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GENUS PLC

Report and Accounts

31 March 2002



CONTENTS

| | Page |
|---|------|
| Chairman's statement | 2 |
| Chief executive's review | 4 |
| Finance director's review | 9 |
| Directors' profiles | 12 |
| Directors' report | 13 |
| Report on directors' remuneration | 16 |
| Corporate governance | 20 |
| Statement of directors' responsibilities | 23 |
| Report of the auditors | 24 |
| Consolidated profit and loss account and statement of total recognised gains and losses | 25 |
| Consolidated balance sheet | 26 |
| Company balance sheet | 27 |
| Consolidated statement of cash flows | 28 |
| Notes to the accounts | 30 |
| Registered office and advisers | 54 |
| Notice of 2002 annual general meeting | 56 |

CHAIRMAN'S STATEMENT

DECISIVE MANAGEMENT AND THE GROUP'S INTERNATIONAL STRENGTH HAS MITIGATED AGAINST THE POTENTIAL IMPACT OF FOOT AND MOUTH DISEASE, TO BRING THROUGH A STRONG TRADING RESULT

RESULTS OVERVIEW

Group turnover from continuing operations in the year to 31 March 2002 increased by 0.4% to £160.2 million from £159.5 million in 2001, despite the impact of Foot & Mouth Disease (FMD) and a slow recovery in the Distribution Division. However, turnover in the core Breeding Division increased by 4.5% to £74.5 million.

Underlying operating profit (before amortisation of goodwill and acquisition and float costs) from continuing operations increased by 5.7% from £8.9 million to £9.4 million due mainly to the strong contribution from Breeding, up 35% to £10.6 million, and the beginnings of a recovery in Distribution, up 3% to £0.8 million. These improvements were offset by losses of £1.0 million from Consulting after charging £300,000 of re-organisation and one-off costs aimed at assisting recovery in 2002/3. As announced with the interim results, the first stage of the Consulting Division re-organisation was the divestment of a loss making subsidiary which included the write-back and write-off of £1.0 million of goodwill. Group central overheads were reduced to £0.9 million compared with £1.0 million in both 2000 and 2001.

The strong cash flow of the Group, supported by controls placed on capital spending to offset the reduced performance from Consulting, decreased net debt by 25% to £15.4 million. This, together with the lower prevailing interest rates, reduced net interest charges by 27% from £2.5 million to £1.8 million. This boosted Group underlying pre-tax profit (before amortisation of goodwill, acquisition and float costs and exceptional items) from continuing operations, which increased by 19% to £7.6 million from £6.4 million in 2001. Pre-tax profit before exceptional items from continuing operations increased by 46% to £5.7 million from £3.9 million in 2001.

Non-trading exceptional items comprised gains on property sales of £0.5 million and, as announced on 10 October 2001 following the closure of Gensel, the investment of £1.8 million in Gensel shares was written off.

The net result was that overall pre-tax profit fell by 10% from £3.3 million to £2.9 million. As the above mentioned write-offs were disallowable for tax purposes, profit for the financial year fell by 62% to £0.6 million (2001: £1.5 million).

Underlying EPS increased by 15% to 14.8p. Basic EPS (after charging exceptional items and results of discontinued operations) fell from 4.7p to 1.7p per share.

On the basis of the good trading results, the Board will be recommending an increase in dividend by 6% resulting in a full year dividend of 4.75 pence per share (2001: 4.5 pence) to be paid on 9 September 2002 to shareholders on the register at the close of business on 9 August 2002 with an ex-dividend date of 7 August 2002.

The support of the Genus staff has been exemplary this year and I would like to thank them for their contributions. Of particular note was the flexible approach to working taken in the UK. It helped the Group to mitigate against the impact on profitability of FMD, supported the farmers in their time of need and assisted the Government to fight the epidemic.

There are now more than 800 employees who have a shareholding in the Company. I am pleased that, through that share ownership, a growing number of staff will be able to benefit from the Group's success.

CHAIRMAN'S STATEMENT

SHARE CAPITAL

Since moving to AiM in July 2000, the Company has become increasingly aware of the unusual nature and diversity of its register of approximately 27,000 shareholders, many of whom are customer shareholders who were allocated very small quantities of shares when the Company was formed. This diversity has created great volatility in the share price. Supply and demand for shares has been regularly out of balance and the average size of share transactions has been very small.

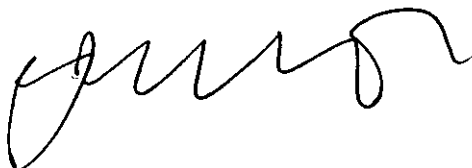
In an effort to create more stability, we will attempt, this year, to initiate changes aimed at achieving a more balanced share register with an increased number of large shareholders. As an initial phase of this endeavour, the Company will, when circumstances are appropriate, enter the market to buy back small share holdings as they become available. The objective will be to issue new shares, in blocks of sufficient size to enable larger or institutional investors to achieve their desired quotas. The Board believes that this will provide those shareholders who wish to sell shares with an additional source of demand and thereby increase liquidity, whilst enabling other shareholders to avoid the dilution that an issue of new equity would otherwise create.

The overall objective of this, and any subsequent initiatives necessary, will be to increase the proportion of large or institutional shareholdings in Genus, which currently represents slightly less than 25% of the issued share capital.

In order to give the Board flexibility to issue new shares efficiently and cost effectively when opportunities arise, shareholders will be asked at the Annual General Meeting to agree to the dis-application of pre-emption rights for issues of up to 10% of the current equity base. Further details on the above initiative are included with the Notice for the Annual General Meeting on page 56.

GROUP PROSPECTS

The Group has demonstrated that decisive management and the strength of its business portfolio can mitigate against severe adverse market conditions. Against this background, we confidently expect to report further progress next year with a recovery in Consulting and more progress with Distribution.



John Beckett, Chairman

CHIEF EXECUTIVE'S REVIEW

IN A DIFFICULT TRADING YEAR, THE RESPONSE OF THE GENUS STAFF HAS BEEN EXCEPTIONAL. THE INTERNATIONAL MARKET LEADERSHIP OF THE BREEDING BUSINESS HAS BEEN ENHANCED AND PROGRESS HAS BEEN ACHIEVED AT DISTRIBUTION, WHICH TOGETHER OFFSET THE IMPACT ON CONSULTING OF FMD AND THE UNFORTUNATE EVENTS OF 11 SEPTEMBER. AS A RESULT, THE GROUP HAS EMERGED STRONGLY FROM THE POTENTIAL THREAT TO ITS BUSINESS FROM THESE TWO DRAMATIC EXTERNAL EVENTS.

BREEDING DIVISION

This international Division is the world's leading bovine genetics business. It comprises the original Genus UK Breeding business and the US acquisition, ABS Global Inc. The transition from two separate businesses to one Division is now complete and the full short-term benefits have been captured. As expected, unit costs have been reduced because of economies of scale, and the full benefits have been realised of substituting US product for products previously purchased from competitors to "range fill" in the UK.

The longer-term benefits available from the globalization of the Research & Development programme will develop gradually over the medium term.

The Division spent over £8 million this year on research and development. It uses leading edge scientific tools and novel research to enhance genetic improvement of cattle and delivers this improvement through the semen it supplies to farmers to improve their herds.

The research programme has focused on improving the selection process, increasing production efficiency and exploring novel methods of delivery. R&D carried out this year has led to the addition to the stud of three world beating bulls:

- Machoman – A Holstein Friesian bull - number 1 in the world
- Steadfast – A Jersey bull - number 1 in the world for milk and protein
- Jayson – A Holstein Friesian bull - best UK stud tested bull

The science programme increased semen output collected from some of the elite bulls by 20%.

Worldwide sales of £74.5 million were 4.5% higher than last year because the international strength of the business enabled it to increase its market share in its largest markets, the USA and the UK. Prices and margins improved so that underlying operating profit increased by 35% from £7.8 million to £10.6 million.

In the USA, the new Dairy Reproductive Management System developed by the Division contributed to achieving the increased market share. The system allows large producers to improve predictability in producing pregnancies while maintaining milk flow. Semen sales volume increased by 300,000 doses, an increase in market share of approximately 2%.

The second generation of the Division's breeding advice software was launched and will enhance trade next year. It helps farmers managing their own insemination programmes to select which bulls to use on individual cows, so maximising performance.

Immediate and decisive management action was taken in the UK to mitigate the effects of FMD. The UK operations were temporarily re-structured so that a full insemination service could be offered in areas unaffected by FMD while semen deliveries were maintained in infected areas. Under-utilised staff were subcontracted to the Government to assist with the management of the outbreak.

Despite Genus' herds being completely unaffected by FMD, additional biosecurity controls restricted the collection and distribution of semen from the UK stud. To continue to provide service to customers, increased quantities of semen from Genus owned bulls in the USA and Canada were made available to UK farmers. The action taken by management created a net positive effect on the Division's results.

CHIEF EXECUTIVE'S REVIEW

In addition, a revolutionary new silage additive, Powerstart, was introduced and outperformed all expectations.

The Division's international position and quality of its stud strengthened trading elsewhere in the world with more than eight million doses sold in 70 countries around the world.

Highlights include:

- The Japanese distributor's business passed the £1.0 million annual revenue mark, a huge achievement in such a relatively small but profitable market.
- First orders were received from three new territories: Rwanda, Tanzania and Mongolia.
- In Brazil, operations were refocused in the second half of the year to emphasize high margin product imported from the USA to offset the falling contribution from the local stud following the 30% currency devaluation in the first half of the year. As a result, profit contribution was held at last year's level despite the consequent fall in sales volume in the second half year.
- Strong results were also achieved in Italy, Saudi Arabia, and the Far East.

On 10 October 2001, following the closure of Gensel, the Group wrote off the investment of £1.8 million in Gensel stock. The failure of Gensel to raise funds to sustain its research programme has stopped the potential for an invention by Gensel to enable bulk quantities of semen to be sexed. Instead, the Division's fundamental research is now focusing on production of high fertility semen to improve pregnancy rates.

Outlook - Breeding

The unrivalled research and market leading strength of this business is expected to drive continued profitable growth. Although international prospects remain good, depressed milk prices in the UK may slow the domestic dairy farming recovery.

CONSULTING DIVISION

This international Division offers business and market consultancy to UK farmers, multi-nationals, food processors, food retailers and international Governments. Some of its international work is funded by overseas aid funds.

The results for the year were adversely impacted by the combined effects of FMD in the UK and the tragic events of 11 September and its aftermath.

A major re-structuring of the whole Division began in the first half of the year with the divestment of a loss making subsidiary. This was followed, in the second half, by a cost cutting re-organisation. Non-recurring costs totalling £300,000 will help re-position the Division for recovery.

Some recovery was evident in the second half year with a reduced loss from continuing business, before the above mentioned one-off and re-organisation costs. The lower operational costs since the re-organisation will encourage a strong recovery in all depressed sectors during 2002/3.

In the UK, many of the farm business consultants were unable to visit their clients for much of the year, with a complete return to business not possible before February 2002, when the country was finally declared free of FMD.

During the epidemic, Genus remained active, supporting the rural community, providing on-line assistance and development of off-farm approaches to maintain a consulting service, however, fee earning was severely reduced.

The Division worked on behalf of Government bodies to deliver business appraisals to over 600 farm and food-based businesses. Also, in partnership with the land-based training agency, Lantra, it became the sole provider of on-line farm diversification and business skills training through the Learn Direct scheme.

CHIEF EXECUTIVE'S REVIEW

The downturn in the Market Consultancy sector occurred when multi-national clients delayed work following the events of 11 September. This had a particular impact in the Washington DC and Newbury offices.

Internationally, projects contracted for major clients across the food value chain included:

- A strategic review of the organisation and structure of the New Zealand dairy sector post-deregulation.
- An evaluation of food service channels for a global branded food company targeting category leadership.

These supported the regular business in market information. Genus' market information products have become the recognised standard for monitoring the global crop and seed markets. One such product was successfully extended into China and Japan.

The global aid-related consultancy business remained strong throughout the year and maintained its profit contribution.

It continued to expand geographical coverage, most notably into Central Asia, in the Kyrgyz Republic and even in Afghanistan. The core skill offered is economic and natural resources development, but new sectors now include good governance, public sector reform and WTO accession in countries as far apart as Lithuania and Ghana.

Also in the aid sector, the Division operates a number of framework contracts for the EU to provide developing country governments with focused, high level and rapid response technical assistance. It provides specialist teams in rural development, economic development and public administration.

Project extensions have been agreed in Russia, Bangladesh, Nepal and the Caribbean, as well as a three year extension to a major programme of development research covering some ten countries. In Russia, the Division installed satellite ground stations, supporting software and management systems to enable the Forest Department to respond rapidly to forest fires.

Outlook – Consulting

The Division's experience of the food value chain and expertise in rural development is well positioned to capitalise on the environment of change in agriculture and the food industry.

In the UK, FMD has been a catalyst for change, with Government thinking crystallised in the recent Policy Commission's report and DEFRA response. Arising from the recommendations in the various reports, the Division has won a number of DTI, DEFRA and Welsh Development Agency contracts aimed at helping farmers to recover.

To help farmers deal with the inevitable increase in regulatory and compliance requirements, Genus will shortly launch 'Livestock-manager.com', an on-line service to assist farmers to manage all the regulatory aspects of owning livestock.

In Market Consultancy, recent new contracts with a Swiss food producer and a UK supermarket chain have heralded a return to more normal trading with multi-nationals. Although this sector of business remains depressed, the launch of some updated versions of the Division's annual market information products should aid recovery.

DISTRIBUTION DIVISION

This UK Division wholesales veterinary pharmaceuticals as well as marketing licensed pharmaceuticals and other products to the veterinary profession.

This year, the Division made a slow recovery from the acute business reversal which occurred in the second half of 2001.

CHIEF EXECUTIVE'S REVIEW

Throughout the 2002 financial year, the strong market growth of previous years has slowed considerably. This has resulted in increased competition and limited the potential for recovery. During the first half year, the business was stabilised, new accounts were won, but some counter-balancing account losses continued during this transition period.

Since then:

- The business has been differentiated from competitors by providing a more flexible and local service to veterinary practices and 14 new accounts have been recruited, with an annualised sales potential approaching £1.0 million.
- The infrastructure has been re-organised with the Chepstow depot being re-configured as a Southern England hub. This has increased the quality of service for customers in the South while reducing costs. These cost reductions have arisen from removing operations from an expensive South East location and by achieving trunking efficiencies.
- *GenusLynx*, a Palm Pilot™ direct electronic ordering system, which was launched at the end of last year, has been well received by veterinary practice staff. Together with the improved local service, it has played a key role in persuading customers to move to Genusxpress as their principal veterinary wholesaler.

GenusLynx has a scanning capability that works well with the in-house developed batch traceability system. In addition, *GenusLynx* is a product and price guide, automatically updating the product file every time an order is placed. Other features include the ability to carry out customer stock valuations and receive messages regarding product availability.

In the marketing business, the newly licensed anaesthetic, *Isocare*, which is used in the companion animal sector, gained market share. Sales of the established *Aquapharm* range of intravenous fluids grew strongly. Cumulatively, *Aquapharm* sales have increased by 80% in the last five years to establish the range as the market leader in this sector.

Sales of *idENTICHIP*, increased by 12.6% in a market now serviced by nine competitive products. *idENTICHIP* is the market leading computer chip identification system for companion animals and horses, and was introduced to the UK over ten years ago, pioneering the way for microchip identification. The success of *idENTICHIP* is such that, during the year, the one millionth animal was chipped.

In the coming year, the Division will launch a temperature sensing version of the chip, allowing the temperature of the animal to be known without resorting to invasive techniques.

Associated with *idENTICHIP* business, the Division also operates a database to register the one million cats, dogs and horses already implanted with *idENTICHIP*. This database is used by the police and charities to return lost animals to their owners. Last year, we began to use the data to generate additional revenue from pet insurance sales and to sell data to third parties. This area of the business will continue to grow.

Against this background and the potentially longer duration before a full business recovery for the Division could be achieved, a cost cutting re-organisation was included in the second half. The one-off costs of the re-organisation depressed profits by approximately £40,000 this year.

After including the cost of the re-organisation, year end Divisional operating profits before amortisation of goodwill were increased by 17% over 2000/01 to £805,000.

Outlook – Distribution

The recent Office of Fair Trading enquiry into veterinary medicines found that the market leader and competitor to Genus, NVS, a subsidiary of Dechra Pharmaceuticals plc, had a scale monopoly. It has yet to decide whether this monopoly operates against the public interest. Should this be the case, the Division's management anticipates that it would benefit Genusxpress.

CHIEF EXECUTIVE'S REVIEW

More generally, market growth is expected to continue at the new lower base established this year. The business environment will, therefore, remain strongly competitive. Nevertheless, the Division expects to continue its recovery, benefiting from the cost savings introduced towards the end of the second half of the reporting year.

The marketing business remains strong and is expected to continue its profit growth. This will be enhanced by a further new licensed anaesthetic, *Procare*, which was launched at the end of May.

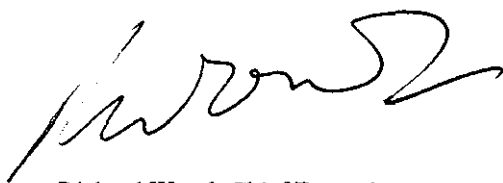
GROUP PROSPECTS

We have emerged from a difficult year with a credible result and confidently expect to report strong progress next year.

Global agriculture and the food industry will continue to change as more demanding consumer needs challenge producers, processors and regulators.

The emphasis Genus places on scientific investment and the development of its technical expertise will ensure that the Group will be able to add value for its customers in this fast changing market environment.

The Breeding business' market leadership will ensure it remains strong, although future profit growth will not match that seen in 2001/2, a period during which conditions for profit growth were exceptional. There will be a recovery in Consulting and more progress with Distribution.



Richard Wood, Chief Executive

FINANCE DIRECTOR'S REVIEW

RESULTS

Despite the impact of FMD and the events of 11 September for continuing operations, underlying pre-tax profits increased by 18.6%.

| | 2002 £000 | 2001 £000 | <i>Improvement</i> |
|------------------------------|--------------|--------------|--------------------|
| Underlying operating profit* | 9,390 | 8,880 | 5.7% |
| Net interest charges | (1,824) | (2,503) | 27.1% |
| Underlying pre-tax profits* | <u>7,566</u> | <u>6,377</u> | <u>18.6%</u> |

* On continuing operations before amortisation of goodwill, acquisition and float costs and exceptional items.

A 5.7% improvement in underlying operating profit was bolstered by a 27% reduction in interest charges as a strong cash flow drove a reduction in net debt and was further helped by falling interest rates.

The strong performance of the Breeding Division compensated for a lower rate of growth from Distribution and losses in Consulting.

| | <i>Underlying Operating Profit*</i> | | |
|---------------|-------------------------------------|----------------|--------------------|
| | 2002 £000 | 2001 £000 | <i>Improvement</i> |
| Breeding | 10,551 | 7,811 | 35.1% |
| Consulting | (1,020) | 1,311 | - |
| Distribution | <u>805</u> | <u>779</u> | <u>3.3%</u> |
| | 10,336 | 9,901 | 4.4% |
| Central costs | <u>(946)</u> | <u>(1,021)</u> | <u>7.3%</u> |
| | <u>9,390</u> | <u>8,880</u> | <u>5.7%</u> |

Breeding achieved a 35% increase in underlying operating profits from a 4.5% increase in turnover. Management action created a net positive effect on the results despite FMD in the UK by maintaining supplies during the epidemic, thereby increasing market share, and by subcontracting under-utilised staff to the Government.

The downturn in the Consulting Division was in part due to the impact of FMD and was partly caused by the effects of 11 September. In addition, £300,000 of non-recurring re-organisation costs were also incurred. Turnover was maintained at £32.7 million with lower margin overseas aid-related work replacing higher margin business in other sectors.

Following the business reversal in 2001, the Distribution Division underlying operating profits were increased by 3.3%. Last year, first half profits of £737,000 fell to almost breakeven in the second half. This year, they rose to £370,000 in the first half and then to £435,000 in the second half.

Items of an exceptional or one-off nature were a profit of £458,000 from the disposal of surplus properties, the write-off of the £1,809,000 investment in Gensel following its closure after the failure of a fund raising and the disposal of a small loss-making software business. The overall costs of this disposal included discontinued operating losses of £192,000 and the write-back and write-off of goodwill amounting to £1,021,000.

The net result was that overall pre-tax profit fell by 10% from £3.3 million to £2.9 million.

The overall tax rate of nearly 80% is distorted by the disallowance of the exceptionals referred to above. The tax on underlying continuing profits was 35%. This represents an increase of 1% over last year caused by profits tilting to overseas earnings and higher rate of tax jurisdictions.

FINANCE DIRECTOR'S REVIEW

EARNINGS PER SHARE AND DIVIDENDS

The underlying earnings per share (on continuing operations before amortisation of goodwill, acquisition and float costs and exceptional items) increased by 15% to 14.8p (2001: 12.9p) per share.

Basic earnings of 1.7p were below last year's 4.7p due to the exceptional write-offs and net losses on disposals of properties and discontinued activities.

The Board has recommended a 5.5% increase in dividend to 4.75p per share (2001: 4.5p). This dividend is covered 3.1 (2001: 2.9) times by underlying earnings.

FINANCING AND CASH FLOW

The Group has, over the last three years, consistently delivered a strong cash flow performance. During the year Group net debt was reduced by 25% to £15,427,000 (2001: £20,436,000).

Net gearing at the year end was reduced to 32% (2001: 42%), which is approximately half the level at its peak in March 2000.

The overall reduction in net debt can be summarised as follows:

| | <i>2002</i> | <i>2001</i> |
|--|--------------|--------------|
| | <i>£000</i> | <i>£000</i> |
| Net cash inflow from operations before financing | 4,980 | 4,162 |
| Issue of new shares | 173 | 2,300 |
| Exchange rate and other movements | <u>(144)</u> | <u>497</u> |
| Reduction in net debt | <u>5,009</u> | <u>6,959</u> |

TREASURY

The Group has a centralised treasury function to manage foreign exchange and interest rate risk following guidelines laid down by the Board. Financial derivatives are used only to manage risk and speculation is not permitted.

The Group's principal financial instruments are medium term loans, revolving credits and working capital facilities provided by Barclays Bank PLC, and loan notes issued on the acquisition of VDC plc. Interest rates on these loans are variable and are linked to LIBOR. Leases, at fixed periods of up to three years, are used to finance the purchase of some assets. The Group also has other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group borrows in desired currencies and uses interest rate swaps to generate the desired interest profile and to manage exposure to interest rate fluctuations. The Group's policy is to keep up to two thirds of its borrowings at capped rates of interest. At the year-end one third of the Group's medium term borrowings were under these arrangements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans, loan notes and finance leases. At the year end 56% of loans and finance leases are due to mature within one year, 24% between one and two years and 20% between two and five years.

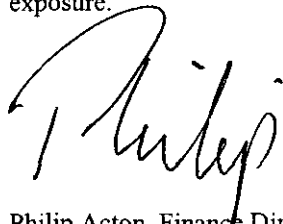
FINANCE DIRECTOR'S REVIEW

Short-term flexibility is achieved through overdraft facilities and a bank revolving credit facility of £10 million which is available until 30 September 2005. At 31 March 2002 the Group had not drawn down under the revolving credit facility.

Foreign currency risk

As a result of the significant investment in operations in the United States, the Group's balance sheet can be affected by movements in the US dollar/sterling exchange rates. The Group has mitigated this effect by borrowing in US dollars. At 31 March 2002 the overall Group debt included £7.2 million denominated in US dollars.

The Group has transactional currency exposures, arising from sales and purchases by operating units in currencies (principally Euros and US dollar) other than those in their functional currencies. Such exposures arise on both current trading and on expected transactions for future periods. Where there is a significant imbalance in currency sources and needs, forward exchange contracts are used to reduce the exposure.



Philip Acton, Finance Director

FINANCIAL CALENDAR

| | |
|---------------------------------|------------------|
| Dividend record date | 9 August 2002 |
| Ex-dividend date | 7 August 2002 |
| Annual General Meeting | 22 August 2002 |
| Payment of dividend | 9 September 2002 |
| Announcement of interim results | November 2002 |
| Financial year end | 31 March 2003 |
| Announcement of final results | May 2003 |

DIRECTORS' PROFILES

DIRECTORS

John Beckett (67), Non-Executive Chairman

John Beckett is a proprietor of Belton Cheese Limited and a businessman from Shropshire. He has held a number of directorships with agricultural and food companies, the most prominent of which was as chairman of NWF for eleven years. He is past Chairman of the Cheshire Country Landowners Association.

Richard Wood (57), Chief Executive

Richard Wood is a graduate chartered chemical engineer. He worked for ICI for twenty three years and is a former Managing Director of ICI Seeds UK. He then worked for seven years in the pharmaceutical industry, firstly as Chief Executive of Daniels Pharmaceutical Limited until it was acquired by Lloyds Chemists PLC and, then, as Managing Director of a division of Lloyds. He joined Genus in December 1996.

Philip Acton (44), Finance Director

Philip Acton is a graduate chartered accountant, having qualified with Deloittes in 1982. He previously worked for ten years for the Scholes Group, a fully listed company in the electrical engineering sector, during which time he held a number of senior financial roles within the Group. He was appointed Group Finance Director in 1992, a position he held until joining Genus in 1995.

Edwin White (61), Non-Executive Director

Edwin White is a Somerset dairy farmer and businessman. He is a director of the Royal Bath and West of England Society, Chairman of the South West Dairy Show and the founder and chairman of the annual Dairy Industry dinner.

John Hawkins (48), Non-Executive Director

John Hawkins is currently Chief Executive of Anite Group plc and also a non-executive director of Psion Plc. Prior to this he pursued a career with Philips Electronics spanning a period of 19 years. He acted as European President of Philips Media between 1995 and 1996 and took his first general management role ten years ago. He has lived and worked in Sweden, Holland and the United States and has experience in high technology.

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 March 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £565,000 (2001: £1,498,000). The directors are pleased to recommend the payment of a dividend of 4.75p per share amounting to £1,576,000 (2001: 4.5p amounting to £1,477,000) payable on 9 September 2002 to shareholders on the register at the close of business on 9 August 2002. The loss transferred from reserves is £1,015,000 (2001: loss - £98,000).

ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activities of the Group during the year were the development of new genetic traits in cattle, sold as cattle semen world-wide, providing consultancy advice to farmers, food manufacturers, agri-businesses and national and international policy makers, wholesale distribution of veterinary products and marketing of branded products for the small animal sector.

A report of the business and its future developments is contained in the Chief Executive's Review on pages 4 to 8.

CHARITABLE AND POLITICAL DONATIONS

During the year charitable donations amounted to £18,192. There were no contributions for political purposes.

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were:

| | |
|-------------|--------------------------|
| J H Beckett | - non-executive Chairman |
| R K Wood | - Chief Executive |
| T P Acton | - Finance Director |
| E W White | - non-executive Director |
| J E Hawkins | - non-executive Director |

Details of the directors' interests in the Company's shares are shown in the Report on Directors' Remuneration on pages 16 to 19.

Only R K Wood and T P Acton are employed full-time by the Company. Other than as disclosed on page 12, no directors have any other directorships. In accordance with the Articles of Association and best practice Richard Wood will retire as director by rotation at the Annual General Meeting, and, being eligible, will offer himself for re-election.

RESEARCH AND DEVELOPMENT

Genus has strengthened its technological leadership by amalgamating its research and development programme with that acquired with its subsidiary, ABS Global Inc, and remains the world market leader in bovine genetics and breeding technology.

EMPLOYMENT POLICIES

The Group's policies respect the individual regardless of sex, race or religion. Full and fair consideration is given to applications for employment from disabled people. The services of employees who become disabled are retained wherever possible and training, career development and promotion opportunities are provided where appropriate.

The Group has a well established structure to communicate with employees at every level and to encourage their involvement regarding the Group's performance and future activities. At the balance sheet date, 439 employees held options over a total of 818,663 shares under the three year Savings Related Share Scheme.

DIRECTORS' REPORT

ENVIRONMENTAL POLICY

The directors recognise and accept that concern for the environment is an essential part of business strategy and seek to minimise risk to the environment by effective management of the Group's activities.

SUPPLIERS

The Company endeavours to agree the terms of payment with suppliers prior to placing business. This ensures that suppliers are aware of these terms in advance. It is the Company's policy to settle liabilities by the due date. At 31 March 2002 the Group had an average of 47 days purchases outstanding in trade creditors.

MAJOR INTEREST IN SHARES

At the date of this report, the NFU Mutual held interests of 18.5 per cent of the Company's issued ordinary share capital. No other person has notified an interest in the ordinary shares of the Company which is required to be disclosed to the Company in accordance with Sections 198 – 208 of the Companies Act 1985.

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

At the Annual General Meeting on 22 August 2002 resolutions 1 to 4 and 6 are termed ordinary business, while resolutions 5, 7 and 8 will be special business. The special business covers the level of fees payable to directors, the directors' authority to allot shares and the partial disapplication of pre-emption rights as explained below. The resolutions are set out in the Notice of Annual General Meeting on page 56 to 57.

The passing of resolution 5 will permit the level of aggregate fees payable to the directors of the Company to be up to £150,000 per annum which will be divided between the directors in such proportions as the Remuneration Committee of the Board of the Company shall from time to time determine.

Resolution 6 gives authority to the directors to allot shares up to a total nominal amount of £982,166.90 being the nominal value of the authorised ordinary share capital less the nominal value of the issued share capital at the date of the notice of the resolution and representing 29.5% of the equity share capital in issue on that date. The authority will expire at the earlier of 15 months after its passing or the conclusion of the Annual General Meeting to be held in 2003 and replaces similar authorities granted on 23 August 2001 which expire at the conclusion of the forthcoming Annual General Meeting. The directors intend to exercise the authority conferred by this resolution both to allot shares in respect of any options granted under the share option scheme and to allot shares in place of ordinary shares which are purchased by the Company as one or more market purchases on the Alternative Investment Market pursuant to the authority conferred by resolution 8.

The passing of resolution 7, a special resolution, will permit the directors, until the earlier of 15 months after its passing or the conclusion of the Annual General Meeting of the Company to be held in 2003, to make issues of equity securities for cash by way of rights issue or similar pre-emptive offer. In addition, they may issue equity securities for cash on a non-pre-emptive basis, provided the shares so issued be limited to shares with a nominal value of £332,482, being nearly 10% of the equity share capital in issue on 31 March 2002. £166,241 of this authority (approximately 5% of the issued share capital) can only be used to allot ordinary shares in the Company in place of ordinary shares which have been purchased by the Company as one or more market purchases on the Alternative Investment Market of the London Stock Exchange plc pursuant to the authority conferred by resolution 8. The power will, if granted, replace the similar power conferred on the directors on 23 August 2001.

The passing of resolution 8, a special resolution, will permit the directors, until the earlier of 18 months after its passing or the conclusion of the Annual General Meeting of the Company to be held in 2003, to buy back shares on the open market to a limit of 4,987,000 ordinary shares. The minimum price payable per share is 10p (exclusive of expenses) and the maximum is limited to 105 per cent of the average of the middle market quotation for ordinary shares on the Alternative Investment Market for the five business days prior to the date of purchase (again, exclusive of expenses).

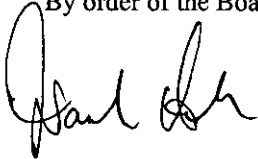
In the opinion of the directors, the passing of these resolutions is in the best interests of the shareholders.

DIRECTORS' REPORT

AUDITORS

Ernst & Young LLP are willing to continue in office as auditors and a resolution to re-appoint them and fix their remuneration, will be put to the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Frank Hall', written in a cursive style.

Frank Hall
Secretary
4 July 2002

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee comprises the Company's three non-executive directors, John Hawkins (Chairman), John Beckett and Edwin White. The Committee makes recommendations to the Board, within agreed terms of reference, on an overall remuneration package for executive directors in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives.

REMUNERATION POLICY

The Remuneration Committee policy for executive directors' pay is to provide basic salaries and benefits of car, fuel and private health insurance at a rate competitive with that paid to directors of similar sized international public companies. Incentives are approached in a similar manner. A short-term bonus is paid on the improvement in underlying pre-tax profits, subject to a maximum bonus payable of fifty per cent of annual salary. Long-term incentives are driven by achievement of milestones established for the long-term strategic plan and take the form of share options. The Remuneration Committee can award share options annually as a proportion of salary in any one year, subject to this not exceeding, in aggregate, four times salary. The shares can only be released if stringent performance criteria are met during a three year period following the grant of the options, as set out below.

The Committee made awards of share options this year to the executive directors and to a number of senior managers. The conditions are:

- 1) that the average annual percentage growth in EPS exceeds 6 per cent per annum over the performance period and;
- 2) that the average annual percentage growth in EPS exceeds the average annual percentage increase in RPI by a minimum of 3 per cent per annum over the performance period.

Details of awards to directors are shown in the table of directors' interests on page 18 and details of the performance criteria for other share option schemes are included in note 21 to the accounts.

PENSION ARRANGEMENTS

Philip Acton is a member of a defined benefit scheme which pays an annual pension of 1/30th of final pensionable pay for each year of service. The Company's contributions were 9.9 per cent (2001: 4.3 per cent) of total pensionable earnings. Richard Wood is a member of a defined contribution scheme whereby Genus plc pays contributions based on 30 per cent of pensionable capped earnings. The executive directors are provided with life cover for death in service equivalent to four times basic pensionable earnings.

SERVICE CONTRACTS

The service contracts of the executive directors may be terminated by the Company on twelve months notice. There are provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

In the event of a change in control the executive directors would be entitled to resign within six months following change of control and receive compensation amounting to two times gross emoluments including the average of the last three years bonuses paid to the executive.

NON-EXECUTIVE DIRECTORS

Fees for the non-executive directors are determined by the Board as a whole having regard to the time devoted to the Company's affairs. The non-executive directors do not participate in any of the Company's incentive schemes. Their appointment is not for a fixed term and they are subject to periodic re-election, by rotation at the Company's General Meeting.

REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' REMUNERATION

| | <i>Salary and fees £000</i> | <i>Bonus £000</i> | <i>Benefits £000</i> | <i>Total 2002 £000</i> | <i>Total 2001 £000</i> | <i>Pension 2002 £000</i> | <i>Pension 2001 £000</i> |
|--------------------------------|-------------------------------------|-----------------------|--------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <i>Executive directors</i> | | | | | | | |
| R K Wood | 162 | 45 | 1 | 208 | 170 | 29 | 24 |
| T P Acton | 94 | 26 | 10 | 130 | 110 | 9 | 5 |
| <i>Non-executive directors</i> | | | | | | | |
| J H Beckett | 54 | - | - | 54 | 46 | - | - |
| E W White | 22 | - | - | 22 | 18 | - | - |
| J E Hawkins | 20 | - | - | 20 | 13 | - | - |
| J Bayley | - | - | - | - | 18 | - | - |
| Total | 352 | 71 | 11 | 434 | 375 | 38 | 29 |

J Bayley resigned on 31 March 2001.

PENSION ENTITLEMENTS

The pension entitlement of the director, who is a member of the defined benefit scheme is as follows:

| | <i>Increase, excluding inflation, in accrued pension during the year £000</i> | <i>Transfer value of increase* £000</i> | <i>Accumulated total accrued pension at 31 March 2002 £000</i> | <i>31 March 2001 £000</i> |
|-----------|---|---|--|-----------------------------------|
| T P Acton | 4 | 21 | 19 | 15 |

* Transfer values represent a liability of the scheme not a sum paid or due to the individual.

REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' SHARE INTERESTS

The directors at 31 March 2002 had the following beneficial interests in shares and share options:

| | <i>Shareholdings</i> | | | <i>Exercise price</i> | <i>Share options</i> | |
|--------------|----------------------|----------------|-----|-----------------------|-------------------------|-------------------------|
| | <i>2002</i> | <i>2001</i> | | | <i>At 31 March 2002</i> | <i>At 31 March 2001</i> |
| R K Wood | - | - | (1) | 50p | 149,400* | 250,000 |
| | | | (2) | 50p | 15,600* | 60,000 |
| | | | (3) | 175p | 89,800 | 89,800 |
| | | | (4) | 175p | 89,800 | 89,800 |
| | | | (5) | 90p | 194,837 | - |
| T P Acton | 35,256 | 65,256 | (1) | 50p | 75,000* | 150,000 |
| | | | (3) | 175p | 52,109 | 52,109 |
| | | | (4) | 175p | 52,110 | 52,110 |
| | | | (5) | 90p | 113,057 | - |
| J H Beckett | 46,717 | 46,717 | | | - | - |
| E W White | 21,002 | 21,002 | | | - | - |
| J E Hawkins | - | - | | | - | - |
| Total | 102,975 | 132,975 | | | 831,713 | 743,819 |

The options are exercisable between the following dates

- (1) 28 August 2000 and 29 August 2007
- (2) 20 March 2000 and 21 March 2007
- (3) 3 November 2002 and 4 November 2009
- (4) 5 March 2003 and 6 March 2010
- (5) 28 November 2004 and 29 November 2011

*Options were exercised from these schemes during the year and the analysis of capital gains before tax are set out below.

| | <i>Scheme</i> | <i>Date Exercised</i> | <i>Number</i> | <i>Option Price</i> | <i>Market Price</i> | <i>Gain £</i> |
|-----------|---------------|-----------------------|---------------|---------------------|---------------------|---------------|
| R K Wood | (1) | 1 March 2002 | 100,600 | 50p | 150p | 100,600 |
| | (2) | 1 March 2002 | 44,400 | 50p | 150p | 44,400 |
| | | | | | | 145,000 |
| T P Acton | (1) | 1 March 2002 | 75,000 | 50p | 150p | 75,000 |

REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' SHARE INTERESTS (Continued)

The market price of the Company's shares on 31 March 2002 was 134p and the high and low share prices during the year were 152.5p and 62.5p respectively.

Details of options awarded to directors since the year end are set out below.

| | <i>Issue Date</i> | <i>Exercise Price</i> | <i>Number of Options</i> |
|-----------|-----------------------|---------------------------|------------------------------|
| R K Wood | 11 June 2002 | 173p | 43,414 |
| T P Acton | 11 June 2002 | 173p | 31,254 |

Further details on the share options schemes and on the performance criteria before they can be exercised are shown in note 21.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the Code provisions set out in section 1 of the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel and the recommendations contained in the Turnbull report.

STATEMENT BY THE DIRECTORS' ON COMPLIANCE WITH THE PROVISIONS OF THE COMBINED CODE

The directors consider that throughout the whole of the financial year the Company has fully complied with all the relevant provisions set out in Section 1 of the Combined Code except the Board did not nominate a senior, independent non-executive director other than the Chairman during the financial year ended 31 March 2002. The Board is of the view that stakeholders should be free to contact any of its non-executive directors and it has decided that it is not appropriate to nominate a single senior independent member. In this respect therefore, the Company has not complied with provision A.2.1 of the Combined Code.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

The Board is responsible to shareholders for the proper management of the Group and currently comprises an independent non-executive Chairman, the Chief Executive, the Group Finance Director and two other independent non-executive directors. Biographies of the directors appear on page 12. The Board consider that these demonstrate a range of experience and sufficient calibre to bring independent judgement to bear on issues of strategy, performance, resource and standards of conduct which is vital to the success of the Group. A statement of the directors' responsibilities in respect of the accounts and a statement on going concern are given on page 23. The Board meets every second month with a schedule of matters reserved for it to decide including setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition possibilities, formulating policy on key issues and reporting to shareholders.

All directors have access to the advice and services of the Company Secretary, Frank Hall, or to independent professional advice as required. In addition, the Company ensures that the directors receive appropriate training as and when necessary. To ensure the Board is able to discharge its duties, all directors receive appropriate and timely information, with Board packs being issued to all directors in advance of Board meetings and the Company Secretary ensures that Board procedures are followed and that all applicable rules and regulations are complied with.

The following committees deal with the specific aspects of the Group's affairs:

- The Audit Committee, comprising the three non-executive directors and chaired by Edwin White, is formally constituted with a written basis of reference, meets at least twice a year and has particular consideration of the cost effectiveness, independence and objectivity of the external auditors. Meetings are attended by the Finance Director and minutes are circulated to all directors.
- The Remuneration Committee, chaired by John Hawkins, meets as required to review the performance of the executive directors, to recommend their remuneration and other benefit packages, including performance related bonus schemes, pension rights and compensation payments, and, in accordance with the Articles of Association, the Board sets the remuneration of the non-executives. The Report on Directors' Remuneration is shown on pages 16 to 19 and provides further details of the Company's policies on remuneration and service contracts.

All directors are subject to re-election every three years in accordance with the Articles of Association.

CORPORATE GOVERNANCE

The Board takes the opportunity at the Annual General Meeting to meet with and communicate to private and institutional investors and welcomes their involvement. Edwin White will answer questions as chairman of the Audit Committee and John Hawkins will answer questions on behalf of the Remuneration Committee at the Annual General Meeting on 22 August 2002. The Chairman's Statement on pages 2 and 3 and the Chief Executive's Review on pages 4 to 8 provide a detailed review of the Group's performance and future developments. Further regular dialogue is maintained during the year, through the issue of interim accounts and preliminary announcements.

INTERNAL CONTROL

The Board has overall responsibility for the Group's systems of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and provides only reasonable and not absolute assurance against material misstatement or loss. In the 2000 Annual Report the Board stated that it had adopted the transitional approach to the implementation of the Internal Control provisions of the Combined Code. The Board established procedures necessary to implement the guidance 'Internal Control – Guidance for Directors on the Combined Code', (the Turnbull Report) in the period to 31 March 2001 and confirm that key elements of the process have been in place during the year under review and up to the date of this report.

The Board considers risk assessment and control to be fundamental to achieving its corporate objectives within an acceptable risk/reward profile, and confirms that there is an ongoing process for identifying and evaluating the significant risks faced by the Group and the effectiveness of related controls. The process is regularly reviewed by the Board and accords with the Turnbull guidance on internal control. The key elements of this process are:

Identification of business risks

The Board is responsible for identifying the major business risks faced by the Group. The Company Secretary is responsible for monitoring and reporting areas of significant business risks to the Board and co-ordinating the management of such risks within each division.

Management structure

Authority to operate the various subsidiary companies is delegated to local management within limits set by the Board. The appointment of executives to the most senior positions within the Group requires the approval of the Board. Functional, operating and financial reporting standards are established by the Finance Director for application across the whole Group. The corporate procedures manual sets out delegation of authority and authorisation levels, and other control procedures together with Group accounting policies. These procedures are supplemented by operating standards set by the local management, as required for the type of business and the geographical location of each subsidiary.

Divisional operating boards, comprising the Chief Executive as Chairman, the Group Finance Director, the divisional Chief Operating Officer and other executives meet every month to review the Division's performance against its budget, long and short term strategies and other key business issues.

Information and financial reporting systems

The Group's comprehensive planning and financial reporting procedures include detailed operational budgets for the year ahead. The Board reviews and approves them. Performance is monitored and relevant action taken throughout the year through the monthly reporting of variances and key performance indicators, updated forecasts for the year, together with information on the key risk areas.

Quality and integrity of personnel

The integrity and competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated throughout the organisation.

CORPORATE GOVERNANCE

Investment appraisal

Capital expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specific levels, detailed written proposals have to be submitted to the Board. Due diligence work is carried out if a business is to be acquired and reviews are carried out after the acquisition is complete. Investigations are performed on any significant overspends and corrective action is taken where required.

Audit committee

The Audit Committee monitors the controls which are in force and considers and determines appropriate action in respect of any control issues raised by the internal or external auditors.

The directors have reviewed the effectiveness of the Group's system of internal control as it operated during the year.



John Beckett, Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Group had 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 accounts.

**REPORT OF THE AUDITORS
to the shareholders of Genus plc**

We have audited the Group's financial statements for the year ended 31 March 2002 which comprise Consolidated Profit and Loss Account, Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows, Analysis of Changes in Net Debt and the related notes 1 to 31. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises Chairman's Statement, Chief Executive's Review, Finance Director's Review, Directors' Report, Report on Directors' Remuneration and Corporate Governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2002 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester

5 July 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2002

| | Notes | Continuing Operations | | Discontinued Operations | Total 2002 | Total 2001 |
|---|-------|--------------------------|-------------------|-------------------------|----------------|----------------|
| | | Before Exceptional Items | Exceptional Items | | | |
| | | £000 | £000 | £000 | £000 | £000 |
| TURNOVER | | | | | | |
| Continuing operations | | 160,197 | - | - | 160,197 | 159,519 |
| Discontinued operations | | - | - | 224 | 224 | 3,355 |
| | 2 | <u>160,197</u> | <u>-</u> | <u>224</u> | <u>160,421</u> | <u>162,874</u> |
| Underlying operating profit/(loss) | 2,3 | 9,390 | - | (192) | 9,198 | 8,587 |
| Amortisation of goodwill | 3 | (1,894) | - | - | (1,894) | (1,927) |
| Acquisition and float costs | 3 | - | - | - | - | (569) |
| OPERATING PROFIT/(LOSS) | 2,3 | 7,496 | - | (192) | 7,304 | 6,091 |
| Of which: | | | | | | |
| Continuing operations | | 7,496 | - | - | 7,496 | 6,384 |
| Discontinued operations | | - | - | (192) | (192) | (293) |
| Loss on disposal of discontinued operations | 12 | - | - | (1,181) | (1,181) | (322) |
| Profit/(loss) on disposal of properties | | - | 458 | - | 458 | (7) |
| Write down of investment | | - | (1,809) | - | (1,809) | - |
| Interest receivable and similar income | 4 | 66 | - | - | 66 | 97 |
| Interest payable and similar charges | 5 | (1,890) | - | - | (1,890) | (2,600) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 5,672 | (1,351) | (1,373) | 2,948 | 3,259 |
| Tax on profit on ordinary activities | 6 | (2,394) | - | 45 | (2,349) | (1,683) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION | | 3,278 | (1,351) | (1,328) | 599 | 1,576 |
| Minority interests – equity | | (34) | - | - | (34) | (78) |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 3,244 | (1,351) | (1,328) | 565 | 1,498 |
| Dividends on equity shares | 7 | | | | (1,580) | (1,596) |
| RETAINED LOSS FOR THE YEAR | 22 | | | | (1,015) | (98) |
| Earnings per share - underlying | 8 | | | | 14.8p | 12.9p |
| - basic | 8 | | | | 1.7p | 4.7p |
| - diluted | 8 | | | | 1.7p | 4.5p |
| Dividend per share | 7 | | | | 4.75p | 4.5p |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 2002 | 2001 |
|--|------------|--------------|
| | £000 | £000 |
| Profit for the financial year | 565 | 1,498 |
| Exchange difference on the re-translation of net assets of subsidiary undertakings | (164) | 3,188 |
| Tax on exchange differences | 102 | (813) |
| Total recognised gains and losses relating to the year | 503 | 3,873 |

Genus plc

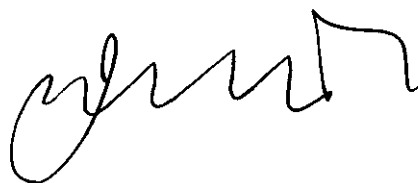
CONSOLIDATED BALANCE SHEET
at 31 March 2002

| | Notes | 2002 £000 | 2001 £000 |
|--|-------|---------------|---------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 31,298 | 33,318 |
| Tangible assets | 11 | 16,602 | 18,904 |
| Investments | 12 | 76 | 1,828 |
| | | <u>47,976</u> | <u>54,050</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 14,726 | 14,191 |
| Debtors | 14 | 29,511 | 30,679 |
| Cash at bank and in hand | | 2,703 | 5,085 |
| | | <u>46,940</u> | <u>49,955</u> |
| CREDITORS: amounts falling due within one year | 15 | 37,620 | 43,452 |
| NET CURRENT ASSETS | | <u>9,320</u> | <u>6,503</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 57,296 | 60,553 |
| CREDITORS: amounts falling due after more than one year | 16 | 8,026 | 11,161 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 19 | 711 | 988 |
| ACCRUALS AND DEFERRED INCOME | 20 | 33 | 34 |
| EQUITY MINORITY INTERESTS | | 194 | 155 |
| NET ASSETS | | <u>48,332</u> | <u>48,215</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 3,325 | 3,281 |
| Share premium account | 22 | 34,138 | 33,881 |
| Profit and loss account | 22 | 10,869 | 11,053 |
| EQUITY SHAREHOLDERS' FUNDS | 23 | <u>48,332</u> | <u>48,215</u> |

Approved by the Board on 4 July 2002
and signed on their behalf

J H Beckett

Chairman



R K Wood

Chief Executive



Genus plc

COMPANY BALANCE SHEET
at 31 March 2002

| | <i>Notes</i> | <i>2002</i> <i>£000</i> | <i>2001</i> <i>£000</i> |
|--|--------------|----------------------------|----------------------------|
| FIXED ASSETS | | | |
| Investments | 12 | 43,423 | 45,969 |
| | | <u>43,423</u> | <u>45,969</u> |
| CURRENT ASSETS | | | |
| Debtors | 14 | 36,109 | 37,240 |
| Cash at bank and in hand | | - | 700 |
| | | <u>36,109</u> | <u>37,940</u> |
| CREDITORS: amounts falling due within one year | 15 | 26,991 | 26,089 |
| NET CURRENT ASSETS | | <u>9,118</u> | <u>11,851</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>52,541</u> | <u>57,820</u> |
| CREDITORS: amounts falling due after more than one year | 16 | 7,843 | 10,693 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 19 | 307 | 624 |
| NET ASSETS | | <u>44,391</u> | <u>46,503</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 3,325 | 3,281 |
| Share premium account | 22 | 34,138 | 33,881 |
| Profit and loss account | 22 | 6,928 | 9,341 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>44,391</u> | <u>46,503</u> |

Approved by the Board on 4 July 2002
and signed on their behalf

J H Beckett

Chairman



R K Wood

Chief Executive



CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2002

| | <i>Note</i> | <i>2002</i> £000 | <i>2001</i> £000 |
|--|-------------|---------------------|---------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 24 | 12,099 | 15,150 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received and similar income | | 66 | 97 |
| Interest paid and similar charges | | (1,686) | (2,431) |
| Interest element of finance lease and hire purchase rental payments | | (131) | (96) |
| Dividends received from investments | | 47 | - |
| | | <hr/> | <hr/> |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (1,704) | (2,430) |
| | | <hr/> | <hr/> |
| TAXATION | | | |
| Corporation tax paid | | (568) | (1,134) |
| Overseas tax paid | | (1,147) | (1,625) |
| | | <hr/> | <hr/> |
| | | (1,715) | (2,759) |
| | | <hr/> | <hr/> |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | | |
| Payments to acquire intangible fixed assets | | - | (14) |
| Payments to acquire tangible fixed assets | | (3,445) | (3,900) |
| Payments to acquire investments | | (120) | (1,184) |
| Receipts from sales of tangible fixed assets | | 1,185 | 839 |
| | | <hr/> | <hr/> |
| NET CASH OUTFLOW ON CAPITAL EXPENDITURE | | (2,380) | (4,259) |
| | | <hr/> | <hr/> |
| ACQUISITIONS AND DISPOSALS | | | |
| Purchase of subsidiaries and businesses | | (19) | (413) |
| Receipts from sale of subsidiaries | | 167 | - |
| Net cash and bank overdrafts disposed of | | 13 | 346 |
| | | <hr/> | <hr/> |
| | | 161 | (67) |
| | | <hr/> | <hr/> |
| EQUITY DIVIDENDS PAID | | (1,481) | (1,473) |
| | | <hr/> | <hr/> |
| NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING | | 4,980 | 4,162 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
for the year ended 31 March 2002

| | <i>Note</i> | <i>2002</i> £000 | <i>2001</i> £000 |
|--|-------------|---------------------|---------------------|
| NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING | | 4,980 | 4,162 |
| MANAGEMENT OF LIQUID RESOURCES | | | |
| Decrease in short-term deposits | 25 | 700 | 80 |
| | | <u>5,680</u> | <u>4,242</u> |
| FINANCING | | | |
| Repayment of loan notes | | (989) | (1,608) |
| New bank loans | | - | 1,845 |
| Repayment of bank loans | | (2,545) | (6,959) |
| Finance leases | | 297 | 713 |
| Repayments of capital element of finance lease and hire purchase rental payments | | (630) | (832) |
| Issue of ordinary share capital | | 173 | 2,300 |
| NET CASH OUTFLOW FROM FINANCING | | <u>(3,694)</u> | <u>(4,541)</u> |
| INCREASE/(DECREASE) IN CASH | 25 | <u>1,986</u> | <u>(299)</u> |
| ANALYSIS OF CHANGES IN NET DEBT DURING THE YEAR | | | |
| Reconciliation of net cash flow to movement in net debt: | | | |
| | <i>Note</i> | <i>2002</i> £000 | <i>2001</i> £000 |
| Increase/(decrease) in cash in year | | 1,986 | (299) |
| Cash inflow from short term deposits | | (700) | (80) |
| | | <u>1,286</u> | <u>(379)</u> |
| Repayment of loan notes | | 989 | 1,608 |
| New bank loans | | - | (1,845) |
| Repayment of bank loans | | 2,545 | 6,959 |
| New finance leases | | (297) | (713) |
| Repayment of capital element of finance lease contracts | | 630 | 832 |
| | | <u>5,153</u> | <u>6,462</u> |
| Change in net debt resulting from cash flows | | (71) | 570 |
| Exchange differences | | (73) | (73) |
| Other | | <u>5,009</u> | <u>6,959</u> |
| Movement in net debt | | (20,436) | (27,395) |
| Net debt at 1 April | | <u>(15,427)</u> | <u>(20,436)</u> |
| Net debt at 31 March | 25 | <u>(15,427)</u> | <u>(20,436)</u> |

NOTES TO THE ACCOUNTS

at 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention and financial reporting standards

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. In preparing the financial statements for the current year, the Group has adopted FRS 18 'Accounting Policies' and the transitional arrangements of FRS 17 'Retirement Benefits'. Adoption of FRS 18 has not required any revisions to the financial statements in either the current or prior years. The disclosures required under the transitional arrangements of FRS 17 are included in note 29.

The Group adopted FRS 19 'Deferred Tax' in preparing the financial statements for the year ended 31 March 2001.

Goodwill

For acquisitions made on or after 1 April 1998 positive goodwill is capitalised as an intangible fixed asset and amortised through the profit and loss account over its useful economic life to a maximum of 20 years. It is reviewed for impairment at the end of its first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill arising on acquisitions prior to 1 April 1998 has been eliminated against reserves and has not been re-instated on implementation of FRS 10.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary companies made up to 31 March. No profit and loss account is presented for the holding company as permitted by Section 230 of the Companies Act 1985.

The results of new subsidiaries are consolidated from the date of acquisition and have been included in the Group accounts using the acquisition method of accounting.

Fixed assets, depreciation and amortisation

Fixed assets, with the exception of the MOET herd, are stated at cost less depreciation. Depreciation and amortisation is calculated to write off the assets over their estimated lives on a straight line basis. The rates of annual depreciation are as follows:

Intangible assets:

Milk quota to the year 2006.

Tangible assets:

| | |
|--------------------|--------------|
| Freehold land | Nil |
| Freehold buildings | 2% - 10% |
| Equipment | 5% - 33 1/3% |
| Motor vehicles | 20% - 30% |
| Livestock | 14% - 50% |

The MOET herd is initially stated at cost. Long term improvement in the MOET herd is sought through replenishment by the introduction of high quality embryos to improve the overall genetic merit of the herd. The estimated residual value of the herd is not materially different from its carrying amount, therefore an annual depreciation charge is not recorded on the basis that it is immaterial. An annual review for impairment of the herd is conducted in accordance with FRS 11.

The carrying value of other fixed assets are revised for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE ACCOUNTS

at 31 March 2002

1. ACCOUNTING POLICIES (continued)

Government grants

EC and UK Government grants received for the purchase of fixed assets are included in deferred income and subsequently released to the profit and loss account over the useful lives of the assets.

Leased assets

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their estimated useful lives. The capital elements of future lease obligations are included as liabilities on the balance sheet. The related finance charges are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost represents purchase price or production costs including labour and attributable overheads, based on normal levels of activity.

The Group holds stock on consignment from third party suppliers which is not recognised in the accounts. Title to such stock only passes to the Group when it is sold on to a third party and no payment is due until title passes. The Group has no obligation to purchase the stock and is able to return it to the supplier at no cost.

Contract revenues and profit recognition

Profit on contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out at the year end by recording turnover as contract activity progresses. Provision is made for the full amount of any foreseeable losses on contracts.

Pensions

The Group operates a defined benefit scheme for some of its employees. Pension costs are recognised on a systematic basis to match the costs of providing retirement benefits evenly over the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities is allocated over the average remaining service lives of current employees.

A number of employees are members of defined contribution pension schemes. Contributions are charged to profit and loss as they become payable in accordance with the rules of the scheme. The assets of these schemes are held separately from those of the Group.

Deferred taxation

Deferred taxation is recognised 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. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred taxation is recognised in respect of the future remittance of retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

NOTES TO THE ACCOUNTS

at 31 March 2002

1. ACCOUNTING POLICIES (continued)

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the re-translation of opening net assets is taken directly to reserves.

Research and development

The Group's policy is to write-off expenditure on research and development as incurred.

Derivative instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The Group also uses interest rate swaps to adjust interest rate exposures.

The Group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

Forward foreign currency contracts

The criteria for forward currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- it must involve the same currency as the hedged item;
- it must reduce the risk of foreign currency exchange movements on the Group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed or probable future transaction, are not deferred until the transaction occurs.

Interest rate swaps

The Group's criteria for interest rate swaps are:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year-end. If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument.

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NOTES TO THE ACCOUNTS

at 31 March 2002

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover, which is stated net of value added tax and overseas sales taxes, represents amounts invoiced to third parties.

| Area of activity | Turnover | | Underlying operating profit* | | Net assets | |
|-----------------------|----------------|----------------|------------------------------|--------------|---------------|---------------|
| | 2002 £000 | 2001 £000 | 2002 £000 | 2001 £000 | 2002 £000 | 2001 £000 |
| Breeding | 74,518 | 71,317 | 10,551 | 7,811 | 39,301 | 42,664 |
| Consultancy | 32,708 | 32,708 | (1,212) | 1,111 | 7,982 | 8,469 |
| Distribution | 53,218 | 58,877 | 805 | 686 | 20,118 | 19,196 |
| | <u>160,444</u> | <u>162,902</u> | <u>10,144</u> | <u>9,608</u> | <u>67,401</u> | <u>70,329</u> |
| Inter-segmental sales | (23) | (28) | - | - | - | - |
| Unallocated | - | - | (946) | (1,021) | (19,069) | (22,114) |
| | <u>160,421</u> | <u>162,874</u> | <u>9,198</u> | <u>8,587</u> | <u>48,332</u> | <u>48,215</u> |

*before amortisation of goodwill and acquisition and float costs

| Area of activity | Operating profit | |
|---|------------------|--------------|
| | 2002 £000 | 2001 £000 |
| Breeding | 9,581 | 6,611 |
| Consultancy | (1,412) | 905 |
| Distribution | 81 | (188) |
| | <u>8,250</u> | <u>7,328</u> |
| Unallocated | (946) | (1,237) |
| | <u>7,304</u> | <u>6,091</u> |
| Non-operating exceptional items | | |
| Breeding | 458 | (7) |
| Consultancy | (1,181) | - |
| Distribution | - | (322) |
| Unallocated | (1,809) | - |
| Net interest | (1,824) | (2,503) |
| Profit on ordinary activities before taxation | <u>2,948</u> | <u>3,259</u> |

Unallocated costs within operating profit are common corporate costs.

Unallocated net liabilities comprise:

| | 2002 £000 | 2001 £000 |
|---|-----------------|-----------------|
| Fixed assets and investments | - | 1,787 |
| Debtors | 652 | 129 |
| Creditors | (931) | (617) |
| Cash at bank and in hand | 2,703 | 5,085 |
| Bank overdrafts | (2,396) | (5,920) |
| Bank loans | (11,699) | (14,244) |
| Loan notes | (3,451) | (4,440) |
| Obligations under finance lease and hire purchase contracts | (584) | (917) |
| Taxation | (1,593) | (1,345) |
| Proposed dividends | (1,576) | (1,477) |
| Minority interest | (194) | (155) |
| | <u>(19,069)</u> | <u>(22,114)</u> |

NOTES TO THE ACCOUNTS

at 31 March 2002

2. TURNOVER AND SEGMENTAL ANALYSIS (continued)

Geographical region of origin

| | <i>Turnover</i> | | <i>Operating profit</i> | | <i>Net assets</i> | |
|--|-----------------|----------------|-------------------------|--------------|-------------------|---------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| United Kingdom | 116,542 | 119,271 | 2,626 | 2,281 | 52,442 | 58,063 |
| Europe | 6,063 | 6,363 | 992 | 515 | 2,195 | 955 |
| North America | 30,799 | 29,845 | 4,079 | 4,107 | 9,567 | 7,646 |
| Rest of the World | 7,017 | 7,395 | 553 | 425 | 3,197 | 3,665 |
| | <u>160,421</u> | <u>162,874</u> | <u>8,250</u> | <u>7,328</u> | <u>67,401</u> | <u>70,329</u> |
| Unallocated | - | - | (946) | (1,237) | (19,069) | (22,114) |
| | <u>160,421</u> | <u>162,874</u> | <u>7,304</u> | <u>6,091</u> | <u>48,332</u> | <u>48,215</u> |
| Non-operating exceptional items | | | (2,532) | (329) | | |
| Net interest | | | (1,824) | (2,503) | | |
| Profit on ordinary activities before taxation | | | <u>2,948</u> | <u>3,259</u> | | |

Geographical region of destination

| | <i>Turnover</i> | |
|-------------------|-----------------|----------------|
| | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> |
| United Kingdom | 96,637 | 98,346 |
| Europe | 14,496 | 14,111 |
| North America | 26,438 | 25,361 |
| Rest of the World | 22,850 | 25,056 |
| | <u>160,421</u> | <u>162,874</u> |

The segmental analysis includes the following results from discontinued activities:

| | <i>Geographical region of origin</i> | | <i>Region of destination</i> | |
|----------------|--------------------------------------|-----------------------|------------------------------|-----------------------|
| | <i>Turnover</i> | <i>Operating loss</i> | <i>Turnover</i> | <i>Operating loss</i> |
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| United Kingdom | 224 | 3,355 | (192) | (293) |
| | <u>224</u> | <u>3,355</u> | <u>(192)</u> | <u>(293)</u> |

NOTES TO THE ACCOUNTS

at 31 March 2002

2. TURNOVER AND SEGMENTAL ANALYSIS (continued)

| | <i>Area of Activity</i> | | | |
|--------------|-------------------------|--------------|-----------------------|--------------|
| | <i>Turnover</i> | | <i>Operating loss</i> | |
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Consultancy | 224 | 828 | (192) | (200) |
| Distribution | - | 2,527 | - | (93) |
| | <u>224</u> | <u>3,355</u> | <u>(192)</u> | <u>(293)</u> |

3. OPERATING PROFIT

| | <i>Continuing</i> | <i>Discontinued</i> | <i>2002</i> |
|-------------------------|-------------------|---------------------|--------------|
| | <i>operations</i> | <i>operations</i> | <i>Total</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Cost of sales | 87,761 | 63 | 87,824 |
| Distribution costs | 34,309 | - | 34,309 |
| Administrative expenses | 30,631 | 353 | 30,984 |

| | <i>Continuing</i> | <i>Discontinued</i> | <i>2001</i> |
|-------------------------|-------------------|---------------------|--------------|
| | <i>operations</i> | <i>operations</i> | <i>Total</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Cost of sales | 89,362 | 2,723 | 92,085 |
| Distribution costs | 32,211 | 187 | 32,398 |
| Administrative expenses | 31,562 | 738 | 32,300 |

| | <i>2002</i> | <i>2001</i> |
|--|-------------|-------------|
| | <i>£000</i> | <i>£000</i> |
| This is stated after charging/(crediting): | | |
| Auditors' remuneration | | |
| - audit services | 267 | 171 |
| - non-audit services | 236 | 103 |
| Depreciation of owned fixed assets | 3,294 | 3,511 |
| Depreciation of assets held under finance leases and hire purchase contracts | 690 | 948 |
| Amortisation of milk quota | 8 | 7 |
| Amortisation of goodwill | 1,894 | 1,927 |
| Operating lease rentals | | |
| - plant and machinery | 625 | 611 |
| - land and buildings | 892 | 919 |
| Research and development costs | 8,617 | 8,812 |
| Government grants released | (1) | (2) |
| Loss/(profit) on sale of fixed assets | 222 | (20) |
| Acquisition and float costs | - | 569 |

£58,000 (2001: £47,000) of auditors' remuneration for audit services relates to the Company. The audit fee for 2001 is stated net of an adjustment of £50,000 in respect of prior years.

NOTES TO THE ACCOUNTS
at 31 March 2002

| | | |
|--|---------------------|---------------------|
| 4. INTEREST RECEIVABLE AND SIMILAR INCOME | | |
| | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> |
| Bank interest receivable | 62 | 62 |
| Other similar income | 4 | 35 |
| | <u>66</u> | <u>97</u> |
| | <u><u>66</u></u> | <u><u>97</u></u> |
| 5. INTEREST PAYABLE AND SIMILAR CHARGES | | |
| | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> |
| Bank loans and overdrafts | 1,444 | 1,950 |
| Loan notes | 238 | 399 |
| Finance charges payable under finance lease and hire purchase contracts | 131 | 96 |
| Amortisation of issue costs | 73 | 73 |
| Other similar charges | 4 | 82 |
| | <u>1,890</u> | <u>2,600</u> |
| | <u><u>1,890</u></u> | <u><u>2,600</u></u> |
| 6. TAXATION | | |
| (a) Tax on profit on ordinary activities | | |
| The taxation charge for the year is made up as follows: | | |
| | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> |
| UK corporation tax | 691 | 628 |
| Overseas tax | 1,612 | 600 |
| Adjustment in respect of previous periods – UK corporation tax | 138 | (57) |
| Adjustment in respect of previous periods – Overseas tax | (136) | - |
| Total current tax (note 6(c)) | <u>2,305</u> | <u>1,171</u> |
| Deferred tax - origination and reversal of timing differences - adjustment in respect of previous periods | 325 (281) | 512 - |
| Group deferred tax (note 19) | <u>44</u> | <u>512</u> |
| Tax on profit on ordinary activities | <u><u>2,349</u></u> | <u><u>1,683</u></u> |

The tax effect of the disposal of properties and the disposal of businesses amounted to £nil (2001: £nil).

NOTES TO THE ACCOUNTS

at 31 March 2002

6. TAXATION (continued)

(b) Tax included in Group statement of total recognised gains and losses

The tax (credit)/charge is made up as follows:

| | <i>2002</i> <i>£000</i> | <i>2001</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| UK corporation tax | 216 | 104 |
| Total current tax | <u>216</u> | <u>104</u> |
| Deferred tax - origination and reversal of timing differences | (253) | 624 |
| - adjustment in respect of previous periods | (65) | 85 |
| Total deferred tax (note 19) | <u>(318)</u> | <u>709</u> |
| | <u>(102)</u> | <u>813</u> |

(c) Factors affecting the tax charge for the year

The tax charged for the year is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

| | <i>2002</i> <i>£000</i> | <i>2001</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| Profit on ordinary activities before tax | <u>2,948</u> | <u>3,259</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% | 885 | 978 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,017 | 673 |
| Tax effect of timing differences arising in the accounts | (90) | (844) |
| Adjustments to tax charge in respect of previous periods | 2 | (57) |
| Overseas tax rates higher than in UK | 346 | 280 |
| Utilisation of tax losses | (256) | (188) |
| Consolidation adjustments that are not tax deductible and losses unrelieved | 401 | 329 |
| Total current tax (note 6(a)) | <u>2,305</u> | <u>1,171</u> |

NOTES TO THE ACCOUNTS

at 31 March 2002

7. DIVIDEND

| | 2002 | | 2001 | |
|---------------------------------------|------------------|--------------|------------------|--------------|
| | <i>Per share</i> | <i>£000</i> | <i>Per share</i> | <i>£000</i> |
| Dividend under provided in prior year | | 4 | | 119 |
| Proposed dividend | 4.75p | 1,576 | 4.5p | 1,477 |
| | | <u>1,580</u> | | <u>1,596</u> |

8. EARNINGS PER SHARE

The basic earnings per share is based on the profit for the financial year of £565,000 (2001: £1,498,000) and the weighted average number of ordinary shares in issue of 32,894,000 (2001: 32,140,000).

The underlying earnings per share is based on the earnings of continuing operations before amortisation of goodwill, acquisition and float costs and exceptional items as set out below:

| | 2002 | 2001 |
|---|--------------|--------------|
| | <i>£000</i> | <i>£000</i> |
| Profit for the financial year | 565 | 1,498 |
| Add: Amortisation of goodwill | 1,894 | 1,927 |
| Acquisition and float costs | - | 569 |
| Write down of investment | 1,809 | - |
| Loss on disposal of properties and businesses | 723 | 329 |
| Loss on discontinued operations | 192 | 293 |
| | <u>5,183</u> | <u>4,616</u> |
| Less: Associated taxation on adjustments | (301) | (481) |
| Underlying earnings | <u>4,882</u> | <u>4,135</u> |

The directors consider that underlying earnings per share as calculated is an appropriate and consistent measure of the Group's performance.

The diluted earnings per share is based on profit for the financial year of £565,000 (2001: £1,498,000) and on 33,170,000 (2001: 32,930,000) diluted ordinary shares as set out below:

| | 2002 | 2001 |
|---|---------------|---------------|
| | <i>000's</i> | <i>000's</i> |
| Basic weighted average number of shares | 32,894 | 32,140 |
| Dilutive potential ordinary shares: | | |
| Employee share options | 276 | 790 |
| | <u>33,170</u> | <u>32,930</u> |

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NOTES TO THE ACCOUNTS at 31 March 2002

9. EMPLOYEES

Staff costs during the year amounted to:

| | 2002 £000 | 2001 £000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 31,247 | 32,051 |
| Social security costs | 2,293 | 2,094 |
| Other pension costs | 1,347 | 1,270 |
| | <u>34,887</u> | <u>35,415</u> |

The average number of employees during the year was as follows:

| | 2002 No | 2001 No |
|------------------------|--------------|--------------|
| Production and service | 741 | 834 |
| Distribution | 320 | 304 |
| Administration | 281 | 355 |
| | <u>1,342</u> | <u>1,493</u> |

Details of directors' emoluments, pensions and share options are included in the Report on Directors' Remuneration on pages 16 to 19.

10. INTANGIBLE FIXED ASSETS

| | <i>Goodwill</i> £000 | <i>Group Milk Quota</i> £000 | <i>Total</i> £000 |
|--------------------------|-------------------------|-------------------------------------|----------------------|
| Cost: | | | |
| At 1 April 2001 | 36,482 | 126 | 36,608 |
| Additions | 19 | - | 19 |
| Exchange rate difference | (147) | - | (147) |
| At 31 March 2002 | <u>36,354</u> | <u>126</u> | <u>36,480</u> |
| Amortisation: | | | |
| At 1 April 2001 | 3,202 | 88 | 3,290 |
| Charge in the year | 1,894 | 8 | 1,902 |
| Exchange rate difference | (10) | - | (10) |
| At 31 March 2002 | <u>5,086</u> | <u>96</u> | <u>5,182</u> |
| Net book value: | | | |
| At 31 March 2002 | <u>31,268</u> | <u>30</u> | <u>31,298</u> |
| At 1 April 2001 | <u>33,280</u> | <u>38</u> | <u>33,318</u> |

Goodwill arising on acquisitions is being amortised over the directors' estimate of the useful life of 20 years.

NOTES TO THE ACCOUNTS
at 31 March 2002

11. GROUP TANGIBLE FIXED ASSETS

| | <i>Land and buildings</i> | <i>Motor vehicles and equipment</i> | | <i>Livestock</i> | <i>Total</i> |
|---------------------------------------|---------------------------|-------------------------------------|---------------|------------------|---------------|
| | <i>Freehold</i> | <i>Owned</i> | <i>Leased</i> | | |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Cost: | | | | | |
| At 1 April 2001 | 10,152 | 13,839 | 3,705 | 7,242 | 34,938 |
| Additions | 357 | 1,595 | 251 | 1,242 | 3,445 |
| Disposals | (141) | (650) | (302) | (1,264) | (2,357) |
| Transfers to current assets | - | - | - | (1,174) | (1,174) |
| Eliminated on disposal of business | (4) | (287) | (53) | - | (344) |
| Exchange rate difference | (12) | (40) | 6 | (47) | (93) |
| At 31 March 2002 | <u>10,352</u> | <u>14,457</u> | <u>3,607</u> | <u>5,999</u> | <u>34,415</u> |
| Depreciation: | | | | | |
| At 1 April 2001 | 2,028 | 8,268 | 2,583 | 3,155 | 16,034 |
| Charge in the year | 493 | 2,039 | 690 | 912 | 4,134 |
| Disposals | (88) | (471) | (289) | (751) | (1,599) |
| Transfers to current assets | - | - | - | (599) | (599) |
| Eliminated on disposal of business | - | (71) | (50) | - | (121) |
| Exchange rate difference | (6) | (21) | 11 | (20) | (36) |
| At 31 March 2002 | <u>2,427</u> | <u>9,744</u> | <u>2,945</u> | <u>2,697</u> | <u>17,813</u> |
| Net book value: | | | | | |
| At 31 March 2002 | <u>7,925</u> | <u>4,713</u> | <u>662</u> | <u>3,302</u> | <u>16,602</u> |
| At 1 April 2001 | <u>8,124</u> | <u>5,571</u> | <u>1,122</u> | <u>4,087</u> | <u>18,904</u> |

The MOET herd and other livestock have been amalgamated into one category. During the year young livestock and embryos with a net book value of £575,000 have been transferred to stock.

Included within the depreciation charge for the year is £150,000 relating to a provision for loss on disposal of certain properties. This has been included within the exceptional profit on disposal of properties figure of £458,000 in the consolidated profit and loss account.

NOTES TO THE ACCOUNTS

at 31 March 2002

12. INVESTMENTS

| <i>Group</i> | <i>Listed</i> £000 | <i>Trade Investments</i> | |
|---------------------------|--|---------------------------------------|----------------------|
| | | <i>Unlisted</i> £000 | <i>Total</i> £000 |
| Cost: | | | |
| At 1 April 2001 | 1,718 | 110 | 1,828 |
| Additions | 91 | 29 | 120 |
| Disposals | - | (61) | (61) |
| Exchange rate difference | - | (2) | (2) |
| At 31 March 2002 | 1,809 | 76 | 1,885 |
| Provision for impairment: | | | |
| Charge for the year | 1,809 | - | 1,809 |
| At 31 March 2002 | 1,809 | - | 1,809 |
| Net book value: | | | |
| At 31 March 2002 | - | 76 | 76 |
| At 1 April 2001 | 1,718 | 110 | 1,828 |
| <i>Company</i> | <i>Subsidiary</i> <i>undertakings</i> £000 | <i>Other</i> <i>listed</i> £000 | <i>Total</i> £000 |
| Cost: | | | |
| At 1 April 2001 | 44,251 | 1,718 | 45,969 |
| Additions | 5 | 91 | 96 |
| Disposals | (833) | - | (833) |
| At 31 March 2002 | 43,423 | 1,809 | 45,232 |
| Provision for impairment: | | | |
| Charge for the year | - | 1,809 | 1,809 |
| At 31 March 2002 | - | 1,809 | 1,809 |
| Net book value: | | | |
| At 31 March 2002 | 43,423 | - | 43,423 |
| At 1 April 2001 | 44,251 | 1,718 | 45,969 |

During the year the Company increased its investment in Gensel Biotechnologies Limited, a company incorporated in Canada, from £1,718,000 to £1,809,000 with the purchase of 499,553 shares bringing its holding in Gensel to 8,049,201 shares representing 24% of the company's issued share capital. Gensel Biotechnologies Limited is listed on the Canadian Venture Capital Exchange.

Following the failure of a fund raising and the subsequent halting of its activities Gensel is left with small cash reserves to deal with winding up proceedings. The Group's investment in Gensel has been written-off.

This company is not regarded as an associated undertaking as Genus plc is not in a position to exercise significant influence in its management or over its operations and policies.

NOTES TO THE ACCOUNTS

at 31 March 2002

12. INVESTMENTS (continued)
Analysis of disposals during the year

On 2 August 2001 the Group disposed of the business of Hylton Nomis Computer Services Limited within the Consulting division. The disposal is analysed as follows:

| | £000 |
|---|--------------|
| Net assets disposed of: | |
| Tangible fixed assets | 204 |
| Stocks | 249 |
| Debtors | 145 |
| Creditors : amounts falling due within one year | (315) |
| Goodwill | 1,021 |
| | <u>1,304</u> |
| Loss on disposal | 1,181 |
| Cash received | 123 |
| | <u>1,304</u> |

On 17 December 2001 the Group disposed of the business of Promar CEAS International Limited also within the Consulting division. The disposal is analysed as follows:

| | £000 |
|---|-----------|
| Net assets disposed of: | |
| Tangible fixed assets | 19 |
| Debtors | 135 |
| Cash and bank overdrafts | (13) |
| Creditors : amounts falling due within one year | (97) |
| | <u>44</u> |
| Cash received | <u>44</u> |

13. STOCKS

| | <i>Group</i> | |
|-------------------|---------------|---------------|
| | 2002 | 2001 |
| | £000 | £000 |
| Consumable stores | 17 | 77 |
| Goods for resale | 13,915 | 13,589 |
| Livestock | 794 | 525 |
| | <u>14,726</u> | <u>14,191</u> |

In the directors' opinion the replacement cost of stocks is not materially different from their balance sheet value. Stock held on consignment, not included above, from third party suppliers amounted to £137,000 (2001: £206,000).

NOTES TO THE ACCOUNTS
at 31 March 2002

14. DEBTORS

| | <i>Group</i> | | <i>Company</i> | |
|-------------------------------------|---------------|---------------|----------------|---------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Trade debtors | 24,402 | 25,145 | - | - |
| Amounts recoverable on contracts | 2,342 | 2,726 | - | - |
| Other debtors | 1,909 | 1,198 | 144 | - |
| Amounts owed by subsidiaries | - | - | 35,460 | 37,200 |
| Prepayments and accrued income | 858 | 1,610 | 20 | 40 |
| Prepaid corporation tax recoverable | - | - | 485 | - |
| | <u>29,511</u> | <u>30,679</u> | <u>36,109</u> | <u>37,240</u> |

15. CREDITORS: amounts falling due within one year

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|----------------------------------|-------------|---------------|---------------|----------------|---------------|
| | | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Bank loans | 17 | 3,856 | 3,485 | 3,756 | 3,085 |
| Bank overdrafts | | 2,396 | 5,920 | 8,231 | 9,730 |
| Loan notes* | 17 | 3,451 | 4,440 | 3,451 | 4,440 |
| Obligations under finance leases | 18 | 401 | 515 | 33 | 234 |
| Trade creditors | | 14,642 | 15,596 | - | - |
| Payments on account on contracts | | 1,595 | 2,249 | - | - |
| Other creditors | | 642 | 852 | - | 1 |
| Corporation and overseas tax | | 882 | 357 | - | 170 |
| Amounts owed to subsidiaries | | - | - | 9,614 | 6,645 |
| Other taxes and social security | | 2,211 | 1,969 | 37 | 1 |
| Accruals and deferred income | | 5,968 | 6,592 | 293 | 306 |
| Proposed dividend | | 1,576 | 1,477 | 1,576 | 1,477 |
| | | <u>37,620</u> | <u>43,452</u> | <u>26,991</u> | <u>26,089</u> |

* In accordance with FRS 4 these loan notes are classified under creditors due within one year, although they are backed by medium term facilities from Barclays Bank PLC.

The bank loans and overdrafts are secured by fixed and floating charges over certain of the Group's assets. The loan notes are unsecured and are covered by bank guarantees.

NOTES TO THE ACCOUNTS
at 31 March 2002

16. CREDITORS: amounts falling due after more than one year

| | Note | Group | | Company | |
|-----------------------------------|------|--------------|---------------|--------------|---------------|
| | | 2002 £000 | 2001 £000 | 2002 £000 | 2001 £000 |
| Bank loans | 17 | 7,843 | 10,759 | 7,843 | 10,659 |
| Obligations under finance leases: | | | | | |
| Between two and five years | 18 | 183 | 402 | - | 34 |
| | | <u>8,026</u> | <u>11,161</u> | <u>7,843</u> | <u>10,693</u> |

17. LOANS

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2002 £000 | 2001 £000 | 2002 £000 | 2001 £000 |
| Amounts falling due: | | | | |
| In one year or less or on demand | 7,380 | 7,997 | 7,280 | 7,597 |
| In more than one year but not more than two years | 4,279 | 3,941 | 4,279 | 3,841 |
| In more than two years but not more than five years | 3,745 | 7,073 | 3,745 | 7,073 |
| | <u>15,404</u> | <u>19,011</u> | <u>15,304</u> | <u>18,511</u> |
| Less: issue costs | (254) | (327) | (254) | (327) |
| | <u>15,150</u> | <u>18,684</u> | <u>15,050</u> | <u>18,184</u> |
| Less: included in creditors - amounts falling due within one year | (7,307) | (7,925) | (7,207) | (7,525) |
| | <u>7,843</u> | <u>10,759</u> | <u>7,843</u> | <u>10,659</u> |
| Loans comprise: | | | | |
| Bank loans – due within one year | 3,856 | 3,485 | 3,756 | 3,085 |
| Bank loans – due after more than one year | 7,843 | 10,759 | 7,843 | 10,659 |
| Loan notes | 3,451 | 4,440 | 3,451 | 4,440 |
| | <u>15,150</u> | <u>18,684</u> | <u>15,050</u> | <u>18,184</u> |

NOTES TO THE ACCOUNTS
at 31 March 2002

18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these is as follows:

| | <i>Group</i> | | <i>Company</i> | |
|---|--------------|--------------|----------------|-------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Amounts payable: | | | | |
| within one year | 433 | 578 | 33 | 243 |
| within two to five years | 190 | 423 | - | 34 |
| | <u>623</u> | <u>1,001</u> | <u>33</u> | <u>277</u> |
| Less: finance charges allocated to future periods | (39) | (84) | - | (9) |
| | <u>584</u> | <u>917</u> | <u>33</u> | <u>268</u> |

Finance leases and hire purchase contracts are analysed as follows:

| | <i>Group</i> | | <i>Company</i> | |
|------------------------------|--------------|-------------|----------------|-------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Due within one year | 401 | 515 | 33 | 234 |
| Due after more than one year | 183 | 402 | - | 34 |
| | <u>584</u> | <u>917</u> | <u>33</u> | <u>268</u> |

19. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation are as follows:

| | <i>Group</i> | <i>Company</i> |
|---|--------------|----------------|
| | <i>£000</i> | <i>£000</i> |
| At 1 April 2001 | 988 | 624 |
| Deferred tax charge in profit and loss account (note 6(a)) | 44 | - |
| Deferred tax credit in statement of total recognised gains and losses (note 6(b)) | (318) | (317) |
| Disposal of subsidiary undertaking | (3) | - |
| At 31 March 2002 | <u>711</u> | <u>307</u> |

The amounts provided are as follows:

| | <i>Group</i> | | <i>Company</i> | |
|--|--------------|-------------|----------------|-------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Depreciation in excess of capital allowances | (56) | (6) | - | - |
| Other timing differences | 767 | 994 | 307 | 624 |
| | <u>711</u> | <u>988</u> | <u>307</u> | <u>624</u> |

NOTES TO THE ACCOUNTS
at 31 March 2002

20. ACCRUALS AND DEFERRED INCOME

| | <i>Group £000</i> |
|-------------------------------------|-----------------------|
| Deferred government grants: | |
| At 1 April 2001 | 34 |
| Released to profit and loss account | (1) |
| | <u>33</u> |
| At 31 March 2002 | <u>33</u> |

21. SHARE CAPITAL

| | <i>2002</i> | | <i>2001</i> | |
|-------------------------|-------------------|--------------|-------------------|--------------|
| | <i>No</i> | <i>£000</i> | <i>No</i> | <i>£000</i> |
| Authorised | | | | |
| Ordinary shares of 10p | 43,070,000 | 4,307 | 43,070,000 | 4,307 |
| | <u>43,070,000</u> | <u>4,307</u> | <u>43,070,000</u> | <u>4,307</u> |
| Allotted and fully paid | | | | |
| Ordinary shares of 10p | 33,248,331 | 3,325 | 32,813,373 | 3,281 |
| | <u>33,248,331</u> | <u>3,325</u> | <u>32,813,373</u> | <u>3,281</u> |

The movements in share capital for the year are as follows:

| | | <i>2002</i> | | <i>2001</i> | |
|--|-----|----------------|-------------------------------|------------------|-------------------------------|
| | | <i>No</i> | <i>Consideration £000</i> | <i>No</i> | <i>Consideration £000</i> |
| New shares issued | | - | - | 1,530,050 | 2,754 |
| Issued under the following share option plans – | | | | | |
| Executive | (1) | 44,400 | 22 | 230,000 | 115 |
| Company Share Option Plan | (1) | 295,600 | 148 | 230,000 | 115 |
| Savings Related | | 2,624 | 3 | 5,199 | 2 |
| Issued to the Quest | (2) | 92,334 | 128 | 216,557 | 394 |
| | | <u>434,958</u> | <u>301</u> | <u>2,211,806</u> | <u>3,380</u> |

- (1) Shares issued directly under the Executive and Company share option plans have been issued at an option price of 50p per share
- (2) During the year the Company made a contribution to a Qualifying Employee Share Ownership Trust ("Quest") of £128,000 (2001: £394,000) and received £128,000 (2001: £394,000) from the issue of 92,334 (2001: 216,557) shares at an average price of £1.39 (2001: £1.82) per share.

At 31 March 2002 the Quest held 92,334 shares in the Company (2001: nil). The Quest has waived its rights to dividends from the Company.

NOTES TO THE ACCOUNTS

at 31 March 2002

21. SHARE CAPITAL (continued)

Options outstanding to employees were as follows:

| <i>Option scheme</i> | <i>Options granted</i> | <i>Number of shares</i> | <i>Option price per share</i> |
|-------------------------------|------------------------|-------------------------|-------------------------------|
| (1) Company Share Option Plan | 29 August 1997 | 299,400 | 50p |
| (2) Executive Plan | 21 March 1997 | 15,600 | 50p |
| (3) 1999 Executive Plan | 4 November 1999 | 141,909 | 175p |
| (4) 1999 Executive Plan | 6 March 2000 | 289,740 | 175p |
| (5) 2000 Company Share Plan | 21 December 2000 | 80,487 | 123p |
| (6) Savings Related Scheme | 1 April 2001 | 818,663 | 93p |
| (7) 2000 Company Share Plan | 28 November 2001 | 626,814 | 90p |

The options are exercisable between the following dates

- (1) 28 August 2000 and 29 August 2007
- (2) 20 March 2000 and 21 March 2007
- (3) 3 November 2002 and 4 November 2009
- (4) 5 March 2003 and 6 March 2010
- (5) 20 December 2003 and 21 December 2010
- (6) 1 May 2004 and 1 November 2004
- (7) 28 November 2004 and 29 November 2011

The options under (1) and (2) are now exercisable. The options under (3), (4), (5) and (7) can only be exercised if over a three year period the average annual percentage growth in EPS exceeds either 6% or a minimum of 3% above RPI for the same period. The Company has taken advantage of the exemption of UITF 17 revised in not applying UITF 17 to their SAYE scheme.

22. RESERVES

| | <i>Share premium account £000</i> | <i>Profit and loss account £000</i> |
|---|---------------------------------------|---|
| <i>Group</i> | | |
| At 1 April 2001 | 33,881 | 11,053 |
| Retained loss for the year | - | (1,015) |
| Premium on shares issued | 257 | - |
| Deducted in respect of shares issued to Quest | - | (128) |
| Exchange difference on re-translation of net assets | - | (164) |
| Tax on exchange differences | - | 102 |
| Goodwill re-instated on sale of subsidiary | - | 1,021 |
| At 31 March 2002 | <u>34,138</u> | <u>10,869</u> |
| <i>Company</i> | | |
| At 1 April 2001 | 33,881 | 9,341 |
| Retained loss for the year | - | (2,267) |
| Premium on shares issued | 257 | - |
| Deducted in respect of shares issued to Quest | - | (128) |
| Exchange difference on re-translation of loans | - | (120) |
| Tax on exchange differences | - | 102 |
| At 31 March 2002 | <u>34,138</u> | <u>6,928</u> |

The loss attributable to members of the parent company was £687,000 (2001: £972,000 profit).

The cumulative amount of goodwill written off to reserves at 31 March 2002 is £1,368,000 (2001: £2,389,000).

NOTES TO THE ACCOUNTS

at 31 March 2002

23. RECONCILIATION OF SHAREHOLDERS' FUNDS

| | 2002 £000 | 2001 £000 |
|---|---------------|---------------|
| <i>Group</i> | | |
| Shareholders' funds at 1 April | 48,215 | 43,638 |
| Retained loss for the year | (1,015) | (98) |
| New share capital subscribed | 301 | 3,380 |
| Share issue costs | - | (976) |
| Exchange rate difference on translation of net assets from overseas subsidiaries | (164) | 3,188 |
| Tax on exchange rate difference | 102 | (813) |
| Deducted in respect of shares issued to Quest | (128) | (104) |
| Goodwill re-instated on sale of subsidiary | 1,021 | - |
| | <u>48,332</u> | <u>48,215</u> |

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2002 £000 | 2001 £000 |
|---|---------------|---------------|
| Operating profit | 7,304 | 6,091 |
| Depreciation | 3,984 | 4,459 |
| Amortisation of milk quota | 8 | 7 |
| Amortisation of goodwill | 1,894 | 1,927 |
| Loss/(profit) on disposal of fixed assets | 222 | (20) |
| Deferred government grants | (1) | (2) |
| (Increase)/decrease in stocks | (298) | 424 |
| Decrease in debtors | 558 | 2,053 |
| (Decrease)/increase in creditors | (1,572) | 211 |
| | <u>12,099</u> | <u>15,150</u> |

25. ANALYSIS OF CHANGES IN NET DEBT DURING THE YEAR

| | <i>At</i> <i>1 April</i> <i>2001</i> £000 | <i>Cash</i> <i>flows</i> £000 | <i>Other</i> £000 | <i>At</i> <i>31 March</i> <i>2002</i> £000 |
|---|--|-------------------------------------|----------------------|---|
| Cash at bank and in hand | 4,385 | | | 2,703 |
| Bank overdrafts | (5,920) | | | (2,396) |
| | <u>(1,535)</u> | <u>1,986</u> | <u>(144)</u> | <u>307</u> |
| Liquid resources (*) | 700 | (700) | - | - |
| Bank loans | (14,244) | 2,545 | - | (11,699) |
| Loan notes | (4,440) | 989 | - | (3,451) |
| Obligations under finance leases and hire purchase contracts | (917) | 333 | - | (584) |
| | <u>(20,436)</u> | <u>5,153</u> | <u>(144)</u> | <u>(15,427)</u> |

* Liquid resources include short-term deposits of less than one year and are included within cash at bank and in hand in the balance sheet.

NOTES TO THE ACCOUNTS

at 31 March 2002

26. CAPITAL COMMITMENTS

At 31 March 2002 capital expenditure of £238,000 (2001: £55,000) had been contracted for.

27. CONTINGENT LIABILITIES

Contingent liabilities of £2,843,000 (2001: £3,134,000) existed at 31 March 2002 in respect of performance bonds and advance payment guarantees given by subsidiary company bankers to clients of the Group.

On 27 September 2000 a Brazilian court ruled that the sale of shares by a former shareholder in ABS Pecplan Ltda, the Group's subsidiary in Brazil, to ABS Global Inc in 1998 was void. At the first appeal, heard on 25 May 2001, the original decision was upheld. A further appeal to a higher court in Sao Paulo is now being prepared. The shares in dispute represent a maximum 60% of the equity of ABS Pecplan Ltda. The directors, based on legal advice, are of the opinion that there is a high probability that the appeal will be successful. Provision has been made for the estimated costs of concluding this appeal but none has been made for any potential loss of assets or other financial consequences of the resolution of the claim.

28. OPERATING LEASE RENTALS

Annual commitments under non-cancellable operating leases are as follows:

| <i>Group</i> | <i>Land and buildings</i> | | <i>Other</i> | |
|--------------------------------|---------------------------|-------------|--------------|-------------|
| | <i>2002</i> | <i>2001</i> | <i>2002</i> | <i>2001</i> |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Operating leases which expire: | | | | |
| within one year | 127 | 84 | 265 | 152 |
| within two to five years | 265 | 433 | 420 | 434 |
| after five years | 319 | 291 | - | - |
| | 711 | 808 | 685 | 586 |
| | 711 | 808 | 685 | 586 |

29. PENSIONS

Some permanent staff of Genus plc are eligible for membership of The Milk Pension Fund, which is a defined benefit scheme administered by Milk Pension Fund Trustees Limited which includes three Genus Trustee directors, T P Acton, S J Amies and P Nunn.

The funded scheme is that previously operated by the Milk Marketing Board, and is also open to membership of staff working for Milk Marque Ltd (the principal employer), National Milk Records plc, Axis and Scottish Milk Ltd, Zenith Milk Ltd, Milk Link Ltd, the Milk Development Council and hauliers associated to Axis, Zenith and Milk Link.

Milk Marque Ltd has given notice of its intention to withdraw from the Milk Pension Fund. The Trustees of the Fund are currently negotiating with Milk Marque Ltd the terms of their withdrawal.

The net pension cost charged for the year was £1,119,000 (2001: £485,000) which is after deduction of an offset of £282,000 (2001: £890,000) in respect of the amortisation of past service surpluses over the average remaining service lives of employees. The term of the amortisation is eleven years from 2001. This cost is determined on the basis of the latest actuarial valuation of the Fund which was made by an independent qualified actuary as at 31 March 2001 using the projected unit method. The principal actuarial assumptions adopted for the valuation, with each being expressed as the excess over the assumption for the annual rate of price inflation, were as follows. For the annual rate of return on the investments for discounting liabilities pre-retirement: four per cent, and for discounting liabilities post-retirement: two per cent. For the annual increase in the present and future pensions in payment: nil, for the annual rate of increase in pensionable pay for past service liabilities: one and a half per cent and for the annual rate of increase in pensionable pay for future service liabilities: nil for the first three years, then one per cent. Assets were valued by smoothing the market value of assets over five years. As at the date of valuation the market value of the Fund's assets amounted to £292 million. The actuarial value of the assets was sufficient to cover 104 per cent of the value of the members' accrued benefits.

NOTES TO THE ACCOUNTS

at 31 March 2002

29. PENSIONS (continued)

The contribution rate of the Company in respect of pension payments until 31 March 2004 has been agreed with the Milk Pension Fund at 9.9%.

The Group operates a closed defined benefit scheme for a number of former employees of VDC plc. No contributions were made into the scheme during the year and the scheme is in the process of being wound-up.

The Group also operates defined contribution pension schemes in respect of some employees. The assets of the schemes are held separately from those of the companies to which they relate in an independently administered fund.

Pension Arrangements

Under the transitional arrangements of Financial Reporting Standard No 17 (FRS 17), "Retirement Benefits", the Company is required to disclose the following information about the pension schemes and the figures that would have been shown under FRS 17 in the current balance sheet.

The actuarial valuation was updated by the actuary to 31 March 2002 using the following assumptions:

| | <i>At 31 March 2002</i> <i>(p.a.)</i> |
|------------------------------|--|
| Rate of increase in salaries | 4.2% |
| Rate of increase in pensions | 2.7% |
| Discount rate | 6.1% |
| Inflation | 2.7% |

The share of the overall Milk Pension Fund's assets and liabilities notionally allocated to Genus, together with those in the VDC retirement plan, and the expected rates of return on their investments as at 31 March 2002 are as follows:

| | <i>Long term</i> <i>Expected Rate of</i> <i>Return (p.a.)</i> | <i>Market</i> <i>Value</i> <i>£000</i> |
|-------------------------------------|---|--|
| Equities | 7.5% | 43,600 |
| Bonds | 5.0% | 54,200 |
| Cash | 4.0% | 400 |
| | | <hr/> |
| Total market value of scheme assets | | 98,200 |
| Present value of scheme liabilities | | (86,600) |
| | | <hr/> |
| Surplus in the scheme | | 11,600 |
| Less deferred taxation | | (3,500) |
| | | <hr/> |
| Net pension asset | | 8,100 |
| | | <hr/> <hr/> |

NOTES TO THE ACCOUNTS

at 31 March 2002

29. PENSIONS (continued)

Had the above amounts been recognised in the financial statements, the Group's net assets and profit and loss reserves at 31 March 2002 would be as follows:

| | <i>£000</i> |
|---|-------------|
| Net assets excluding pension asset | 48,332 |
| Pension asset | 8,100 |
| | <hr/> |
| Net assets including pension asset | 56,432 |
| | <hr/> <hr/> |
| Profit and loss reserve excluding pension asset | 10,869 |
| Pension asset | 8,100 |
| | <hr/> |
| Profit and loss reserve including pension asset | 18,969 |
| | <hr/> <hr/> |

30. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments can be found in the Finance Director's Review on pages 9 to 11. The accounting policy for derivative instruments is set out in note 1.

Short term debtors and creditors are excluded from the analyses (except for the currency analyses) as permitted by FRS 13.

In the opinion of the directors the fair values of all financial instruments required to be reported are not materially different to their carrying values.

Interest rate risk profile of financial assets and liabilities

| <i>Currency</i> | <i>Total financial liabilities £000</i> | <i>Fixed rate financial liabilities £000</i> | <i>Floating rate financial liabilities £000</i> |
|-----------------|---|--|---|
| 2002 | | | |
| Sterling | 10,950 | 558 | 10,392 |
| US Dollar | 7,180 | 26 | 7,154 |
| | <hr/> | <hr/> | <hr/> |
| | 18,130 | 584 | 17,546 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| 2001 | | | |
| Sterling | 16,785 | 868 | 15,917 |
| US Dollar | 8,736 | 49 | 8,687 |
| | <hr/> | <hr/> | <hr/> |
| | 25,521 | 917 | 24,604 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE ACCOUNTS
at 31 March 2002

30. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Financial assets consist of £335,000 (2001: £3,757,000) of cash on money market deposits at floating rates, together with £2,368,000 (2001: £1,328,000) which earns no interest.

| Currency | Fixed rate financial liabilities | |
|-------------|----------------------------------|---|
| | Weighted average interest rate % | Weighted average period for which rate is fixed years |
| 2002 | | |
| Sterling | 12.4 | 1.6 |
| US Dollar | 13.0 | 0.6 |
| | 12.4 | 1.5 |
| 2001 | | |
| Sterling | 11.8 | 2.0 |
| US Dollar | 13.0 | 1.6 |
| | 11.9 | 2.0 |

Fixed rate financial liabilities consist of finance leases.

Floating rate financial liabilities comprise:

- Sterling denominated bank loans, overdrafts and loan notes that bear interest at rates based on LIBOR; and
- US dollar bank loans and overdrafts that bear interest at rates based on US Prime rate.

Currency exposures

The table below shows the Group's currency exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the operating currency of the operating unit involved.

| Functional currency of group operations | Net currency monetary assets/(liabilities) | | | |
|---|--|--------------|---------------|---------------|
| | US Dollar £000 | Euro £000 | Other £000 | Total £000 |
| 2002 | | | | |
| Sterling | (6,886) | 804 | 17 | (6,065) |
| US Dollar | - | - | (664) | (664) |
| Euro | (884) | - | - | (884) |
| | (7,770) | 804 | (647) | (7,613) |
| 2001 | | | | |
| Sterling | (8,379) | 112 | 186 | (8,081) |
| US Dollar | - | (46) | (616) | (662) |
| Euro | (1,811) | - | (2) | (1,813) |
| | (10,190) | 66 | (432) | (10,556) |

 NOTES TO THE ACCOUNTS
 at 31 March 2002

30. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 31 March was as follows:

| | <i>2002</i> <i>£000</i> | <i>2001</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| Amounts falling due: | | |
| In one year or less or on demand | 10,104 | 14,360 |
| In more than one year but not more than two years | 4,366 | 4,270 |
| In more than two years but not more than five years | 3,660 | 6,891 |
| | <u>18,130</u> | <u>25,521</u> |

Borrowing facilities

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 March in respect of which all conditions precedent had been met at that date are as follows:

| | <i>2002</i> <i>£000</i> | <i>2001</i> <i>£000</i> |
|--|----------------------------|----------------------------|
| Expiring in one year or less | 10,709 | 7,093 |
| Expiring in more than one year but not more than two years | 412 | 213 |
| Expiring in more than two years | 10,009 | 10,015 |
| | <u>21,130</u> | <u>17,321</u> |

Hedges

The Group's policy is to hedge a proportion of net transactional currency exposures and future contracted sales.

The nominal value of forward contracts on foreign currency liabilities, entered into in the normal course of business, at 31 March 2002 amounted to £nil (2001: £462,000).

The estimated market value of these contracts at 31 March 2002 amounted to £nil (2001 : £nil).

The recognised gains on forward exchange contracts included in the profit and loss account that arose in previous years amounted to £nil (2001: £nil).

The deferred loss on the forward exchange contracts at 31 March 2002 amounted to £nil (2001: £3,000).

Genus plc

NOTES TO THE ACCOUNTS at 31 March 2002

31. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiaries of Genus plc and their main activities are set out below. Except where shown, all the companies are registered in England and Wales. The companies listed below include all those which principally affected the amount of the profit and assets of the Group. A full list of subsidiary and other related companies will be annexed to the next annual return of Genus plc to be filed with the Registrar of Companies.

| <i>Subsidiary companies</i> | <i>Holding</i> | <i>Proportion of voting right and shares held</i> | | <i>Nature of Business</i> |
|--|----------------------|---|-----|--|
| ABS Global Inc (incorporated in United States) | US\$1 Capital stock | 100% | | Supply of dairy and beef semen |
| ABS Italia Srl (incorporated in Italy) | L1000 quota capital | 100% | (1) | Supply of dairy and beef semen |
| ABS Mexico SA de CV (incorporated in Mexico) | US\$1 Common stock | 100% | | Supply of dairy and beef semen |
| ABS Pecplan Ltda (incorporated in Brazil) | RS1 quota stock | 100% | | Supply of dairy and beef semen |
| American Breeders Services of Canada Limited (incorporated in Canada) | CN\$1 common shares | 100% | | Supply of dairy and beef semen |
| Animalcare Limited | £1 ordinary shares | 100% | (1) | Supply and distribution of veterinary and other products |
| BOVEC SA (incorporated in France) | FF50 ordinary shares | 75% | (1) | Supply of dairy and beef semen |
| Genus Breeding Limited | £1 ordinary shares | 100% | | Supply of dairy and beef semen |
| Genus Management Services Limited | £1 ordinary shares | 100% | | Management services |
| Genusxpress Limited | £1 ordinary shares | 100% | (1) | Supply and distribution of veterinary and other products |
| HTS Development Limited | £1 ordinary shares | 100% | | Consultancy and contract management |
| P-E International Consultants Limited | £1 ordinary shares | 100% | (1) | Business and management consultancy |
| Promar International Inc (incorporated in United States) | \$0.01 Capital stock | 100% | (1) | Market research and consultancy |
| Promar International Limited | £1 ordinary shares | 100% | (1) | Market research and consultancy |

(1) Held by subsidiary undertaking

NOTES TO THE ACCOUNTS
at 31 March 2002

REGISTERED OFFICE AND ADVISERS

SECRETARY AND REGISTERED OFFICE

F Hall
Westmere Drive
Crewe
Cheshire
CW1 6ZY

Registered Number 2972325

REGISTRARS

Lloyds/TSB Bank Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

FINANCIAL ADVISERS

N M Rothschild & Sons
82 King Street
Manchester
M2 4WQ

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

STOCKBROKERS

Teather & Greenwood
8th Floor
India Buildings
Water Street
Liverpool
L2 0XR

SOLICITORS

DLA
3 Noble Street
London
EC2V 7EF

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting of Genus plc (the "Company") will be held at Buchanan Communications, 107 Cheapside, London EC2V 6DT on 22 August 2002 at 2.30 p.m. for the following purposes:

Ordinary Business

1. To receive and approve the directors' report and audited accounts for the year ended 31 March 2002.
2. To declare a final dividend of 4.75 pence per ordinary share, payable to shareholders on the register of members at the close of business on 9 August 2002.
3. To re-elect as a director of the Company R K Wood (who retires in accordance with the Company's articles of association) and who, being eligible, offers himself for re-election.
4. To re-appoint Ernst & Young LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the directors to fix their remuneration.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions, resolution 5 of which is special business.

Ordinary Resolution

5. THAT pursuant to Article 103 of the Company's Articles of Association, the level of aggregate fees payable to the directors of the Company be fixed at an amount not exceeding £150,000 per annum to be divided between the directors in such proportions as the Remuneration Committee of the Board shall from time to time determine.
6. THAT in substitution for and to the exclusion of the authorities granted to the directors by the resolution passed on 23 August 2001 (save to the extent already utilised) to allot relevant securities of the Company, the directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £982,166.90 being 9,821,669 ordinary shares of 10 pence each PROVIDED THAT this authority shall expire on the date of the next Annual General Meeting of the Company or, if earlier, fifteen months after the passing of this resolution or its renewal except that the Company may, before such expiry, make an offer or agreement which would

or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Business

To consider and, if thought fit, pass the following resolutions, which will be proposed as special resolutions.

Special Resolutions

7. THAT subject to the passing of resolution 6 set out above and in substitution for and to the exclusion of the authority conferred upon the directors at the Annual General Meeting of the Company held on 23 August 2001 (save to the extent already utilised) the directors be and are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash, pursuant to the authority conferred by resolution 6 above, as if section 89(1) of the Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:

7.1 the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them (subject, in either case, to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of or the requirements of, any regulatory body or stock exchange in any territory or otherwise howsoever); and

7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal value of £166,241 being 1,662,410 ordinary shares of 10 pence each representing not more than five per cent of the issued share capital of the Company as at 31 March 2002; and

7.3 the allotment (otherwise than pursuant to paragraphs 7.1 and 7.2 above) of equity securities up to an aggregate nominal value of £166,241 being 1,662,410 ordinary shares of 10 pence each representing not more than five per cent of the issued share capital of the company as at 31 March 2002 for the purpose of allotting ordinary shares in the Company in place of ordinary shares which have been purchased by the Company

as one or more market purchases (as defined in section 163 of the Act) on the Alternative Investment Market of the London Stock Exchange plc pursuant to the authority conferred by the terms of resolution 8 below,

and shall expire upon the earlier of the renewal of this power, the conclusion of the next Annual General Meeting of the Company, or fifteen months after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8 THAT in accordance with Part V of the Companies Act 1985 ("the Act"), the Company be and is hereby generally and unconditionally authorised (pursuant to section 166 of the Act) to make one or more market purchases (as defined in section 163 of the Act) on the Alternative Investment Market of London Stock Exchange plc of any of its own ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the board of directors of the Company may from time to time determine provided that:

8.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 4,987,000;

8.2 the maximum price which may be paid for an Ordinary Share is an amount equal to not more than 105 per cent of the average of the middle market quotations for an Ordinary Share on the Alternative Investment Market of the London Stock Exchange plc for the five business days before the day on which the purchase is made exclusive of attributable expenses payable by the Company;

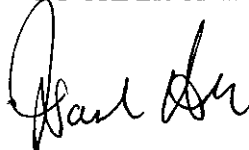
8.3 the minimum price which may be paid for an Ordinary Share is 10 pence exclusive of attributable expenses payable by the Company; and

8.4 the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or 18 months after the date of its passing (whichever shall first occur), except that the Company may, before such expiry, enter into a contract for the purchase of Ordinary Shares which may be completed by or

executed wholly or partly after the expiration of this authority.

July 2002

BY ORDER OF THE BOARD



F Hall
COMPANY SECRETARY

Notes:

1. Any member entitled to attend and vote at this meeting may appoint one or more proxies to attend and on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy accompanies this notice of Annual General Meeting.
2. To be valid, a duly executed form of proxy for use at the meeting together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority must be deposited at the offices of Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA at least 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude shareholders from attending the meeting and voting in person if they wish to do so.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the meeting is 2.30 p.m. on 20 August 2002 being 48 hours before the time fixed for the meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.