

Genesis Research and Development Corporation Limited	
Results for announcement to the market	
Reporting Period	Six months to 30 June 2009
Previous Corresponding Period	Six months to 30 June 2008

	Amount (\$NZ 000's)	Percentage change
Revenue from ordinary activities	481	Down 38%
Loss from ordinary activities after tax attributable to security holder.	(1,104)	Down 51%
Net loss attributable to security holders.	(1,104)	Down 51%

Interim/Final Dividend	Amount per security	Imputed amount per security
	It is not proposed to pay dividends	Not Applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	The revenue from ordinary activities has reduced as 2008 included the accrual of Research and Development Tax Credit which is no longer available.
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	As At 30 June 2009	As At 30 June 2008
Net Tangible assets per share	\$ 0.003	\$ 0.25

Disclosure Statements

- The condensed consolidated interim financial statements have been prepared on a cessation basis and in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). Although the condensed consolidated interim financial statements have been prepared in accordance with NZ IAS 34, 'Interim financial reporting', it has not complied with NZ IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", which requires a provision to be made only if there is a present obligation as a result of a past event. The Group has recognised a provision for redundancy costs in June 2009, which it is not committed to, as this is required under the cessation basis of preparation.
- The condensed consolidated interim financial statements have been reviewed by Ernst & Young.
A copy of the review report is attached.
- The accounting policies and methods of computation are the same as those adopted in the audited financial statements for the year ended 31 December 2008, which have been prepared on a cessation basis and in accordance with NZ IFRS.

GENESIS RESEARCH AND DEVELOPMENT CORPORATION LIMITED
Preliminary Half Year Report (Rule 10.4.1)

- The company did not pay a dividend or distribution and does not have a dividend or distribution reinvestment plan in operation.
- There were no entities over which control was gained or lost during the period.
- The company does not have any interests in associate and joint venture entities.
- There were no major changes or trends in the company's business subsequent to the end of the half year reporting period.
- The company did not revalue any assets during the half year.

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S G Hall
Chief Executive
7 August 2009

Condensed Interim Report 2009 and Ernst & Young Review Report attached

Genesis Research Announces Half Year Results

Auckland, New Zealand, 7 August 2009

Genesis Research and Development Corporation Ltd (NZSX/ASX: GEN) today reported a cash balance at 30 June 2009 of \$385,000 (31 December 2008: \$859,000) and a Net Loss for the period of \$1.1 million (30 June 2008: Net Loss \$ 2.3 million).

The net loss was substantially below budget due to cost reductions as the company focused on its new gene silencing technology. Since balance date Genesis has reached agreement with a Japanese investment group for the establishment of Solirna Biosciences Ltd with up to \$1 million of funding. Solirna is a new subsidiary which will develop the gene silencing technology as a drug discovery reagent and as a platform for new therapeutics.

Genesis Chief Executive, Stephen Hall, said, “This has been an extremely difficult period for the company as it faced the need for additional funds at a time when funding is very difficult everywhere in the world. However the Share Purchase Plan which has been implemented since balance date is getting good support from shareholders.

“In addition, the gene silencing technology raised significant international interest, leading to the recently announced deal with the Japanese investment fund. This transaction provides international validation of the Solirna technology. Shareholder approval for the transaction will be sought at a special meeting of shareholders.”

About Genesis

Founded in 1994, Genesis is a New Zealand-based biotechnology company. It has built a broad therapeutic development platform targeting immune disorders and cancer and is focusing on developing a novel single stranded gene silencing technology using the RNAi mechanism.

Genesis holds an equity interest in Real Time Genomics Inc. and has royalty rights resulting from previous collaborations for various products that are being developed by other parties in the fields of agriculture, forage grass, forestry, etc.

For further information see www.genesis.co.nz

Media contacts:

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GENESIS RESEARCH AND DEVELOPMENT
CORPORATION LIMITED

INTERIM REPORT 2009

Auditor's Report

Review Report to the Shareholders of Genesis Research & Development Corporation Limited

We have reviewed the interim financial statements on pages 2 to 10. The interim financial statements provide information about the past financial performance of the group and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out in the group's annual financial statements dated 31 December 2008.

This report is made solely to the group's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our review has been undertaken so that we might state to the group's shareholders those matters we are required to state to them in a 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 group and the group's shareholders as a body, for our review work, for this report, or for our findings.

Directors' Responsibilities

The directors are responsible for the preparation of interim financial statements which comply with generally accepted accounting practice in New Zealand and which present fairly the financial position of the group as at 30 June 2009 and the results of its operations and cash flows for the six month period ended on that date.

Reviewer's Responsibilities

We are responsible for reviewing the interim financial statements presented by the directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the interim financial statements do not present fairly the matters to which they relate.

Basis of Statement

A review is limited primarily to enquiries of group personnel and analytical review procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We have reviewed the interim financial statements of the group for the six months ended 30 June 2009 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. These standards require that we plan and perform the review to obtain moderate assurance as to whether the statements are free of material misstatement whether caused by fraud or error. We also evaluated the overall adequacy of the presentation of information in the interim financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the group or any of its subsidiaries.

Basis of preparation of interim financial statements

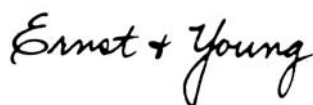
The interim financial statements, for the six months ended 30 June 2009, have been prepared on a cessation basis as described in note 1(b). This basis differs from the normal convention in that financial statements are usually prepared on the basis that the group will carry on business as a going concern. Under the cessation basis the financial statements include adjustments to the net book value of assets, reducing them to the amount expected to be realised, together with additional provisions and liabilities which will arise as a result of the group ceasing to trade.

Statement of Review Findings

No provision has been made in respect of the property lease commitment on the basis that the directors believe that it is likely that the premises could be sublet or the lease could revert to the landlord with no significant penalty if the group did not wish to occupy the premises up to the end of the term of the lease. We have not been able to obtain sufficient audit evidence to substantiate the appropriate amount for a property lease commitment. Any adjustment to recognise this provision would increase the group's liabilities and would increase the loss for the year by the same amount. In this respect alone we have not obtained all the information and explanations that we have required.

Other than the issue noted above nothing has come to our attention that causes us to believe that the interim financial statements, set out on pages 2 to 10, do not fairly present the financial position of the group as at 30 June 2009 and its financial performance and cash flows for six month period ended on that date in accordance with generally accepted accounting practice in New Zealand.

Our review was completed on 6 August 2009 and our findings are expressed as at that date.



Auckland

**CONDENSED CONSOLIDATED INTERIM
STATEMENT OF COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)

	Note	Group \$000	
		30 June 2009	30 June 2008
REVENUE			
Grants		356	-
R&D Tax Credit		-	399
Sale of technology and royalties		50	13
Services		37	29
Interest		8	286
Total Income		451	727
EXPENDITURE			
Research and development		969	1,837
Administration		586	1,146
Finance costs		-	-
Total Expenditure	2	1,555	2,983
Loss before income tax		(1,104)	(2,256)
Income tax expense		-	-
Loss after income tax		(1,104)	(2,256)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(1,104)	(2,256)
Attributable to:			
Equity holders of the parent		(1,104)	(2,256)
LOSS PER SHARE			
	Note	Group 30 June 2009 Cents	Group 30 June 2008 Cents
Basic and diluted loss per share		(4.23)	(8.63)

This statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)

GROUP	Ordinary	ESOP	Retained	
	Shares	Reserve	Earnings	Total
	\$000	\$000	\$000	\$000
For the six months ended 30 June 2009				
At 1 January 2009	76,506	209	(75,545)	1,170
Total comprehensive income/(loss)	-	-	(1,104)	(1,104)
Attributable to:				
Equity holders of the parent	76,506	209	(76,649)	66
Equity Transactions:				
Share-based payment	-	-	-	-
At 30 June 2009	76,506	209	(76,649)	66
For the six months ended 30 June 2008				
At 1 January 2008	76,506	208	(68,010)	8,704
Total comprehensive income/(loss)	-	-	(2,256)	(2,256)
Attributable to:				
Equity holders of the parent	76,506	208	(70,266)	6,448
Equity Transactions:				
Share-based payment	-	1	-	1
At 30 June 2008	76,506	209	(70,266)	6,449

This statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As At 30 JUNE (UNAUDITED)

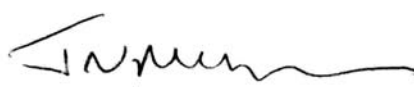
GROUP	30 June 2009	30 June 2008	31 Dec 2008
	\$000	\$000	\$000
ASSETS			
Cash and cash equivalents	385	3,358	859
Receivables and prepayments	1	2,693	774
Investment	-	744	-
Property, plant and equipment	66	332	110
TOTAL ASSETS	452	7,127	1743
Liabilities			
Trade and other payables	(158)	(450)	(206)
Provisions	(228)	(228)	(367)
Total Liabilities	(386)	(678)	(573)
NET ASSETS	66	6,449	1,170
Equity			
Equity attributable to equity holders of the parent			
Issued capital	76,506	76,506	76,506
ESOP Reserve	209	209	209
Retained deficit	(76,649)	(70,266)	(75,545)
TOTAL EQUITY	66	6,449	1,170

This statement should be read in conjunction with the accompanying notes.

For and on behalf of the Board who authorised the issue of these financial statements
on
6th August 2009



J H von Roy
Director



J N McLean
Director

**CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

	Note	Group \$'000	
		30 June 2009	30 June 2008
Cash Flows from Operating Activities			
Receipts from grants, royalties and sale of technology		405	17
Receipt for services provided		92	396
Research & development tax credit		682	
Interest received		9	184
Payments to suppliers and employees		(1,665)	(3,019)
Net cash inflow from/(used in) operating activities	3	(477)	(2,422)
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		3	24
Payments for purchase of property, plant and equipment		-	(22)
Net cash inflow from/(used in) investing activities		3	2
Cash Flows from Financing Activities			
Net cash inflow from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(474)	(2,420)
Net foreign exchange differences		-	-
Cash and cash equivalents at beginning of period		859	5,778
Cash and cash equivalents at end of period		385	3,358
Cash balance comprises of:			
Current account			
Short term deposits		3	3,2
Ending cash carried forward		3	3,3

This statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) as it relate to the cessation basis of preparation. The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 and NZ IAS 34 "Interim financial reporting". The Group has not complied with NZ IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", which requires a provision to be made only if there is a present obligation as a result of a past event. The Group has recognised a provision for redundancy costs which it is not committed to, as this is required under the cessation basis of preparation.

The condensed consolidated interim financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the consolidated entity as the full financial report.

It is recommended that the condensed consolidated interim financial statements be read in conjunction with the annual report for the year ended 31 December 2008 and considered together with any public announcements made by Genesis Research & Development Corporation Limited during the six months ended 30 June 2009 in accordance with the continuous disclosure obligations of the NZX and ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements.

(b) Inherent Uncertainty – Going Concern

The financial statements of Genesis and the Group have been prepared on a cessation basis because of inherent uncertainty as to whether the going concern assumption can be satisfied having given due consideration to the underlying performance of the business, the net cash position and the Group's financial position for the year after the date of these financial statements.

The cessation basis requires the carrying value of assets to be the amounts they are expected to realise if sold. Liabilities which may occur on a cessation basis have been accrued.

In common with many other biotechnology companies, the Group's operations are subject to considerable risks due to technical and commercial risks of the developments undertaken. To allow the Group to execute its longer term plans, it will be necessary to achieve new licensing or collaboration revenue or to raise additional capital in the near future.

The Group is negotiating with a group that proposes to invest in a new subsidiary of Genesis established to focus on the novel gene silencing technology.

The Group is also raising funding via a Share Purchase Plan

The Directors currently plan to continue the Group's business including realisation of assets and settlement of liabilities in the ordinary course of business.

(c) Earnings Per Share

In accordance with NZ IAS 33, calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares as this would decrease the loss per share from continuing operations.

(d) Provision for impairment of Financial Assets

The debt of \$2.1 million for which a provision was recognised in December 2008, has not been recovered from Pure Power Global Limited at the date of signing these accounts. The Directors continue to consider various options for realising the debt.

(e) Segment Reporting

Based on the internal structure and management reporting systems, the Group has identified "Human Therapeutics" as the only reportable operating segment. The accounting policies and amounts that are disclosed in the condensed consolidated interim financial statements are the same as the management reports that the Board of Directors and the Chief Executive review.

(f) Provisions and Employee Benefits

Redundancy Provision

Consistent with the cessation basis of accounting, certain costs which may be incurred on cessation have been provided for. The Group has made a redundancy provision for all staff at balance date. With the reduction of staff numbers, the amount of provision has reduced from \$124,000 to \$89,000.

2. EXPENDITURE

	Group / \$000	
	June 2009	June 2008
Employee benefits	746	1,188
Science consumables	128	242
Facilities and services	129	204
Operating lease	169	300
Depreciation expense	44	144

3. RECONCILIATION OF PROFIT/(LOSS) AFTER TAXATION WITH CASH FLOW FROM OPERATING ACTIVITIES

	Group / \$000	
	June 2009	June 2008
Reported Loss after income tax	(1,104)	(2,256)
Add back non-cash items:		
Sale of fixed asset	(2)	(22)
Depreciation	44	144
	42	122
Movement in working capital:		
(Increase) / Decrease in receivables and prepayments	772	(167)
Increase / (Decrease) in accounts payable	1	(46)
Increase / (Decrease) in accruals	(46)	(36)
Increase) / (Decrease) in employee entitlements	(139)	(11)
Increase / (Decrease) in non trade payables	(3)	(28)
	585	(288)
Net cash used in operating activities	(477)	(2,422)

4. COMMITMENTS

Operating lease commitments

Lease commitments under non-cancellable operating leases:

	Group / \$000	
	June 2009	June 2008
Not later than one year	338	404
Later than one year and not later than two years	338	338
Later than two year and not later than five years	1,014	1,014
Later than five years	85	422

Capital commitments

\$Nil (2008 \$91,500)

Contingent Liabilities

\$Nil (2008 \$Nil)

5. EVENTS AFTER THE BALANCE SHEET DATE

On 14th July Genesis announced a Share Purchase Plan (SPP) allowing shareholders on 21st July with a permanent address in NZ or Australia to subscribe up to \$5,000 for new shares to be issued at \$0.06 each. The SPP closes on 11th August 2009.

On 22 July 2009 Genesis formed a new subsidiary company named Solirna Biosciences Limited (Solirna). It is intended that this subsidiary will undertake development of the single stranded gene silencing technology that is the subject of patent applications filed by Genesis.

Genesis and Solirna have agreed terms for an international group to invest in Solirna to provide operational funding. Genesis has transferred all Intellectual Property rights relating to nucleic acid based gene silencing therapeutics, diagnostics and reagents for mammalian use to Solirna. Genesis will not compete with Solirna in mammalian gene silencing.

6. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Genesis Research and Development Corporation Limited (Genesis) and the subsidiaries listed in the following table.

	Equity Percentage Held		Country of Incorporation	Balance Date
	2008	2007		
AgriGenesis Biosciences Limited	100*	100*	NZ	31 December
BioGenesis Limited **	100*	100*	NZ	31 December
BioStore NZ Limited	100*	100*	NZ	31 December
Genesis Employee Fund Limited	100*	100*	NZ	31 December

* Non-trading

** Formerly BioJoule Technology Limited

(b) Key management personnel

Compensation for Key Management Personnel includes directors' fees.

The Group has not paid Directors fees since 1 March 2009.

<i>For period ending 30 June</i>	Group / \$000	
	June 2009	June 2008
Short-term employee benefits	414	561
Share-based payment	-	-
Total compensation	414	561

Related party transactions

The following transactions were carried out with related parties:

<i>For period ending 30 June</i>	Group / \$000	
	June 2009	June 2008
Biocomm Square Pty Ltd	20	47
Consultancy services for market research and business development (such as licensing) with international biotechnology and pharmaceutical companies. No costs have been charged since February 2009.		

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2009 the Group did not acquire any assets. (2008 - \$21,000).

During the period ended 30 June 2009 assets with a net book value less than \$1,000 (2008 - \$1,000) were disposed of.

STATUTORY INFORMATION

Directors Holding Office During the Period

Joachim Herbert von Roy - Chairman
Andrew Jonathan Hubert Gearing – Independent Director
Steven Gillis – Independent Director
James Neil McLean – Independent Director
Stewart James Washer – Independent Director

Additional New Zealand Stock Exchange Disclosures

The company did not pay a dividend or distribution and does not have a dividend or distribution reinvestment plan in operation.

There were no entities over which control was gained or lost during the period.

There were no major impact changes or trends in the company's business subsequent to the end of the period.

The company did not revalue any assets during the period.

Australian Stock Exchange Disclosures

The company is incorporated in New Zealand under the Companies Act 1993.

The company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act - Australia, dealing with the acquisition of shares (such as substantial holdings and takeovers). Limitations on the acquisition of shares are imposed by the following New Zealand legislation: Companies Act 1993, Securities Act 1978, Securities Amendment Act 1988, Takeovers Act 1993, Overseas Investment Act 1973, Commerce Act and various regulations promulgated under such Acts.

CORPORATIONS ACT – AUSTRALIA DECLARATION

This declaration is made in accordance with a resolution of the Directors of Genesis Research and Development Corporation Limited (“Genesis”) dated 6th August 2009

- (a) the financial statements of Genesis and its subsidiaries (“Group”) for the period ended 30 June 2009 and the notes to those financial statements comply with the accounting standards issued by the New Zealand Institute of Chartered Accountants; and
- (b) the Group financial statements and notes give a true and fair view of the financial position and performance of the Group; and
- (c) in the Directors' opinion, there are reasonable grounds to believe that Genesis will be able to pay its debts as and when they become due and payable.

J H von Roy
Director
6th August 2009

Directory

<p>Directors of the Company</p> <p>J H von Roy (Chairman) One Fox Street Parnell Auckland New Zealand</p> <p>A J H Gearing, PhD 27 -31 Wright Street Clayton Melbourne VIC 3168 Australia</p> <p>S Gillis, PhD 1000 2nd Avenue, Suite 3700 Seattle WA 98104 USA</p> <p>J N McLean, BSc (Hons), ACA One Fox Street Parnell Auckland New Zealand</p> <p>S J Washer, PhD 105 Hay Street Subiaco WA 6008 Australia</p> <p>Chief Executive S G Hall MCom(Hons) CA CTP</p> <p>Registered Office One Fox Street Parnell, Auckland, New Zealand Telephone: +64 9 373 5600 Facsimile: +64 9 373 5601 Email enquiries@genesis.co.nz</p> <p>Auditor Ernst & Young 41 Shortland Street, Auckland New Zealand</p> <p>ARBN: 092 515 369</p> <p>Website: www.genesis.co.nz</p>	<p>Investor Enquiries & Change of Address Notification</p> <p>Share Registrar New Zealand Computershare Investor Services Limited Level 2, 159 Hurstmere Rd Takapuna, Auckland Private Bag 92 119, Auckland 1142 Telephone: +64 9 488 8777 Facsimile: +64 9 488 8787</p> <p>Share Registrar Australia Computershare Investor Services Pty Limited GPO Box 242, Melbourne Vic 3001 Freephone: 1 800 501 366 or Telephone: +61 3 9415 4083 Facsimile: +61 3 9473 2009</p> <p>Sharemarket Ticker Symbols New Zealand NZSX: GEN Australia ASX: GEN</p> <p>Solicitors</p> <p>New Zealand Lowndes Jordan Level 22, The ANZ Centre 23-29 Albert Street, Auckland P O Box 5966, Auckland</p> <p>Australia Allens Arthur Robinson The Chifley Tower 2 Chifley Square, Sydney, NSW 2000 GPO Box 50, Sydney, NSW 2001 Australia</p> <p>United States of America Womble Carlyle Sandridge & Rice PLLC 222 Delaware Avenue, 15th Floor Wilmington, DE 19801 USA</p> <p>Patent Attorneys</p> <p>New Zealand Baldwins Level 14, Baldwins Centre 342 Lambton Quay, Wellington</p> <p>United States of America Speckman Law Group 1201 Third Avenue, Suite 330 Seattle WA 98101 USA</p> <p>SEED Intellectual Property Group PLLC 701 Fifth Avenue, Suite 5400 Seattle WA 98101 USA</p>
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