Transactions with key management personnel

Key management compensation (including Directors)

	2015 £m	2014 £m
Salaries and short-term employee benefits	**5 7**	4 0
Post-employment benefits	**0.3**	0 2
Share-based payment expense	**0 4**	0 8
	6 4	5 0

Directors

Details of Directors' compensation are included in the Directors' Remuneration Report

Other transactions with key management personnel

Other than remuneration there were no transactions with key management personnel

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

35 Related parties continued
Other related party transactions

	Transaction value		Balance outstanding	
	2015 **£m**	2014 £m	**2015** **£m**	2014 £m
Sale of goods and services to joint ventures	**3.6**	2 5	**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

36 Group entities
The Company s subsidiaries and joint ventures and associates, together with their main activities are set out below

Nature of business
Bovine

Name	Incorporated	Business activity	Effective holding
ABS Argentina S A	Argentina	Supply of dairy and beef semen	100%
ABS Chile Limitada	Chile	Supply of dairy and beef semen	100%
ABS Genetics South Africa (Pty) Ltd	South Africa	Supply of dairy and beef semen	100%
ABS Global (Canada) Inc	Canada	Supply of dairy and beef semen	100%
ABS Global, Inc	United States	Supply of dairy and beef semen	100%
ABS Italia S r l	Italy	Supply of dairy and beef semen	100%
ABS Mexico, S A de C V	Mexico	Supply of dairy and beef semen	100%
ABS Progen Ireland Limited	Ireland	Supply of dairy and beef semen	100%
Bovec SAS	France	Supply of dairy and beef semen	100%
Chitale Genus ABS (India) Private Limited	India	Supply of dairy and beef semen	50%
Genus (Beijing) International Trade Co , Ltd	China	Supply of dairy and beef semen	100%
"Genus Ukraine" LLC	Ukraine	Supply of dairy and beef semen	100%
Genus ABS Colombia SAS	Colombia	Supply of dairy and beef semen	100%
Genus Australia Pty Ltd	Australia	Supply of dairy and beef semen	100%
Genus Breeding India Private Limited	India	Supply of dairy and beef semen	100%
Genus Breeding Limited	United Kingdom	Supply of dairy and beef semen	100%
In Vitro Brasil S A	Brazil	Supply of in vitro fertilisation and biotechnology services	51%
In Vitro Colombia S A S	Colombia	Supply of in vitro fertilisation and biotechnology services	26%
In Vitro ORIgen, LLC	United States	Supply of in vitro fertilisation and biotechnology services	25%
In Vitro Russia LLC	Russia	Supply of in vitro fertilisation and biotechnology services	26%
In Vitro Santa Catarina Produção de Embriões S A	Brazil	Supply of in vitro fertilisation and biotechnology services	26%
In Vitro Moçambique, Limitada	Mozambique	Supply of in vitro fertilisation and biotechnology services	41%
OJSC "Gulkevichskoe" for Artificial Insemination of Livestock Animals	Russia	Supply of dairy and beef semen	100%
Pecplan ABS Imp e Exp Ltda	Brazil	Supply of dairy and beef semen	100%
Zitery S A	Uruguay	Supply of dairy and beef semen	100%

Porcine

Name	Incorporated	Business activity	Effective holding
Agricola PIC Andina Limitada	Chile	Pig breeding	100%
Agroceres PIC Argentina S/A	Argentina	Pig breeding	47%
Agroceres PIC Genetica de Suinos Ltda	Brazil	Pig breeding	49%
Agroceres PIC Matrizes de Suinos Ltda	Brazil	Pig breeding	49%
Agroceres PIC Suinos Ltda	Brazil	Pig breeding	49%
Birchwood Genetics, Inc	United States	Swine genetics	100%
Genetiporc do Brasil Ltda	Brazil	Pig breeding	49%
Genetiporc International Minnesota, LLC	United States	Swine genetics	100%
Genetiporc Mexico, S A de C V	Mexico	Pig breeding	100%
Genetiporc USA, LLC	United states	Swine genetics	100%
Humei Pig Improvement Company	China	Pig breeding	50%
HY-CO Hybridschweine-Cooperations GmbH	Germany	Pig breeding	50%
PIC (Zhangjiagang) Pig Improvement Co , Ltd	China	Pig breeding	100%
PIC Andina S A	Chile	Pig breeding	100%
PIC France SA	France	Pig breeding	100%
PIC Genetics LLC	Russia	Pig breeding	100%
PIC Italia S r l	Italy	Pig breeding	50%
PIC Philippines, Inc	Philippines	Pig breeding	100%
PIC Polska Sp z o o	Poland	Pig breeding and supply of dairy and beef semen	100%
PIC Romania S R L	Romania	Pig breeding and supply of dairy and beef semen	100%
PIC USA, Inc	United States	Swine Genetics	100%
PIC Canada Ltd	Canada	Swine Genetics	100%
PIC Andina Venezuela S A	Venezuela	Pig breeding	100%
Pig Improvement Company de Mexico, S de R L de C V	Mexico	Pig breeding	100%
PIG Improvement Company Deutschland GmbH	Germany	Pig breeding and supply of dairy and beef semen	100%
Pig Improvement Company España, S A	Spain	Pig breeding	100%
Pig Improvement Company UK Limited	United Kingdom	Pig breeding	100%
Reprodutores PIC, Lda	Portugal	Pig breeding	100%
Shaanxi PIC Pig Improvement Co , Ltd	China	Pig breeding	100%
Xianyang Yongxiang Agriculture Technology Co , Ltd	China	Pig breeding	49%

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

36 Group entities continued
Other

Name	Incorporated	Business activity	Effective holding
Promar International Limited	United Kingdom	Market research and consultancy	100%
Accounting & Managerial Services S de R L de C V	Mexico	Labour services	100%
Genetiporc Servicios Tecnicos S A de C V	Mexico	Labour services	100%
PIC Servicios Agropecuarios, S A de C V	Mexico	Labour services	100%
GIL Finance S a r l	Luxembourg	Provision of finance	100%
PIG Datendienst GmbH	Germany	Data analysis	50%
ABS International, Inc	United States	Holding company	100%
ABS Pecplan Ltda	Brazil	Holding company	100%
Brazilian Holdings Limited	United Kingdom	Holding company	100%
Fyfield (SM) Limited	United Kingdom	Holding company	100%
Fyfield Holland B V	Netherlands	Holding company	100%
Genus Animal Health Limited	United Kingdom	Holding company	100%
Genus Investments Limited	United Kingdom	Holding company	100%
PIC (UK) Limited	United Kingdom	Holding company	100%
PIC Do Brasil Empreendimentos e Participações Ltda	Brazil	Holding company	100%
PIC Fyfield Limited	United Kingdom	Holding company	100%
Pig Improvement Company Overseas Limited	United Kingdom	Holding company	100%
Premium Genetics (UK) Limited	United Kingdom	Holding company	100%
Premium Genetics Limited	Ireland	Holding company	100%
Sygen, Inc	United States	Holding company	100%
Sygen International Limited	United Kingdom	Holding company	100%
Agence Spillers N V	Belgium	Dormant	100%
Bellapais Farm Limited	Cyprus	Dormant	34 1%
Bellapais Hatcheries Limited	Cyprus	Dormant	34 1%
BioScience Network Limited	United Kingdom	Dormant	100%
Brazilian Properties Limited	United Kingdom	Dormant	100%
Busby Partipacoes Ltda	Brazil	Dormant	100%
Canavarro Participacoes Ltda	Brazil	Dormant	100%
Dalco Exportadora Ltda	Brazil	Dormant	100%
Dalgety Pension Trust Limited	United Kingdom	Dormant	100%
Elmira ABC Ltd	Canada	Dormant	100%
Fyfield Dormant	United Kingdom	Dormant	100%
Fyfield Ireland Limited	Ireland	Dormant	100%
Genus Americas, Inc	United States	Dormant	100%
Genus Consulting Limited	United Kingdom	Dormant	100%
Genus Quest Trustees Limited	United Kingdom	Dormant	100%
Genus Trustees Limited	United Kingdom	Dormant	100%
National Pig Development Company Limited	United Kingdom	Dormant	100%
PIC Benelux B V	Netherlands	Dormant	100%
Pig Improvement Company Far East Limited	Hong Kong	Dormant	100%
Pigtales Limited	United Kingdom	Dormant	100%
Progen Ltd	United Kingdom	Dormant	100%
Skogluno Participacoes Ltda	Brazil	Dormant	100%
Spedivet Limited	United Kingdom	Dormant	100%
Spillers Limited	United Kingdom	Dormant	100%
Spillers Overseas Limited	United Kingdom	Dormant	100%
Spratts GmbH	Germany	Dormant	100%
SyAqua Mexico, S de R L de C V	Mexico	Dormant	100%
Sygen Investimentos Ltda	Brazil	Dormant	100%
Usicafe SA	Switzerland	Dormant	100%

37 Acquisition of subsidiaries

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 set out in the table below

	£m
Intangible assets	
– Customer relationship	**3 6**
Property, plant and equipment	**0.5**
Financial assets	**0 5**
Financial liabilities	**(1 9)**
Total identifiable assets	**2 7**
Goodwill	**3 1**
Total consideration	**5 8**
Satisfied by	
Net cash outflow arising on acquisition of subsidiary	**5.8**

The goodwill of £3 1m 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 £7 8m revenue and £1 0m 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 £9 0m and £1 2m respectively

On 31 March 2015 the Group acquired 51% of the share capital of In Vitro Brasil S A ('IVB') for a total investment consideration of BRL 20m (£4 5m) 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 49m (£10 0m) 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

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

	£m
Intangible assets identified	
– Technology	**3 5**
– Customer relationship and trade name	**0 5**
Property, plant and equipment	**0 6**
Financial assets	**3.6**
Financial liabilities	**(2 1)**
Total identifiable assets	**6 1**
Attributable to non-controlling interest	**(3 8)**
Share of identifiable assets	**2 3**
Goodwill	**2.2**
Total consideration	**4.5**
Satisfied by	
Net cash outflow arising on acquisition of subsidiary	**4.5**

Notes to the Group Financial Statements continued
For the year ended 30 June 2015

37 Acquisition of subsidiaries continued

The goodwill of £2 2m 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 £1 1m and a gross contractual value of £1 3m 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 9m

IVB contributed £2 3m revenue and £0 8m profit after tax to the Group for the oeriod between date of acquisition and the balance sheet date which includes £0 5m attributable to non-controlling interest

Due to the transaction's nature it is impracticable to obtain the information required to disclose what the Group s revenues and profit would have been if the acquisition of IVB had been completed on the first day of the financial period

38 Non-controlling interest

	2015 **£m**
Non-controlling interest	**4 3**
Put option over non-controlling interest (see note 37)	**(10 0)**
Total non-controlling interest	**(5 7)**

Summarised financial information in respect of each of the Group s subsidiaries that has material non-controlling interest is set out below The summarised financial information below represents amounts before intra-Group eliminations

IVB Group

	2015 **£m**
Current assets	**3 9**
Non-current assets	**4.4**
Current liabilities	**(2 5)**
Non-current liabilities	**–**
Net assets	**5.8**
Equity attributable to owners of the Company	**(1.7)**
Non-controlling interest for IVB Group	**4.1**
Other non-controlling interest	**0.2**
Non-controlling interest	**4.3**

No dividends were paid to non-controlling interests

GENUS PLC
COMPANY NUMBER: 2972325

Parent Company Balance Sheet
As at 30 June 2015

	Note	2015 £m	2014 £m
Fixed assets			
Tangible assets	41	**0.8**	0 8
Investments in subsidiaries	42	**85.4**	78 1
		86 2	78 9
Current assets			
Debtors	43	**457.1**	461 8
Cash at bank and in hand		**-**	-
		457.1	461 8
Creditors amounts falling due within one year	45	**(302 6)**	(309 0)
Net current assets		**154.5**	152 8
Total assets less current liabilities		**240.7**	231 7
Creditors amounts falling due after more than one year	46	**(77.3)**	(70 8)
Net assets		**163.4**	160 9
Capital and reserves			
Called up share capital	49	**6.1**	6 1
Share premium account	49	**112.2**	112 2
Own shares	49	**(0.1)**	(0 1)
Profit and loss account	49	**45 2**	42 7
Hedging reserve		**-**	-
Shareholders' funds	49	**163 4**	160 9

The Financial Statements were approved by the Board of Directors on 7 September 2015

Signed on behalf of the Board of Directors

Karim Bitar
Chief Executive

Stephen Wilson
Group Finance Director

Notes to the Parent Company Financial Statements
For the year ended 30 June 2015

39. Significant accounting policies

Basis of preparation

We have prepared these Financial Statements under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards We have applied the accounting policies consistently throughout the current and prior year

The principal accounting policies are summarised below

The Company s financial statements are included in the Genus plc consolidated financial statements for the year ended 30 June 2015 As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account The Company has also taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) *Cash Flow Statements'* The Company is also exempt under the terms of FRS 8 *Related Party Disclosures'* from disclosing transactions with other members of the Genus Group

Fixed assets and depreciation

We state fixed assets at cost together with any incidental acquisition expenses or at their latest valuation less depreciation and any provision for impairment We calculate depreciation on a straight-line basis to write the assets down to their estimated residual values over their estimated useful lives The rates of annual depreciation on tangible fixed assets are as follows

Leasehold land and buildings	period of lease
Equipment	3 to 20 years

We review the carrying value of fixed assets for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable

Investments

We state fixed assets investments at cost less provision for impairment

Pensions

A number of our employees are members of defined contribution pension schemes We charge contributions to profit and loss as they become payable under the schemes rules We show differences between the contributions payable and the amounts actually paid as either accruals or prepayments in the balance sheet The schemes assets are held separately from those of the Company

Certain current and former employees of the Company are members of one of the Group's defined benefit pension schemes, further details of which are given in note 28 of the Group Financial Statements The schemes are all multi-employer defined benefit schemes whose assets and liabilities are held independently from the Group The Company is unable to identify its share of the scheme s underlying assets and liabilities, and therefore accounts for the scheme as if it were a defined contribution scheme

Taxation

We provide for current tax including UK corporation tax and foreign tax at the amounts we expect to pay or recover, using the tax rates and the laws enacted or substantively enacted at the balance sheet date

We recognise deferred taxation in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date

We only recognise deferred taxation assets if we consider it more likely than not that we will have suitable profits from which we can deduct the future reversal of the underlying timing differences Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements and which are capable of reversing in one or more subsequent periods

We only recognise deferred taxation in respect of the future remittance of retained earnings of overseas subsidiaries and associates to the extent that, at the balance sheet date dividends have been accrued as receivable

We measure deferred taxation on a non-discounted basis at the tax rates we expect to apply in the periods in which we expect the timing differences to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

We record transactions in foreign currencies at the rate ruling at the transaction date or at the contracted rate, if the transaction is covered by a forward foreign currency contract We retranslate monetary assets and liabilities denominated in foreign currencies at the prevailing rate of exchange at the balance sheet date or if appropriate at the forward contract rate All differences are taken to the profit and loss account

Treasury shares
The Company has adopted UITF Abstract 38 'Accounting for ESOP Trusts', which requires us to recognise the assets and liabilities associated with the Company's investment in its own shares in the Company s financial statements where there is de facto control of the assets and liabilities

The Company s own shares held by a Qualifying Employee Share Ownership Trust remain deducted from shareholders' funds until they vest unconditionally with employees

Employee share schemes
The Company s Executive Directors and Chief Operating Officers receive part of their remuneration in the form of share awards, which vest upon meeting performance criteria over a three year period

We measure the cost of these awards by reference to the shares' fair value at the award date At the end of each financial reporting period, we estimate the extent to which the performance criteria will be met at the end of three years, and record an appropriate charge in the profit and loss account together with a corresponding credit to profit and loss reserves Changes in estimates of the number of shares vesting may result in charges or credits to the profit and loss account in subsequent periods

Share-based payments
We have implemented the generally accepted accounting principle for accounting for share-based payments with subsidiary undertakings under UITF 44 whereby the Company has granted rights to its shares to employees of its subsidiary undertakings under an equity-settled arrangement, and the subsidiaries have not reimbursed the Company for these rights Under this arrangement the Company treats the share-based payment recognised in the subsidiary's accounts as a cost of investment in the subsidiary and credits equity with an equal amount

Derivative financial instruments and hedging
Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates

We use interest rate swaps to hedge interest rate risk We also use forward foreign currency contracts implemented through a medium-term US Dollar cross currency borrowing and related interest rate swap, to hedge exposure to translation risk associated with US Dollar net assets of subsidiary entities Forward foreign currency contracts do not qualify for hedge accounting in the Parent Company Financial Statements, as the hedged item is not in its balance sheet

Our use of financial derivative instruments is governed by the Group s policies which are approved by the Board of Directors The notes to the Group Financial Statements include information about the Group s financial risks and their management and its use of financial instruments and their impact on the Group s risk profile, performance and financial condition

The fair value of the US Dollar and interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the swap counterparties

The fair value of forward exchange contracts is their quoted market price at the balance sheet date which is the present value of the quoted forward price

Cash flow hedges
Where a derivative financial instrument is designated as hedging the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction we recognise the effective part of any gain or loss on the instrument directly in the hedging reserve We recognise any ineffective portion of the hedge immediately in the profit and loss account

If we hedge a forecast transaction that subsequently results in our recognising a financial asset or liability then we reclassify the associated gains and losses that we had recognised directly in equity into profit or loss We do this in the same period or periods that the asset or liability affects profit or loss which are the periods when we recognise the interest income or expense

If we expect a hedged forecast transaction to occur but the hedging instrument has expired been sold terminated or exercised, or we have revoked the designation of the hedge relationship then the cumulative gain or loss at that point remains in equity and we recognise it in accordance with the above policy when the transaction occurs If we no longer expect the hedged transaction to occur, we immediately recognise in the profit and loss account the cumulative unrealised gain or loss recognised in equity

When a hedging instrument expires or is sold terminated or exercised or we revoke designation of the hedge relationship the cumulative gain or loss at that point remains in equity until we dispose of the investment it relates to

We treat derivatives embedded in other financial instruments or other host contracts as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains and losses reported in the profit and loss account

Notes to the Parent Company Financial Statements continued
For the year ended 30 June 2015

39 Significant accounting policies continued

Debt

We initially state debt at the amount of the net proceeds after deducting issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

Finance costs

We charge the finance costs of debt to the profit and loss account over the debt term at a constant rate on the carrying value of the debt to which they relate

40 Employees

Staff costs including Directors' remuneration during the year amounted to

	2015 **£m**	2014 £m
Wages and salaries	**5.2**	4 5
Social security costs	**0 5**	0 8
Pension costs	**0 1**	0 1
Share-based payment expense	**0.3**	0 4
	6.1	5 8

The average monthly number of employees including Executive Directors during the year was as follows

	2015 **Number**	2014 Number
Administration	**24**	23

Details of Directors remuneration, pensions and share options are included in the Directors Remuneration Report

41 Tangible fixed assets

	Short leasehold land and buildings £m	**Equipment - owned £m**	**Total £m**
Cost			
At 1 July 2014	0 2	1 6	1 8
Additions	0 2	0 1	0 3
At 30 June 2015	**0.4**	**1 7**	**2.1**
Depreciation			
At 1 July 2014	0 2	0 8	1 0
Charge for the year	–	0 3	0 3
At 30 June 2015	**0.2**	**1.1**	**1.3**
Net book value			
At 30 June 2015	**0.2**	**0.6**	**0.8**
At 30 June 2014	–	0 8	0 8

42 Investments

	Shares in subsidiary undertaking £m
Cost	
At 1 July 2014	283 4
Additions	12 2
Disposal	(1 5)
At 30 June 2015	**294 1**
Provision for impairment	
At 1 July 2014	**205 3**
Disposals	**(1.5)**
Impaired during the year	**4 9**
At 30 June 2015	**208 7**
Net book value	
At 30 June 2015	**85.4**
At 30 June 2014	78 1

Subsidiary undertakings

The Company's subsidiaries and their main activities are given in note 36

43 Debtors

	Note	2015 £m	2014 £m
Amounts due within one year			
Amounts owed by Group undertakings		**454.3**	459 7
Corporation tax recoverable		**0.2**	0 5
Other taxes and social security		**0.5**	0 6
Prepayments and accrued income		**0.2**	0 2
Deferred tax	44	**1.2**	0 8
Derivative financial asset		**0.7**	–
		457.1	461 8

At the balance sheet date the amounts owed by Group undertakings were £454 3m (2014 £459 7m) The carrying amount of these assets approximates their fair value There are impaired receivable balances of £nil (2014 £0 4m) Of the amounts owed by Group undertakings £323 1m (2014 £320 2m) is interest-bearing

44 Deferred tax

The movements in deferred taxation are as follows

	2015 £m	2014 £m
At the start of the year	**0.8**	0 9
Recognised in income statement	**0.1**	(0 1)
Changes in tax rate recognised in income statement	**–**	(0 1)
Prior year adjustments recognised in income statement	–	0 2
Recognised in equity	**0.3**	(0 1)
At the end of the year	**1.2**	0 8

Notes to the Parent Company Financial Statements continued
For the year ended 30 June 2015

44 **Deferred tax** continued

The amounts provided are as follows

	2015 £m	2014 £m
Share-based payment expense	**1.0**	0 6
Other timing differences	**0.2**	0 2
	1.2	0 8

The amounts unprovided are as follows

	2015 £m	2014 £m
Losses	**0.1**	1 1

Unrecognised deferred tax assets

At the balance sheet date, the Company has unused tax losses available for offset against future profits, with a potential tax benefit of £0 1m (2014 £1 1m) We have not recognised a deferred tax asset, due to uncertainty over the availability of future taxable profits

45 Creditors amounts falling due within one year

	Note	2015 £m	2014 £m
Bank loans and overdrafts	47	**12.0**	12 7
Trade creditors		**0.4**	0 4
Other creditors including taxation and social security		**0.2**	0 3
Amounts owed to Group undertakings		**284.8**	288 9
Accruals and deferred income		**5.0**	4 1
Derivative financial liabilities	48	**0.2**	2 6
		302 6	309 0

Included within amounts owed to Group undertakings are amounts of £252 8m (2014 £266 8m) which are interest-bearing and payable on demand

There are no outstanding contributions due to defined contribution pension scheme for the benefit of the employees (2014 £nil)

46 Creditors amounts falling due after more than one year

	Note	2015 £m	2014 £m
Bank loans and overdrafts	47	**77 3**	70 8

47 Loans and borrowings

	2015 £m	2014 £m
Loans and borrowings comprise amounts falling due.		
In one year or less or on demand	**12.5**	13 1
In more than one year but not more than two years	**6.4**	5 8
In more than two years but not more than five years	**70 9**	65 5
	89 8	84 4
Less unamortised issue costs	**(0.5)**	(0 9)
	89 3	83 5
Amounts falling due within one year	**(12 0)**	(12 7)
Amounts falling due after more than one year	**77 3**	70 8

The credit facilities at the balance sheet date comprised a £65m multi-currency revolving credit facility a US$100m revolving credit facility and an amortising US$15m term loan repayable in instalments by 15 September 2017

As part of its interest rate strategy the Company has entered into interest rate swaps to hedge floating LIBOR rates As a result bank loans and overdrafts include borrowings of US$60m (£38 2m) fixed at 0 64%, excluding applicable bank margin

Terms and debt repayment schedule

Terms and conditions of outstanding loans and overdrafts were as follows

	Currency	Interest rate	2015 £m	2014 £m
Revolving credit facility and overdraft	GBP	1 7%	**10.8**	6 5
Revolving credit facility, term loan and overdraft	USD	1 4%	**73.1**	73 0
Secured revolving credit facility and overdraft	EUR	1 6%	**3.5**	4 0
Other unsecured bank borrowings	Other	1 4%	**1.9**	–
Total interest-bearing liabilities			**89.3**	83 5

The above revolving credit facilities are unsecured

48 Derivatives and other financial instruments

Fair values

The fair values of financial assets and liabilities which have been calculated by the relevant financial institution, together with the carrying amounts shown in the balance sheet are as follows

	2015		2014	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Interest rate swap treated as cash flow hedge	**(0.1)**	**(0 1)**	(0 2)	(0 2)
Lean hog and feed commodity futures	**0 6**	**0.6**	(2 4)	(2 4)
	0.5	**0 5**	(2 6)	(2 6)

Represented by

	2015 £m	2014 £m
Debtors	**0.7**	–
Creditors amounts due within one year	**(0.2)**	(2 6)
	0.5	(2 6)

Hedges

The Company s policy is to monitor its net transactional currency exposures and future contracted sales, in order to hedge such exposures within the Group where appropriate At 30 June 2015 the Company has entered short-term forward contracts totalling £0 6m (net) (2014 £(1 6)m (net))

The recognised profit included in the profit and loss account on forward exchange contracts taken out in previous years amounted to £nil (2014 £0 1m) The Company has entered into interest rate swaps in order to manage its interest rate profile

Other information

Additional disclosure on financial instruments can be found in note 25

49 Capital and reserves

Share capital

	2015 Number	2014 Number	2015 £m	2014 £m
Authorised				
Ordinary shares of 10 pence	**75,989,400**	75,989,400	**7.6**	7 6
Issued and fully paid				
Ordinary shares of 10 pence	**60,968,447**	60,918,731	**6.1**	6 1

The holders of ordinary shares are entitled to receive dividends as declared from time to time

Notes to the Parent Company Financial Statements continued
For the year ended 30 June 2015

49 Capital and reserves continued

The movement in share capital for the period was as follows

	2015 Number	2014 Number	2015 £m	2014 £m
Issued under the Executive Share Option Plan	**49,716**	70,167	**–**	–
Issued to employee benefit trust	**–**	200,001	**–**	–
	49,716	270,168	**–**	–

Shares issued under share option plans were issued at option prices as follows

	2015 Number	Price	2014 Number	Price
Executive Share Option Plan	**11,454**	**310.5p**	4,232	310 5p
	–	**582p**	867	582p
	531	**776p**	–	776p
	899	**654.5p**	11,337	654 5p
	36,832	**729.83p**	51,222	729 83p
	–	**977 83p**	2,509	977 83p
	49,716		70,167	

Reserve for own shares

The Company s shares are held by a Qualifying Employee Share Ownership Trust (QUEST) which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management The reserve amount represents the deduction in arriving at shareholders funds for the consideration the trust paid for the Company's shares which had not vested unconditionally at the balance sheet date The number and market value of the ordinary shares held by the employee benefit trust and the QUEST were

	2015 Number	2014 Number	2015 £m	2014 £m
Shares allocated but not vested	**146,625**	146,625	**2 1**	1 7
Unallocated shares	**92,334**	92,334	**1 3**	1 0
	238,959	238,959	**3 4**	2 7

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments net of taxation

Reserves and reconciliation of movement in equity shareholders' funds

	Share capital £m	Share premium account £m	Own shares £m	Profit and loss account £m	Total £m
At 1 July 2014	6 1	112 2	(0 1)	42 7	160 9
Profit for the financial year	–	–	–	12 1	12 1
Dividends paid	–	–	–	(11 1)	(11 1)
Share-based payment expense, net of tax	–	–	–	1 5	1 5
At 30 June 2015	**6 1**	**112 2**	**(0.1)**	**45 2**	**163.4**

For information on dividends see note 12 and share based payment expense see note 29

50 Related party transactions

The Company is exempt under the terms of FRS 8 *'Related Party Disclosures* from disclosing transactions with other members of the Group

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note Details of other related party transactions are disclosed in note 35 in the Group Financial Statements

51 Contingencies

The retirement benefit obligations referred to in note 28 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

Five Year Record – Consolidated Results

The information included in the five year record below is in accordance with IFRS as adopted for use in the European Union

Financial results	**2015** **£m**	2014 £m	2013+ £m	2012+ £m	2011+ £m
Revenue from continuing operations	**398 5**	372 2	345 3	341 8	309 9
Adjusted operating profit from continuing operations*	**47.2**	42 9	45 0	45 2	41 7
Adjusted operating profit including joint ventures*	**51.2**	44 8	48 2	48 0	44 8
Adjusted profit before tax*	**46.6**	39 3	42 5	43 7	36 7
Basic adjusted earnings per share*	**56.8p**	46 5p	49 1p	50 0p	41 9p
Diluted adjusted earnings per share*	**56.1p**	46 4p	48 4p	49 3p	41 3p
Operating profit from continuing operations	**59.5**	41 8	36 3	53 6	44 3
Profit before tax from continuing operations	**57.8**	38 2	33 4	51 6	38 5
Profit after tax from continuing operations	**40.5**	28 9	23 4	37 5	27 5
Profit for year	**40.5**	28 9	23 4	37 5	27 5
Basic earnings per share	**66 7p**	47 7p	38 8p	62 4p	46 1p
Diluted earnings per share	**65.9p**	47 6p	38 3p	61 6p	45 4p
Net assets	**305.1**	285 3	300 5	278 0	274 3
Net debt	**71.8**	63 9	52 9	56 4	67 9

Adjusted operating profit adjusted profit before tax and adjusted basic and diluted earnings per share are before net IAS 41 valuation movement on biological assets amortisation of acquired intangible assets share based payment expense exceptional items and other gains and losses

\+ Restated due to adoption of the amendments of IAS 19

Glossary

AGM - Annual General Meeting

Artificial insemination ('AI') - Using semen collected from a bull or boar to impregnate a cow or sow when in estrus Artificial insemination allows a genetically superior male to be used to mate with many more females than would be possible with natural mating

Biosecurity - The precautions taken to reduce the chance of transmitting disease agents from one livestock operation to another

Boar - A male pig

CSR - Corporate Social Responsibility

DSBP - Deferred Share Bonus Plan

EPS - Earnings per share

Farrow - When a sow gives birth to piglets

GELT - Genus Executive Leadership Team

Gender skew - The ability to influence the proportion of offspring being of a particular sex

Genetic gain - The change of the genetic make up of a particular animal population in response to having selected parents that excelled genetically for important traits

Genetic lag - The amount of time required to disseminate genetic gain from a nucleus herd to the commercial customer

Genetic nucleus - A specialised pig herd where Genus PIC keeps its pure lines Pigs are genetically tested at the nucleus to select the best animals to produce the next generation

Genomic bull - A bull which has been assessed through genomic testing This typically refers to bulls which have not been progeny-tested

Genomically tested - An animal that has been DNA profiled

Genomics - The study of the genome which is the DNA sequence of an animal's chromosomes

Gilt - A young female pig which has not yet given birth

GMS - ABS s Genetic Management System which creates a genetic solution tailored to each individual dairy producer to obtain improved herd genetics

Grandparent - The relationship of a breeding pig to the generation of terminal market pigs A grandparent produces parents who in turn produce the commercial generation of terminal pigs

Group - Genus plc and its subsidiary companies

GSS - Genus Sexed Semen

IVB - In Vitro Brasil S A

In vitro fertilisation ('IVF') - The fertilisation of an oocyte with semen (outside an animal) in a laboratory for transfer into a surrogate

Index/Indices - A formula incorporating economically important traits for ranking the genetic potential of animals as parents of the next generation

Integrated pork producer - Producers of pork typically involved in raising animals to slaughter weight all the way through to packaged and/or branded pork products

IP - Intellectual property

JV - Joint venture

Line - Multiple animals that have been mated together in a closed breeding population Pure lines can have their origins in one founding breed or in several breeds

Market pig equivalents ('MPE') - A theoretical measure of the number of terminal pigs, of which each pig accounts for half a male MPE and half a female MPE produced by each invoiced product

Multiplier - A producer whose farm contains grandparent sows The farm crosses together two lines of grandparents, multiplying the number of genetically improved parents that are available for sale

PEDv - Porcine epidemic diarrhoea virus, which causes older pigs to lose weight and is usually fatal for newborn piglets

Progeny tested - Elite animals whose genetic value as a parent has been tested and validated through the performance of their offspring

PQA - Pork Quality Assurance

PSP - Performance Share Plan

R&D - Research and development

RMS - ABS s Reproductive Management System which is a systematic approach to maximising pregnancy production and its contribution to herd profitability

RPI - Retail price index

RWD - ABS's Real World Data System of observed performance data from many dairy herds

Sire - The male parent of an animal

Sire line - The male line selected for traits desirable for the market

Sow - A female pig which has given birth at least once

Straw - A narrow tube used to package frozen bull semen

Stud - Locations where bulls or boars are housed and their semen collected, evaluated diluted into multiple doses/ straws and packaged, ready for shipping to farms

Trait - A measurable characteristic that may be a target for genetic selection

Unit - A straw of frozen bull semen or tube/bag of fresh boar semen sold to a customer

Advisers

Secretary and Registered Office
Dan Hartley
Matrix House, Basing View
Basingstoke, Hampshire RG21 4DZ
Registered Number 02972325

Stockbrokers
Peel Hunt
Moor House 120 London Wall
London EC2Y 5ET

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY

Financial Adviser
HSBC Bank plc
8 Canada Square
London E14 5HQ

Auditor
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Solicitors
Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA

Bankers
Barclays Bank PLC
1st Floor 3 Hardman Street
Spinningfields, Manchester M3 3HF

Registrars
Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA

Designed and produced by Emperor
www emperordesign co uk +44 (0)20 7729 9090

WWW.GENUSPLC.COM

Genus plc
Matrix House, Basing View,
Basingstoke, Hampshire RG21 4DZ
T +44 (0)1256 347100
F +44 (0)1256 477385