

FOR IMMEDIATE RELEASE

13 September 2006

GENOSIS PLC
Interim Results Announcement
for the 6 months ended 30 June 2006

Genosis PLC (“**Genosis**” or the “**Company**”; RIC code - **GNOS**), a UK company focusing on consumer products for reproductive health, announces its interim results for the 6 months ended 30 June 2006.

Highlights

- Introduction of **Fertell** on the UK high street in January 2006 through The Boots Company (“**Boots**”);
- Internet sales through Genosis’ own website www.fertell.co.uk commenced Q2 2006;
- 5,184 units sold to Boots and 96 units sold through www.fertell.co.uk;
- Establishment of sales and marketing team in the USA and acceptance of **Fertell** by the American Pregnancy Association;
- Key financials:
 - Operating loss of £2.21M (6 months to 30 June 2005 £1.39M; year to 31 Dec 2005 £2.92M)
 - Net cash position at 30 June 2006 £4.40M.

Commenting on the results, Paul Bateman, CEO of Genosis said:

“The 6 months ended 30 June 2006 have been a challenging period for the Company with initial sales in the UK being lower than expected. Nevertheless, we are delighted that **Fertell** is now available in the UK and Ireland and look forward to its introduction into the key United States market.”

Genosis’ retail partner in the UK and Ireland, Boots, has commented as follows:

"Boots remain strongly committed to **Fertell** and view it as a key opportunity within its family planning category. In addition to stocking the **Fertell** couples test, Boots intends to distribute a female only version of **Fertell** that will be launched in January 2007. We believe **Fertell** will continue to be an integral part of our women's health offering."

The American Pregnancy Association, a national health organization committed to promoting reproductive and pregnancy wellness through education, research, advocacy, and community awareness, has accepted **Fertell** as follows:

“The American Pregnancy Association’s Acceptance of **Fertell** is based on its finding that **Fertell** is useful for couples seeking information about key elements of their fertility. The APA believes that early screening at home can be beneficial in moving forward in your attempts to conceive.”

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Today on:

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Meetings with analysts are being arranged through Buchanan Communications (details above). The presentation will be available on www.genosis.com later today.

Commercial and operations

THE FERTELL PRODUCT

The Company's fertility product, **Fertell**, provides what the Directors believe to be the first and currently the only OTC product that allows couples to test accurately both male and female fertility quickly and simply in the privacy of their own home by using established laboratory procedures that have been converted into consumer products.

DISTRIBUTION THROUGH BOOTS

Genosis has an agreement with The Boots Company PLC ("Boots") for the sale of **Fertell** in the UK and Ireland. Boots launched **Fertell** in January 2006 and quickly expanded the number of stores in which it is available and also rolled the product out to the Republic of Ireland. Sales to Boots during the period to 30 June 2006 were 5,184 units of **Fertell**. Boots has commented as follows:

"Boots remain strongly committed to **Fertell** and view it as a key opportunity within its family planning category. In addition to stocking the **Fertell** couples test, Boots intends to distribute a female only version of **Fertell** that will be launched in January 2007. We believe **Fertell** will continue to be an integral part of our women's health offering."

DIRECT SALES THROUGH THE INTERNET

Genosis launched its own internet sales of **Fertell** through www.fertell.co.uk in March 2006. Sales through that channel are modest with 96 units having been sold in the 6 months ended 30 June 2006.

INTERNATIONAL EXPANSION

The Directors believe the key market for the success of **Fertell** is the USA. Consequently, they have established a sales and marketing presence in the USA and are discussing distribution options with a number of US retail chains. The aim is to establish **Fertell** as a primary tool for conception in this market. To this end, the Directors are working on engaging the target consumer with compelling communication, to win over key consumer influencers and to secure convenient and logical distribution. Genosis will begin to inform the US medical community of its pending consumer launch of **Fertell** at the meeting of the American Society of Reproductive Medicine on 21 October 2006.

The American Pregnancy Association, a national health organization committed to promoting reproductive and pregnancy wellness through education, research, advocacy, and community awareness, has accepted **Fertell** as follows:

“The American Pregnancy Association’s Acceptance of **Fertell** is based on its finding that Fertell is useful for couples seeking information about key elements of their fertility. The APA believes that early screening at home can be beneficial in moving forward in your attempts to conceive.”

THE GENOSIS TEAM

The team has been expanded by the addition of 5 new employees, including 2 sales and marketing individuals in the USA. At 30 June 2006 the number of employees represented 13.3 FTEs (excluding non-executive Directors).

CURRENT TRADING AND OUTLOOK

Genesis is working closely with Boots in order to commercialise **Fertell** within the UK and Ireland. Boots continues to be committed to the **Fertell** couples test and in addition is seeking to carry a female-only **Fertell** test (i.e. the existing test for women, sold separately from the male test) which is proposed to be launched in January 2007.

The Company has recently undertaken market research through an independent agency in order to refine the positioning of its **Fertell** product, to improve the “hooks to purchase” and to understand demand for the separate male or female products rather than for the kit of combined products. It is undertaking similar work in the USA ahead of its planned product launch there, recognising the differences between the US and the UK markets.

In light of the recent research findings, the Company has redesigned its product website www.fertell.co.uk and is working on improving its profile to search engines in the fertility area.

In order to focus its resources on the USA and the UK, the Directors have resolved not to enter mainland European or other markets for the time being.

The Directors now believe that, given the state of negotiations with various potential partners, the Company is unlikely to achieve sales of **Fertell** outside the UK and Ireland during calendar year 2006.

The level of sales achieved so far has led the Directors to defer completion of further automation of production which it had initiated with Mikron. It is intended that this would be reactivated as required once further sales partnerships are established.

Financials

RESULTS

Group turnover in the 6 month period was £0.19 million (6 months to 30 June 2005: £nil; year to 31 Dec 2005: £0.22 million) comprising 96.5% from the sale of the **Fertell** product to Boots and 3.5% from the sale of **Fertell** over the www.fertell.co.uk website.

The Group’s gross margin for the period was (17.5%). The margin reflects the relatively high costs of initial manufacturing runs and the write-off of obsolete components and finished product.

Gross R&D expenditure was £0.05 million (6 months to 30 June 2005: £0.27 million; year to 31 Dec 2005: £0.58 million).

Net interest income was £0.07 million (6 months to 30 June 2005: net interest expense of £0.10 million; year to 31 Dec 2005: net interest expense of £0.22 million) reflecting particularly the interest receipts of £0.14 million (6 months to 30 June 2005: £0.02 million; year to 31 Dec 2005: £0.07 million) on cash balances and the costs £0.07 million (6 months to 30 June 2005: £0.05 million; year to 31 Dec 2005: £0.14 million) of servicing the venture loan taken out on 31 March 2005.

The Directors have, on a prudent basis, not recognised any credit in respect of potential R&D tax claims in respect of either the current period or 2005 which may arise following agreement by HM Revenue & Customs.

Basic and diluted loss per share was 13.8p (6 months to 30 June 2005: loss of 72.3p; year to 31 Dec 2005: loss of 109.8p) based on a weighted average number of shares in issue of 15.50 million (6 months to 30 June 2005: 2.06 million; year to 31 Dec 2005: 2.86 million).

CASH FLOW

The Group had net cash outflow of £2.40 million (6 months to 30 June 2005: cash inflow £1.22 million; year to 31 December 2005: cash inflow £7.58 million) of which the main elements were:

- Cash outflow from operating activities: £2.21 million (6 months to 30 June 2005: £0.75 million; year to 31 December 2005: £2.73 million);
- Acquisition of fixed assets: £0.03 million (6 months to 30 June 2005: £0.35 million; year to 31 December 2005: £0.44 million, including acquisition of intangible fixed assets £0.29 million in March 2005);
- Net repayment of loans: £0.23 million (6 months to 30 June 2005: net drawdown of £2.09 million; year to 31 December 2005: net drawdown of £1.18 million); and
- Cash from share issues: £0.00 million (relating in this period only to the exercise of options), (6 months to 30 June 2005: £0.33 million; year to 31 December 2005: £9.74 million).

Working capital decreased from a level of £7.53 million at 31 December 2005 to a level of £5.20 million at 30 June 2006.

CASH AND NET FUNDS PER SHARE

Cash at 30 June 2006 was £5.35 million (30 June 2005: £1.40 million; 31 December 2005: £7.76 million) and net funds were £4.40 million (30 June 2005: net debt of £0.69 million; 31 December 2005: £6.58 million).

Net funds per share at 30 June 2006 on an undiluted basis were 28.4p (30 June 2005: deficit £34,588; 31 December 2005: 42.5p). On a diluted basis (i.e. assuming the exercise of options with an exercise price below the net funds per share), net funds per share were 27.6p (30 June 2005: deficit £34,588); 31 December 2005: 41.1p (see note 10).

Cash on 31 August 2006 was £4.6 million, corresponding to net funds of £3.8 million and net funds per share of 24.3p (23.7p diluted).

EXCHANGE RATES

The £/\$ exchange rate for translation of the results was £1 = \$1.8369 (6 months to 30 June 2005 \$1.7935; year to 31 December 2005 \$1.7214). The Group has no forward exchange contracts.

RESTATEMENT OF 2005 RESULTS

The results of 2005 have been restated to reflect the Group's adoption of Financial Reporting Standard 20 "Share-based payment" (FRS 20) during the current period. The amount of the restatement is set out in note 1.

Consolidated profit and loss account for the 6 months ended 30 June 2006

	Note	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
		£	£	£
Turnover		188,017	-	219,240
Cost of sales		(220,957)	-	(135,484)
Gross profit		(32,940)	-	83,756
Selling expenses		(1,070,339)	-	(630,809)
Manufacturing		(593,438)	(60,678)	(368,850)
Research and development		(52,688)	(274,527)	(579,450)
Administrative expenses		(463,709)	(1,056,163)	(1,426,584)
Operating expenses		(2,180,174)	(1,391,368)	(3,005,693)
Operating loss		(2,213,114)	(1,391,368)	(2,921,937)
Interest receivable and similar income		144,707	22,107	74,858
Interest payable and similar charges		(76,367)	(119,184)	(296,086)
Loss on ordinary activities before and after taxation, being retained loss for the period		(2,144,774)	(1,488,445)	(3,143,165)
Loss per share				
Basic	5	(13.8p)	(72.3p)	(109.8p)
Diluted	5	(13.8p)	(72.3p)	(109.8p)

All amounts derive from continuing operations.

Consolidated statement of total recognised gains and losses for the 6 months ended 30 June 2006

		6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
		£	£	£
Loss for the period		(2,144,774)	(1,488,445)	(3,143,165)
Foreign currency translation difference		(49,087)	(197,339)	(317,484)
Credit in respect of share option plans		77,986	149,858	356,545
Total recognised loss for the period		(2,115,875)	(1,535,926)	(3,104,104)

Consolidated balance sheet as at 30 June 2006

	30 June 2006	30 June 2005	31 Dec 2005
	£	£	Restated £
Fixed assets			
Tangible fixed assets	158,315	99,320	155,938
Intangible fixed assets	169,734	262,316	216,020
	<u>328,049</u>	<u>361,636</u>	<u>371,958</u>
Current assets			
Stock and work in progress	370,044	249,967	273,164
Debtors	422,103	264,544	796,983
Cash at bank and in hand	5,348,778	1,398,531	7,757,227
	<u>6,140,925</u>	<u>1,913,042</u>	<u>8,827,374</u>
Creditors: amounts falling due within one year	<u>(944,334)</u>	<u>(1,377,272)</u>	<u>(1,293,392)</u>
Net current assets	<u>5,196,591</u>	<u>535,770</u>	<u>7,533,982</u>
Total assets less current liabilities	<u>5,524,640</u>	<u>897,406</u>	<u>7,905,940</u>
Creditors: amounts falling due after more than a year	(431,178)	(1,639,043)	(696,256)
Provisions for liabilities	<u>(3,760)</u>	-	<u>(4,385)</u>
Net assets/(liabilities)	<u>5,089,702</u>	<u>(741,637)</u>	<u>7,205,299</u>
Capital and reserves			
Called up share capital	6 1,549,656	58,663	1,549,378
Share premium account	7 8,430,162	8,675,361	8,430,162
Other reserve	7 8,269,598	-	8,269,598
Profit and loss account	7 (13,159,714)	(9,475,661)	(11,043,839)
Equity shareholders' funds/(deficit)	<u>7 5,089,702</u>	<u>(741,637)</u>	<u>7,205,299</u>

Consolidated cash flow statement for the 6 months ended 30 June 2006

	Note	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
		£	£	£
Net cash outflow from operating activities	8	<u>(2,208,681)</u>	<u>(753,294)</u>	<u>(2,733,713)</u>
Returns on investments and servicing of finance	9	68,340	(97,077)	(221,228)
Taxation	9	-	-	65,596
Capital expenditure and financial investment	9	<u>(31,763)</u>	<u>(349,168)</u>	<u>(444,138)</u>
Net cash outflow before financing		(2,172,104)	(1,199,539)	(3,333,483)
Financing	9	<u>(232,647)</u>	<u>2,420,465</u>	<u>10,912,997</u>
(Decrease)/increase in cash in the period		<u>(2,404,751)</u>	<u>1,220,926</u>	<u>7,579,514</u>

Reconciliation of net cash flow to movement in net funds/(debt) for the 6 months ended 30 June 2006

		6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
		£	£	£
(Decrease)/increase in cash in the period		(2,404,751)	1,220,926	7,579,514
Cash outflow/(inflow) from change in debt financing		<u>232,927</u>	<u>(2,090,309)</u>	<u>(1,177,665)</u>
Change in net funds/(debt) resulting from cash flows		<u>(2,171,824)</u>	<u>(869,383)</u>	<u>6,401,849</u>
Other non cash movements		-	1,607,750	1,675,090
Exchange movement		<u>(3,698)</u>	<u>(110,428)</u>	<u>(177,660)</u>
Movement in net funds/(debt) in the period		(2,175,522)	627,939	7,899,279
Net funds/(debt) at start of period		<u>6,579,562</u>	<u>(1,319,717)</u>	<u>(1,319,717)</u>
Net funds/(debt) at end of period	10	<u>4,404,040</u>	<u>(691,778)</u>	<u>6,579,562</u>

1. Nature of financial information

The interim financial information for the six months ended 30 June 2006 is unaudited but has been reviewed by the auditors and their report is set out at the end of this statement. These interim accounts do not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

Statutory accounts for Genosis PLC for the period from incorporation on 1 March 2005 to 31 December 2005, on which the auditors have given an unqualified opinion (and which did not contain statements under 237(2) of the Companies Act 1985 (regarding adequacy of accounting records and returns) or under section 237(3) (regarding provision of necessary information and explanations)) have been delivered to the Registrar of Companies. The comparative financial information for that period has been extracted from such accounts, these have been restated to reflect the adoption of Financial Reporting Standard 20 “Share-based payment” (FRS 20), see below.

Audited accounts for the three companies within the Genosis Group (Genosis PLC, Genosis (UK) Limited and Genosis, Inc.) for the period of 6 months to June 2005 (or, in the case of Genosis PLC, the period from incorporation on 1 March 2005 to 30 June 2005) were prepared in connection with the admission of the Company’s share capital to listing on 2 December 2005. The auditors’ opinion on such accounts was unqualified and did not contain statements under 237(2) of the Companies Act 1985 (regarding adequacy of accounting records and returns) or under section 237(3) (regarding provision of necessary information and explanations). Such accounts do not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and have not been submitted to the Registrar of Companies. The comparative information for the 6 months ended 30 June 2005 has been prepared from these individual company accounts, except for the restatement made in respect of the Group’s adoption of FRS 20 during the current period. The consolidation has not been audited and correspondingly the comparative information is shown as unaudited.

The consolidated interim financial information has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting and financial reporting standards. The accounting policies are the same as those set out in the financial statements of Genosis PLC for the year ended 31 December 2005 with the exception of the adoption of FRS 20. The Group’s accounting policy for share based payments is to recognise as an expense the fair value of the employee services received in exchange for the grant of share options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The charge recognised in the profit and loss account for the period from this treatment is £77,986 (6 months to 30 June 2005 £149,858; year to 31 December 2005 £365,545). The credit in respect of the share option plans has been recognised in the statement of total recognised gains and losses.

2. Going concern

The Board has identified specific risks of the business including:

- **One product** – Genosis currently has only the **Fertell** product and its future depends on its ability to commercialise that product.
- **Dependence on retail partners** – Genosis is dependent on its ability to attract and service major retail partners and to secure partnerships on acceptable terms. While Genosis has secured Boots as its retail partner within the UK and Ireland, it has not yet secured retail or distribution partners outside this territory and is aware that its own internet sales are unlikely to be sufficient to ensure commercial success.
- **Uncertainty of market acceptance** – **Fertell** has been on the market for less than a year.
- **Novelty of product** – **Fertell** is a novel product and commercial success relies on effective communication of the product utility to the consumer and to healthcare providers and advisers.
- **Competitors** – The Board believes that the Company’s intellectual property represents a strong barrier to competition. However competitors may arise in the market place which may impact Genosis’ market. The Board also believes that customers may not be able to distinguish readily between different product categories in the area of human fertility.

- **Dependence on supply by third parties** – Genosis’ business depends on products and services provided by third parties. If there is any interruption to the products or services provided by those third parties, or it turns out that those products and services are not as scalable as anticipated, or at all, or there are problems maintaining quality standards and delivering product to specification and at acceptable cost, or there are problems in upgrading such products or services, the Group may be unable to find adequate replacement services on a timely basis, or at all.
- **Limited resource** – while the Directors believe that the funds available to Genosis will meet the Group’s current funding requirements, there is no assurance that, if further equity or other funding were required, it would be available in the future on acceptable terms.

The consolidated interim financial information has been prepared on the going concern basis. Given the risks identified above, the Directors have considered detailed profit and loss account and cash flow forecasts and have a reasonable expectation that the Group has adequate resources to continue as an operational business for the foreseeable future. However, the level of sales to date give rise to a material uncertainty over the future sales that are required to meet the Directors’ plans and consequently the ability of the Group to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the level of future sales required to meet the Directors’ plans not materialise then the Directors would intend to seek further finance and review the forecast levels of expenditure as appropriate.

In order to improve the potential for success, the Board has decided to focus particularly on its entry into the USA, the world’s biggest potential market, as well as continuing to sell within the UK, its home market. It is using independent market research and external marketing specialists in order to ensure that its messages are effective to gain market acceptance and to reduce the potential for customer confusion between product categories. It is also working to ensure that its cash resource is used effectively.

3. Corporate restructuring

During 2005 the Group carried out a corporate restructuring that put a UK company as the holding company for the companies in existence up to that point: Genosis, Inc. and its wholly owned subsidiary Genosis (UK) Ltd.

Due to the fact that the transactions involved represented a group reconstruction as defined by FRS6 “Acquisitions and mergers” rather than an acquisition of a business, the restructuring has been accounted for using merger accounting principles in accordance with UK Generally Accepted Accounting Principles (“UK GAAP”). The use of merger accounting requires the consolidated comparatives to be restated to a position as if the Group had been in existence throughout.

Share capital and reserves in the prior period consolidated balance sheet have been restated. Differences between these amounts and also the difference between the nominal value of the shares issued as consideration and the nominal value of the shares of Genosis, Inc. held by Genosis PLC have been reflected in a separate reserve.

4. Taxation

The Group does not expect to generate any taxable profits in the year; as such no charge for taxation has been recognised in the current period’s profit and loss account.

The Directors have, on a prudent basis, not recognised any credit in respect of potential R&D tax claims in respect of either the current period or 2005 which may arise following agreement by HM Revenue & Customs.

5. Loss per share

In accordance with FRS 22, “Earnings per share” the loss per share has been stated as if the share capital including the subdivision of shares in September 2005 had been organised in this way since incorporation.

Fully diluted loss per share is calculated after showing the effect of outstanding options in issue. FRS 22 “Earnings per Share” requires presentation of diluted earnings per share. When a company could be called upon to issue shares that would decrease net profit or increase net loss per share these potential shares are treated as dilutive. Only options that are ‘in the money’ are treated as potentially dilutive, however net loss per share would not be increased by the exercise of these options. Therefore no adjustment has been made to diluted loss per share for any outstanding share options.

The calculation of loss per share is based on the following loss and numbers of shares:

	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
	£	£	£
Loss on ordinary activities after taxation and retained loss for the period	(2,144,774)	(1,488,445)	(3,143,165)
Weighted average number of shares ('000):			
For basic earnings per share	15,497	2,059	2,862
Dilutive effect of share options	-	-	-
For fully diluted earnings per share	15,497	2,059	2,862

6. Share capital

	AUTHORISED		ISSUED	
	Ordinary shares of £1		Ordinary shares of £1	
	Number	Nominal	Number	Nominal
On incorporation on 1 March 2005	50,000	£50,000	2	£2
At 30 June 2005	2	£2	2	£2
	Preferred Shares of £1		Preferred Shares of £1	
On incorporation on 1 March 2005	-	-	-	-
At 30 June 2005	49,998	£49,998	49,998 (quarter paid up)	£12,499

During the period between 30 June 2005 and 31 December 2005:

- Each £1 share was subdivided into 10 shares of £0.10 each;
- Further Ordinary Shares, A Preference Shares and B Preference Shares were issued on the acquisition of Genosis, Inc.;
- Further Ordinary Shares were issued as a result of the exercise of share options and through the subscription of cash;
- The Preferred Shares were redeemed; and
- On the admission of the Company’s Ordinary Shares to AIM further Ordinary Shares were issued and the authorised and issued Preferred Shares, A Preference Shares and B Preference Shares were redesignated as Ordinary Shares.

	AUTHORISED		ISSUED	
	Ordinary shares of £0.10		Ordinary shares of £0.10	
	Number	Nominal	Number	Nominal
At 31 December 2005	20,000,000	£2,000,000	15,493,780	£1,549,378
Shares issued during period on exercise of options			2,776	£278
At 30 June 2006	20,000,000	£2,000,000	15,496,556	£1,549,656

7. Reconciliation of movements in shareholders' funds/(deficit)

Group	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
	£	£	£
Opening shareholders' funds/(deficit)	7,205,299	(3,093,460)	(3,093,460)
Issue of share capital	278	3,887,749	13,984,065
Loss for the period	(2,144,774)	(1,488,445)	(3,143,165)
Exchange adjustment	(49,087)	(197,339)	(317,484)
Share option plans	77,986	149,858	356,545
Acquisition of Genosis, Inc.	-	-	(581,202)
Closing shareholders' funds/(deficit)	5,089,702	(741,637)	7,205,299

8. Reconciliation of operating loss to operating cash flows

	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
	£	£	£
Operating loss	(2,213,114)	(1,391,368)	(2,921,937)
Depreciation	29,386	40,930	79,282
Amortisation	46,286	23,146	69,442
Share option plan charges	77,986	149,858	356,545
Increase in stock	(96,880)	(249,967)	(273,164)
Decrease/(increase) in debtors	375,774	(146,183)	(781,718)
(Decrease)/increase in creditors	(372,254)	775,622	661,586
(Decrease)/increase in provisions	(625)	-	4,385
Foreign exchange	(55,240)	44,668	71,866
Net cash outflow from operating activities	(2,208,681)	(753,294)	(2,733,713)

9. Analysis of cash flows for headings netted in the cash flow statement

	6m to 30 June 2006	6m to 30 June 2005	12m to 31 Dec 2005 Restated
	£	£	£
Returns on investment and servicing of finance			
Interest received	144,707	22,107	74,858
Interest paid	(76,367)	(119,184)	(296,086)
Net cash inflow/(outflow) for returns on investment and servicing of finance	<u>68,340</u>	<u>(97,077)</u>	<u>(221,228)</u>
Taxation			
UK corporation tax receipt	-	-	65,596
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(31,763)	(63,706)	(158,676)
Purchase of intangible fixed assets	-	(285,462)	(285,462)
Net cash outflow for capital expenditure and financial investment	<u>(31,763)</u>	<u>(349,168)</u>	<u>(444,138)</u>
Financing			
Issue of ordinary share capital	278	330,156	9,735,332
Issue of redeemable preference shares	-	-	12,499
Redemption of redeemable shares	-	-	(12,499)
Debt due within one year – net loans drawn down	32,152	451,266	481,409
Debt due beyond one year – net loans (repaid)/drawn down	(265,077)	1,639,043	696,256
Net cash (outflow)/inflow from financing	<u>(232,647)</u>	<u>2,420,465</u>	<u>10,912,997</u>

10. Net funds per share

	30 June 2006	30 June 2005	31 Dec 2005 Restated
Number of shares:			
Issued Ordinary Shares	15,496,556	20	15,493,780
“In the money” options:			
Options with exercise price £0.10	643,280	-	646,056
Options with exercise price £0.10687	57,876	-	57,876
Number including “in the money” options	<u>16,197,712</u>	<u>20</u>	<u>16,197,712</u>
	£	£	£
Net funds/(debt) at end of period	4,404,040	(691,778)	6,579,562
Exercise monies for “in the money” options	<u>70,713</u>	<u>-</u>	<u>70,791</u>
Net funds per share – undiluted	28.4p	(£34,589)	42.5p
Net funds per share - diluted	<u>27.6p</u>	<u>(£34,589)</u>	<u>41.1p</u>

The net funds per share (undiluted) is calculated by dividing the number of Ordinary Shares in issue into the net funds.

The net funds per share (diluted) is calculated by (i) assuming the exercise of all outstanding “in the money” options (those with an exercise price less than or equal to the uniluted net funds per share) so that net funds are increased by the aggregate of the exercise monies and (ii) dividing the total resulting number of Ordinary Shares into the net funds as so increased.

11. Approval of the Interim financial information

The Interim financial information was approved by the Board of Directors on 12 September 2006.

INDEPENDENT REVIEW REPORT TO GENOSIS PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement, reconciliation of net cash flow to movement in net funds and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

Emphasis of matter – Going concern

Without qualifying our review conclusion, we draw attention to the disclosures made in note 2 of the financial statements concerning the group's ability to continue as a going concern. The level of sales to date gives rise to a material uncertainty over the future sales that are required to meet the Directors' plans. This, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte & Touche LLP

Chartered Accountants

Cambridge

12 September 2006

NOTES TO EDITORS

Genosis is a consumer products company focused on reproductive health. Genosis' first product *Fertell*[®], an at-home fertility testing kit for men and women, went on sale in the UK in January 2006. *Fertell*[®] was designed and developed by Genosis and the Directors believe that it is the first and currently the only OTC product that allows couples to test accurately both male and female fertility quickly and simply in the privacy of their own home by using established laboratory procedures that have been converted into consumer products.

Fertell[®] is easy to use. The woman's test is used in a similar way to a pregnancy test but, unlike any other test that is available for use at home, it assesses the quality of the egg she releases. For the male test, the man has to produce a sample, push a button and twist a switch and, in just over an hour, the test will show him if he has enough motile sperm that can swim to reach an egg (based on WHO standards). *Fertell*[®] has been through clinical trials in the UK and the US and has been shown to be more than 95% accurate when compared with established laboratory tests run in fertility clinics. *Fertell*[®] has been cleared for sale in the US by the FDA and has received CE marking for sale in Europe.

The Company's first retail distribution agreement is with Boots, the UK's biggest healthcare retailer with more than 1200 stores nationwide. The Boots Distribution Agreement is exclusive for the UK for three years. Boots sells *Fertell*[®] through its high street branches in the UK and the Republic of Ireland and through the internet. The *Fertell*[®] kit is also available through Genosis' own website, www.fertell.co.uk.

The potential market for *Fertell*[®] is estimated to be in excess of US \$500 million per annum (Western Europe, North America and Japan). There are in excess of 500 million couples of reproductive age worldwide, and approximately 1 in 7 or c80 million have problems conceiving. There is a significant increase in the industrialised world in the number of women deferring childbearing until after 30. This has a marked effect on fertility. Although male factor infertility is the single most common cause of infertility, the key prognostic indicator of a couple's fertility is the age of the female partner, with fertility rates, upon treatments such as IVF, halving between the ages of 30 and 38. In the UK, couples most frequently turn to their medical providers for assistance, but typically are advised to wait and try to conceive for a further period of up to 12 months before returning for tests and treatment. The key benefit of *Fertell*[®] is that it allows men and women to assess their fertility status in the privacy of their own home and, the earlier couples can identify whether a problem exists, the earlier they can seek treatment and the more likely they are to conceive.

www.genosis.com

www.fertell.co.uk

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