



Irish Cattle Breeding Federation ANNUAL REPORT 2009



Annual Report For Calendar Year 2009

Irish Cattle Breeding Federation
Society Limited (ICBF)

Table of Contents

SUMMARY of 2009	3
MISSION	4
Genetic Evaluations	4
Common to Beef and Dairy Breeds	
Dairy Specific	
Beef Specific	
Best Practice in Cattle Breeding	
Uptake & cost of services	6
Services to Herd Books	
Milk Recording	
Marketing	
Electronic Data from Farms	
Electronic Data from Technicians	
Health and Disease Service	
HerdPlus®	
Sire Advice	
Grow®	
Teagasc Advisory Service	
Breeding Schemes	9
Research Optimal Design - Genomic Selection	
Disease Free Status for Seed Stock Herds	
GENE IRELAND® Dairy and Beef Breeding Schemes	
Dairy Cattle Breeding Conference	
Benefits of Genetic Gain	
Tully	
Financial	12
Contribution Model & Review of Service Fees	
2009 Results	
Resources	12
People	
Offices	
Database Computers	
Tully	
EDIY Calibration Laboratory	
Communications	14
Irish Cattle Breeding Statistics	
Industry Presentations	
Web Site	
Weekly Update	
Training	
International	14

Support 15

Future Prospects 15

Financial statements for the year ended 31 December 2009 17

SOCIETY INFORMATION

INDEPENDENT AUDITORS' REPORT

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 2009

BALANCE SHEET at 31 December 2009

Notes to the Financial Statements for the Year Ended 31 December 2009



SUMMARY OF 2009

ICBF exists to achieve the greatest possible genetic improvement in the national cattle herd, for the benefit of Irish Farmers, the Dairy and Beef industries, and Members. The dairy and beef industries experienced a significant financial downturn in 2009 but despite this the major contributions ICBF made towards its mission included:

- Implementing genomic selection (GS) to accelerate genetic progress and reduce costs in dairy cattle breeding.
- A dramatic increase in the average EBI of bulls on the Active Dairy Bull list as a consequence of the implementation of GS.
- Delivery of the second year of the suckler cow welfare scheme (SCWS) to 48,105 suckler herds.
- Enhancements to the Euro-Star beef genetic evaluations by utilizing the wealth of data becoming available through the SCWS.
- A further increase in the level of weight recording in the GROW[®] service.
- Growth in the HerdPlus[®] service to Beef and Dairy herds by 39%, and
- Expansion of the AI Handheld data recording service by 8%.

Since 2005 the ICBF database has been fully operational for dairy, beef, milk recording, beef performance recording, genetic evaluations and herd books. 68,872 herds, with 1.82 million calvings representing ninety percent of the Irish cattle herd (figure 1) were participating in one or more aspects of the database by the end of 2009. There has also been steady growth in the use of milk recording up to 2008 and a small fall in 2009 as a direct consequence of the severe financial pressure on Irish dairy farmers due to falling milk prices (Figure 1).

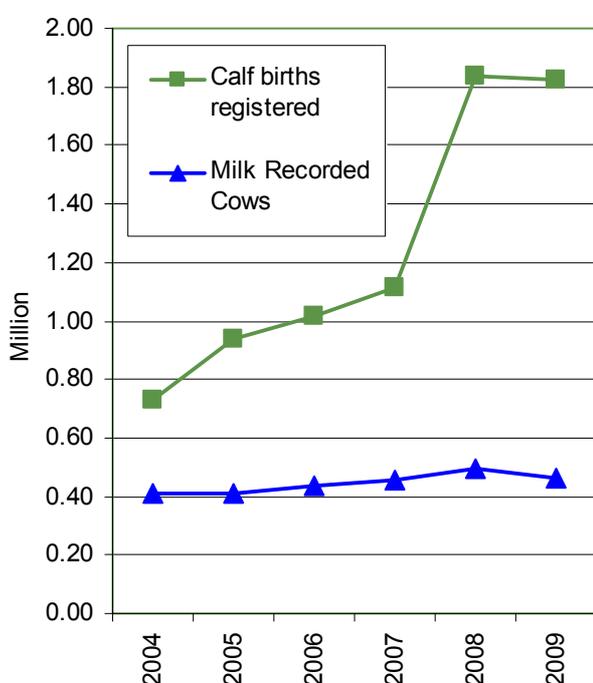


Figure 1. Trends in registrations and milk recording.

The amount of data that is accumulating has increased greatly as a consequence of the introduction of the SCWS early in 2008 and this enabled substantial further progress with the development of across breed genetic evaluations for traits relevant to dairy and beef.

The national database has dramatically improved the accuracy and scope of both beef and dairy genetic evaluations. In 2009, these improved evaluations were used to locate Irish bred Holstein Friesian bulls for subsequent progeny testing through the GENE IRELAND[®] dairy program. They also facilitated wider use of GS bulls at a younger age than previously possible. The Irish dairy industry will benefit from more rapid genetic gain giving rise to cows that are more productive, more fertile and more robust. In 2009 beef genetic evaluations for calving, docility, weaning weight and carcass all benefited significantly from extra data collected through the SCWS. As beef and dairy breeding decisions are increasingly based on these more accurate genetic evaluations, the profitability of beef and dairy farming is being advanced.

A further benefit of the database is its ability to provide useful information for helping farmers with a wide range of breeding, reproduction and disease management decisions. The suite of reports and on-line services that now make up HerdPlus® dairy and beef represent excellent value for herd owners. As a consequence the uptake of the HerdPlus service is growing rapidly with a 39% increase in total herds using the service in 2009.

As a result of the decisions made in 2006, to adopt a user-pays philosophy and full cost recovery on services, ICBF's finances remain sound.

The outcome of the 2004 strategic review continues to guide ICBF. The focus of the strategic plan is to increase farmer uptake of the recording and breeding services that give them the greatest economic returns. ICBF's development effort is increasingly focused on streamlining the flow of data from farms, while improving the quality of the information returned to farms. Initiatives with TEAGASC are being undertaken to use the ICBF database to provide better quality information for farm, industry and breeder decision-making.

The review following the outbreak of IBR at Tully in February 2007 resulted in the re-confirmation of Tully as a central element in GENE IRELAND® beef. Tully re-opened in November 2007 after undergoing a number of changes to reduce the risk of further disease outbreaks. The measures taken to prevent the re-emergence of IBR at Tully, despite being severely tested, have been successful.

In summary, 2009 was a year in which ICBF took two very large steps with the implementation of genomic selection and the utilisation of the data collected as part of the SCWS. These were made possible through the database and the associated infrastructure established in earlier years. That we have been able to deliver such major developments without any significant increase in staffing is partly due to the incredible commitment and teamwork of our staff, contractors and the many organisations we work closely with. A commitment to the principles of Total Quality Management – continuous improvement, teamwork, and consultation - underpins all the work of ICBF.

MISSION

ICBF was established with the objective of **achieving the greatest possible genetic improvement in the national cattle herd for the benefit of Irish Farmers, the Dairy and Beef industries and Members.** Genetic improvement comes about when the parents of the next generation are geneti-

cally superior to their contemporaries. Bringing about improvement requires:

- Identification, ancestry and quantitative and qualitative data on those traits of importance for large numbers of animals in each generation.
- A genetic evaluation system to identify the genetically superior animals in each generation. An essential part of the genetic evaluation system is a scientific knowledge of the objectives and principles of cattle breeding.
- A breeding scheme design that ensures that the required data is available, and that farmers make full use of the genetically superior animals in each generation.
- Well informed farmers who willingly provide accurate data from their own farms and make full use of the information available in their breeding and farm management decisions.

During 2004 ICBF conducted a strategic review, which is updated annually and provided the focus for its activities in 2009. The review identified three main areas – genetic evaluation, uptake & cost of services, and breeding schemes – as the primary focus for future activities. For each of these areas a number of strategies are being pursued and they form the basis of this Annual Report.

This Annual Report has been prepared for the purpose of providing ICBF shareholders and other stake-holders with a summary of activities and achievements in relation to the objectives of the Society for the 2009 calendar year.

GENETIC EVALUATIONS

Our overall goal is to ensure the ready availability of accurate genetic evaluations for all traits, breeds and animals (national & international) of significance to Irish cattle farmers. Open consultation meetings provide a forum where the breeding industry and the development team meet and discuss developments in genetic evaluations. Only when a consensus is reached are recommendations for significant changes taken to the ICBF Board for a final decision to proceed.

Our strategy is spread over traits common to beef and dairy, and those specific to dairy or beef.

Common to Beef and Dairy Breeds

Our strategy for traits common to beef and dairy is to research, develop, implement and continuously

improve across-breed evaluations that make optimal use of all national and international data relevant to calving, fertility, survival, beef production, and suckler-cow maternal traits.

In a world-first starting in 2005, across breed genetic evaluations for a wide range of calving and beef traits are now being routinely provided to the Irish cattle breeding industry. These evaluations enable animals of all breeds (beef and dairy) to be compared with each other for many traits including direct and maternal calving ease, gestation length, calf mortality, carcass weight, carcass grade, carcass fat score and mature cow live weight. These developments have been made possible by the widespread use of the animal events recording system by farmers to report calving details, and by access to slaughter records via DAFF (the Department of Agriculture, Fisheries & Food).

Dairy Specific

EBI: Our goal for the dairy herd is to continuously enhance the accuracy and relevance of the EBI (Economic Breeding Index) as a guide for breeding dairy replacements. We are also seeking to continuously improve genetic evaluations for milk production traits, udder health traits and dairy specific conformation traits.

The EBI was updated at the end of 2009 with the incorporation of new economic values and the splitting of the animal weight contribution into a maintenance and beef subindex.

Genomics:

The major achievement of 2009 has been the roll-out of genomic selection for dairy cattle. In a period of less than twelve months the required research was completed, ICBF's genetic evaluation systems modified, the results communicated to dairy farmers and the AI industry provided genomically selected bulls. In spring 2009 35% of 460,000 recorded dairy inseminations were from genomically selected bulls. This was a major contributor to the increase in the average EBI of sires used from €106 in 2008 to €144 in 2009 an increase of €38. This €38 EBI increase is predicted to result in a €15 million improvement in the profitability, over their lifetime, of the resulting dairy replacements.

That Ireland was able to lead Europe in the exploitation of the new genomic technology is a consequence of a number of key factors including:

- Establishing, over a number of years, a team of highly skilled and well motivated experts in ICBF and Teagasc.
- Partnerships with international collaborators that provided access to knowledge, technology and research material.
- The creation of a bank of DNA samples from the bulls used in AI in Ireland.
- The provision of funding, through Teagasc and NDP, to genotype the training population of proven AI bulls.
- Access to the ICBF database and genetic evaluation system, firstly to support the research and, secondly to implement the findings.
- Dairy farmers who are convinced of the merits of the EBI and use it as the main basis for selecting AI sires.
- A forward looking breeding industry that responds quickly to the availability of new technology to help them better meet the needs of Irish farmers.

Beef Specific

SBV:

Our strategy is to research, develop, implement and continuously improve the accuracy and relevance of the SBV (Suckler Beef Value index) as a guide for beef breeding decisions. At this time last year we were celebrating the achievements of the first year of the SCWS. As a result of the demonstrable benefits of the scheme DAFF have committed the resources needed for it to continue in 2010. This is a major achievement in light of the severe constraints on public finances. Achievements in 2009 relevant to the scheme include:

- A continued very high level of participation by suckler herds in the scheme representing some 90% of all suckler cows.
- A streamlining of the scheme based on experience in 2008 resulting in costs savings and simplification of recording.
- The incorporation of data from the scheme in genetic evaluations for calving (ease, mortality & gestation length), calf quality and docility. In 2009 the extra records incorporated in genetic evaluations were some 200,000 docility, 300,000 calf quality and 500,000 calving records.

- DAFF provided ICBF with anonymous location data over a number of years for some 2.5 million animals prior to slaughter. As a result the accuracy of genetic evaluations based on slaughter data improved substantially.
- A considerable amount of back data was obtained for herds participating in the scheme. This data included the identification of sires for suckler cows and as a result some 40,000 additional maternal records were incorporated in our evaluations for maternal traits.
- The Euro-Star indexes are now widely accepted by the beef breeding industry.

This scheme has been so successful, so quickly, because of a number of factors including farmers' awareness of the value it represents, and the ability of DAFF and ICBF to put in place the required systems and infrastructure. There is also very good industry buy-in with the Farmers Journal playing a key role in removing mystique from the scheme. This is the second year of the planned five years. Even at this stage Ireland is starting to lead the world in beef cattle breeding while also achieving high welfare standards in beef production.

During 2009 the systems used for computing genetic evaluations for beef linear scoring data were redeveloped to operate on an across bred basis and to provide evaluations for all fourteen linear traits. As a consequence genetic evaluations for linear traits are now available for all beef breeds and are updated on a monthly basis.

The availability of docility data from the SCWS facilitated the development of an across breed docility evaluation incorporating large amounts of docility data from commercial beef herds and the traditional docility data collected as part of the GROW[®] linear scoring and weight recording service. These evaluations have substantially increased the accuracy of docility evaluations as well as making them available for all breeds and for many stock bulls.

Best Practice in Cattle Breeding

The *Best Practice in Cattle Breeding* campaign was launched this year. It played a key role in the high level of uptake of genomically selected bulls to breed dairy replacements. This year's campaign featured weekly installments, 16 in the spring and 6 in the autumn, of cattle breeding information on a dedicated page in the Farmers Journal.

UPTAKE & COST OF SERVICES

The focus in 2009, in a continuation of the effort initiated in 2005, was on increasing farmer participation in cattle breeding services. The introduction of the SCWS, building on the rapid growth associated with the launch of the AI handhelds, moved overall participation to 90% of all beef and dairy cattle (figure 1) and a total of 68,872 herds.

Growth in the uptake of animal events birth registration recording of 4.4%, continued high levels of recording of calving ease data and a 1% growth in pedigree registrations (figure 2) were achieved in 2009. A large part of the growth in farmer participation in cattle breeding is occurring in non-pedigree cattle.

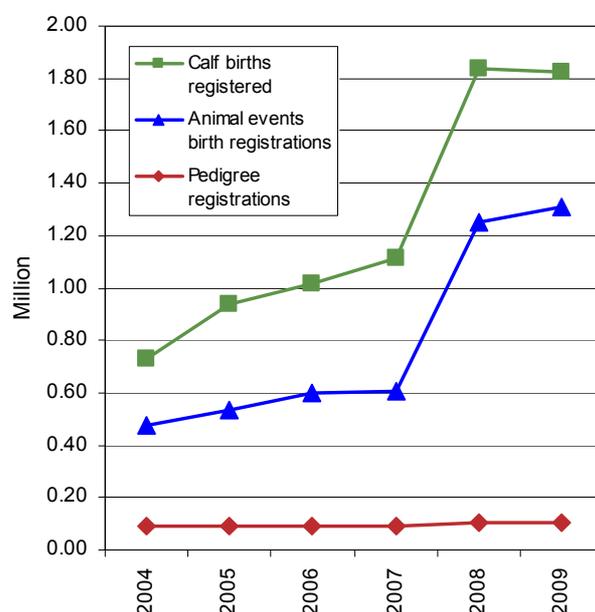


Figure 2. Calf birth registration trends.

Services to Herd Books

The main developments in the services to Herd Books in 2009 included:

- Completion of the roll-out of Taurus, the new web based Herd Book interface to the ICBF database.
- Design of a standardized pedigree beef bull sale catalogue incorporating Euro-Star evaluations, new across-breed linear evaluations and docility evaluations utilizing SCWS data.

Milk Recording

ICBF's strategy is to work closely with its milk recording members, to rationalise and consolidate

milk-recording operations. Also, to make full use of new technology to reduce labour, reduce inconvenience for farmers and to reduce the cost of recording. Our long term goal is to increase usage of milk recording to some 60% of dairy cows.

In 2009 progress was reversed as there was a reduction in the uptake of milk recording as dairy farmers faced dramatic reductions in milk prices. The reduction in milk recording was held to 7%.

The EDIY service is proving attractive to farmers because it reduces labour costs, both on-farm and off-farm, through automation and the use of electronic data collection. The cost of the meters, while high on a unit basis, is minimised through achieving high utilisation over many farms. This new service is attracting new herds to milk recording as well as taking the place of the conventional recording service.

Marketing

Our marketing focus has been reviewed and modified in 2009. Our primary tool for promotion is the *Best Practice in Cattle Breeding* campaign (see above). This is funded partly by NDP and partly from ICBF funds. It is targeted at helping dairy and beef farmers to understand and make good use of the information on cattle breeding available to them from ICBF and the wider breeding industry. The objective of the campaign is to enable farmers and the breeding industry to operate according to best practice.

Our campaign to increase the uptake of HerdPlus[®] in 2009 included a web based survey of the three main customer groups – dairy farmers, beef farmers and advisors. This has helped us identify priorities for improving the service. To recruit herds our approach has moved to the use of targeted marketing using information from a number of sources to identify those herds that are in a position to realise the greatest returns from use of the HerdPlus[®] service.

Electronic Data from Farms

Our strategy is to work closely with service-providing members to expand farmer electronic data recording through the introduction of new recording systems and increased usage of farm PC packages. Results for 2008 show substantial growth in key website usage statistics (figure 3).

The redevelopment of the ICBF website has been further extended in 2009 to provide farmers with direct access to the ICBF database for retrieving information and for recording new data. Calf reg-

istration is the only animal event that farmers were not able to record via the ICBF website in 2009.

The development of our website to collect data directly from farms, when coupled with the wide range of links to DAFF, and other systems, provides great potential to reduce the cost of animal events processing, while at the same time reducing error levels and providing farmers with a more responsive information service.

Electronic Data from Technicians

In close collaboration with AI members and other AI field service licence holders, a handheld computer based system for recording AI technician inseminations was launched in 2006. In 2009 some 566,000 inseminations were recorded through this system, an increase of 8% on 2008 (figure 4).

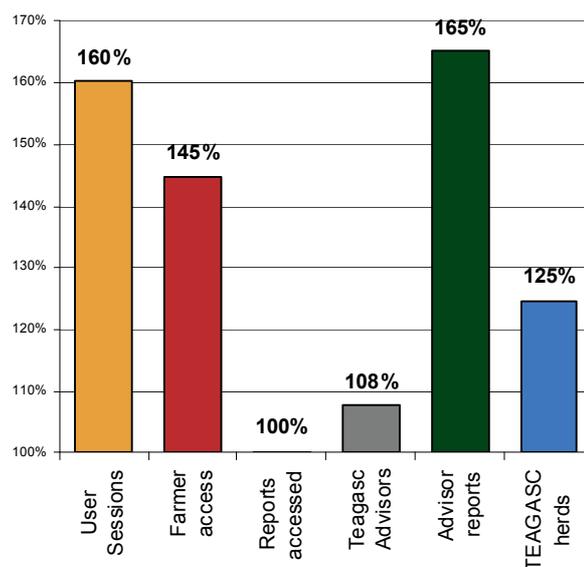


Figure 3. Website usage in 2009 as % of 2008.

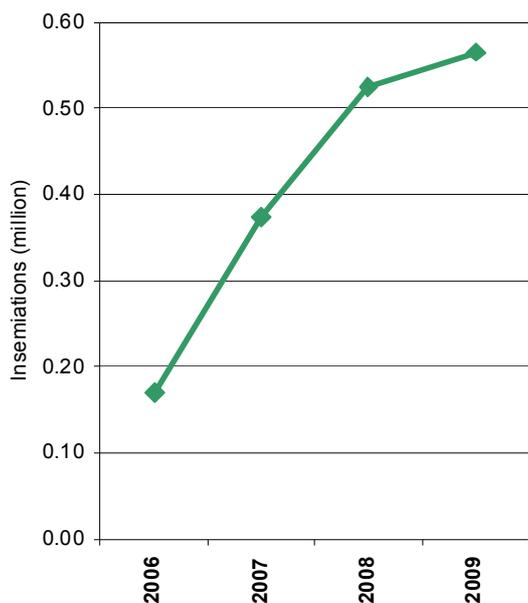


Figure 4. Inseminations recorded via AI Handhelds.

This system has eliminated delays due to processing dockets while at the same time providing farmers with near real-time information for mating decisions. The facility for avoiding inbred matings has proven to be particularly useful in pedigree matings where comprehensive data is available for bulls and cows. This is an excellent example of how the shared database (AI and Herd Books in this case) is able to deliver extra value for herd owners.

Health and Disease Service

Our strategy is to extend database reports and event recording to meet animal health needs for whole herd health management and DAFF requirements for animal remedy recording and reporting. We welcome the formation of Animal Health Ireland and have a strategic alliance with them for the provision of the information infrastructure to support their activities. In 2009 this included the provision of the AHI (Animal Health Ireland) website, several web based surveys and the design of systems to support the BVD initiative.

HerdPlus®

In September 2006 the HerdPlus® service for dairy herds was launched with the goal of providing dairy herd owners with management information that they would find valuable. In 2007 the service was extended to beef herds. The HerdPlus® ser-

vice is built around genetic evaluations and reproduction information on a whole-herd basis. By focusing on the needs of farmers, ICBF has been able to design, build and market a service that dairy and beef farmers are finding particularly good value for money.

The HerdPlus® service has enabled ICBF to save on costs associated with providing information (e.g. EBI reports, breeding charts, and cow reports) to farmers who did not require it and to generate income by providing information to those farmers who value it.

HerdPlus® (refer to figure 5):

- has grown by 39% in the last year,
- beef herds are 37% of service customers,
- the sire advice facility was used by 27% of customers, and
- 83% of customers choose the electronic option.

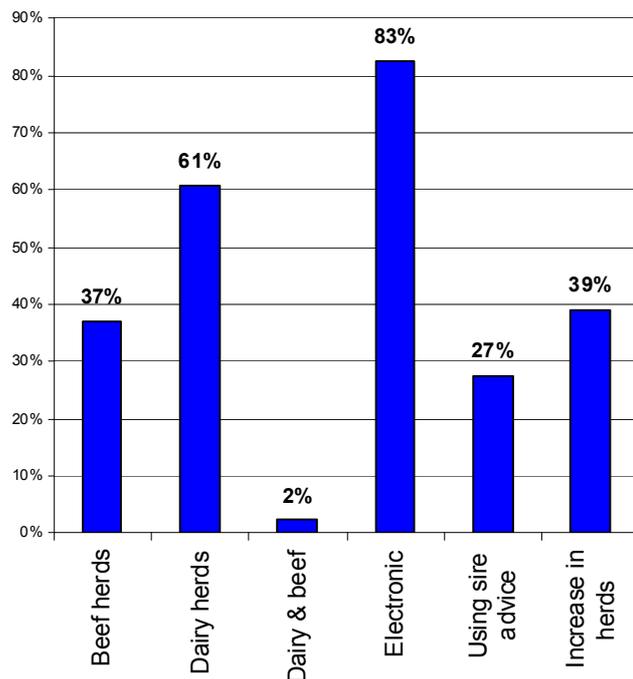


Figure 5. HerdPlus® Percentages in 2009.

Sire Advice

To ensure farmers have ready access to breeding advice ICBF's strategy is to ensure a sire advice facility is available to all cattle farmers to guide the selection of the most suitable sires for use in their

herds, and to ensure that cows are mated to those sires that give the best returns in the future.

The service, first introduced in spring 2007, has been progressively enhanced on the basis of farmer feedback and the service for spring 2010 incorporates the most recent suggestions.

Criteria used in the advice include; avoidance of inbreeding, minimization of risk from lethal genes and maximizations of future profits from the resulting progeny. Consideration is given to all candidates available through AI as notified to us, via our website, by the AI companies operating in Ireland. The information is provided to the farmer, the farmer's breeding adviser(s) and is downloaded to the handheld computers used by AI technicians.

Grow[®]

The Grow[®] service was launched as part of an initiative to improve services to beef breeders. The service enables beef breeders to obtain linear scoring and weight data on weanling age cattle. One of the objectives for the service in 2009 was to further increase the use of the weight recording part of the service. Compared with 2007 the percentage of all pedigree and commercial animals scored and weighed increased from 55% to 95% (figure 6). The service is also used in non-pedigree herds, mainly those associated with the GENÉ IRELAND[®] beef progeny test. This is part of the reason that the percent of pedigree animals participating in the services has reduced from 75% to 60% over the last three years.

Year	Total	% Weighed	% Pedigree
2007	14,496	55	75
2008	16,805	85	71
2009	14,469	95	60

Figure 6. GROW[®] service uptake.

Teagasc Advisory Service

ICBF is providing an information service to Teagasc advisors. The service provides advisors with access to herd reports (with herd owners' permission) along with discussion group information and analyses of herd performance statistics. This service reduces the amount of time advisors need to spend on gathering and analysing data, thus freeing

up time for focusing on farm management decisions.

BREEDING SCHEMES

ICBF's strategy is to ensure that the cattle breeding industry achieves optimal economic returns for Irish cattle farmers. This requires a clear understanding of both the optimal breeding scheme design and the currently operating design for each breed of cattle in Ireland. Further, it implies that ICBF will then seek to ensure the industry moves towards the optimal design. This approach is most advanced for the Holstein Friesian breed.

Research Optimal Design - Genomic Selection

ICBF has commissioned the research required to establish optimal breeding scheme design(s) for all breeds of cattle in Ireland. Prof. Theo Meuwissen of the Norwegian University of Life Sciences, a world expert working on contract to ICBF, completed this work in 2006 for both dairy and beef. He has been contracted to update this research to incorporate genomic selection. For dairy this was completed in 2009 and for beef, is scheduled to be undertaken in 2010 in conjunction with Teagasc. The results for dairy were reported in last years report.

Disease Free Status for Seed Stock Herds

In order to operate an efficient breeding scheme in Ireland our strategy has been to ensure that all herds providing seed stock material are free of TB, Brucellosis, IBR, Johnes, BVD and EBL.

This strategy is being pursued in close co-operation with the animal health industry. Progress has been slower than desirable and the outbreak of IBR detected at Tully early in 2007 further highlighted the consequences of not having adequate systems for ensuring disease free breeding stock in Ireland.

The initiatives led by Professor Simon More of UCD to establish an industry partnership to drive the Herd Health initiative are strongly supported by ICBF and have resulted in the formation of Animal Health Ireland with the support of DAFF and a wide range of industry stakeholders. ICBF is strongly supporting this initiative and sees its database playing a key role in delivering animal health information to herd owners in the future.

GÈNE IRELAND® Dairy and Beef

Breeding Schemes

Our strategy is to work closely with NCBC, Dovea and other AI organisations to provide support for bull selection and progeny testing, in tightly targeted herds, in order to achieve the optimal design for dairy and beef breeds in Ireland.

In 2005 the GÈNE IRELAND® dairy progeny test scheme was launched in a collaboration with NCBC and Dovea. The scheme was reviewed in 2006 with a substantially modified scheme launched in 2007 with the benefit of financial support from the NDP (National Development Plan). The number of bulls (figure 7) progeny tested and herds participating (figure 8) grew steadily to 2008 and suffered a reversal in 2009 due to limited bull availability.

In 2008 DAFF advised that NDP support would be reduced in 2009 necessitating the development of a revised scheme. With the benefit of genomic selection technology and the result of the 2005 scheme clearly demonstrating that the theory works, a further revision has been developed and was implemented in 2009. The key elements of the modified scheme included:

- Open to all bull owners.
- Random allocation of bulls in defined packs to cooperating herds.
- Semen distribution contracted to co-operating AI Field Service providers.
- Open to elite bulls on EBI (for dairy) and Euro-Star SBV (for beef) evaluations.
- Participating herds receive semen at a discount.

While these changes presented a number of challenges the required herds were recruited for both the spring and autumn campaigns.

Proof that GÈNE IRELAND® is working the way it was designed to was shown in the results for the 2005 and 2006 schemes lining up perfectly with our predictions.

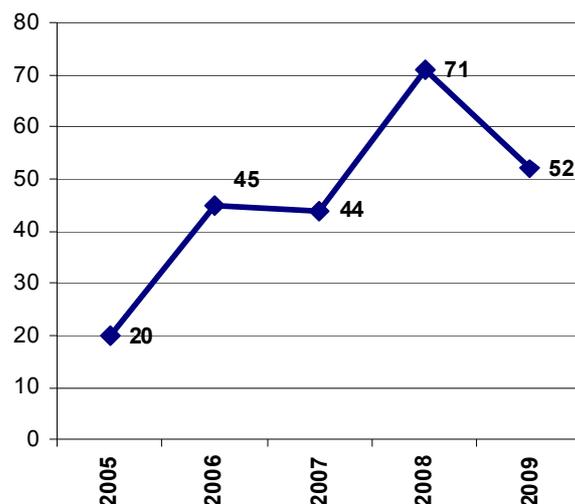


Figure 7. Bulls tested in GÈNE IRELAND® dairy progeny test program.

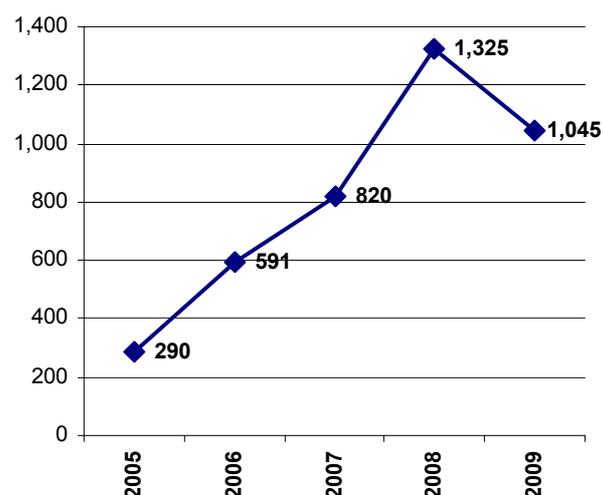


Figure 8. Herds participating in GÈNE IRELAND® dairy progeny test program.

Dairy Cattle Breeding Conference

This year's Dairy Cattle Breeding Conference (December 10th, 2009) was a forum for users of ICBF services to learn of the latest development in genetic evaluations, GÈNE IRELAND® and Herd-Plus®. It gave us all an opportunity to recognise the key practices required for successful cattle breeding; accurate record keeping, consistent use of AI and the use of genetic evaluations in making breeding decisions. Sponsorship from the FBD

Trust enabled the awarding of fifteen prizes to breeders and herd owners who excelled. In the afternoon the results of the EBI Discussion Group competition were announced. The competition continues to grow and the results being achieved by Discussion Groups demonstrate that the major benefit of the competition is in the form of improvements in farm profitability as a result of following best practice. Teagasc, the Irish Farmers Journal and ACC Bank are our partners in this event.

Benefits of Genetic Gain

As part of the implementation of genomic selection for the Irish dairy breeding industry the ICBF Active Bull list has been reviewed and revised. This review established the genetic trends in dairy bulls being selected for use in artificial insemination (on the Active Bull list) relative to the dairy replacements born each year. The trends are shown in figure 9.

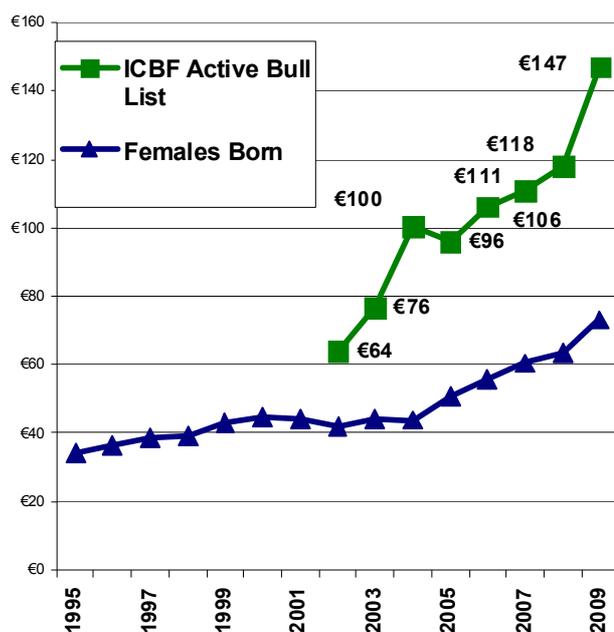


Figure 9. EBI averages by birth year for females and for bulls on active bull list in each year.

The recent trends are spectacular, due in large part to the impact of genomic selection on the backlog of bulls in waiting. The net impact on the future national dairy herd is improved profitability from increased milk production (increased protein, increased fat and no increase in water), and improved fertility (shorter calving intervals) from more robust cows (greater survival).

These improved trends are a direct result of ICBF's efforts and demonstrate that ICBF is delivering, in conjunction with the cattle breeding industry, on its mission of increasing the rate of genetic gain in Irish dairy cattle.

Tully

A total review of the Tully beef bull performance test was conducted following the outbreak of IBR early in 2007. The key outcomes of the review included:

- The establishment of the Tully Advisory Committee to advise the Board on the operational aspects of Tully.
- The establishment of an expert Animal Health group to advise on best practice for animal disease control.
- That Tully be an integral element of the GENE IRELAND® beef breeding scheme by focusing on the performance testing of the best candidates for subsequent progeny testing.
- That Breed Associations should be more closely involved in the selection and marketing of bulls tested at Tully.

A series of changes were made at Tully to ensure a higher level of bio-security. Pre-entry isolation units were established and the centre was reopened late in 2007. Bulls and their herds of origin were subject to extensive testing for IBR. Even after all this effort and greatly increased vigilance, small outbreaks have occurred and been contained in most intakes since. Fortunately, the protocols put in place limited the infection to a small number of bulls in each case. Tully has created greater awareness and understanding about IBR and such diseases and this has led a number of farmers with high genetic merit animals potentially suitable for Tully and also commercial herds to be more proactive in the health status of their herd.

The Tully and GENE IRELAND® beef open day (10th October 2009), was a huge success with some 500 farmers attending. The objective of the day was to inform beef farmers on the latest developments in beef breeding including Euro-Stars, Tully intakes, Animal Health, GENE IRELAND® and ICBF HerdPlus®. In addition, bulls from the last Tully intake were also available for purchase on the day (by private treaty), resulting in an excellent and informative day for all attendees.

The future role of Tully is as an integral element of GENE IRELAND®. Tully's role is to recruit the best bulls calves for beef according to the Euro-

Star SBV, to performance test them and to ensure the elite go on to be progeny tested under G€N€ IRELAND®.

FINANCIAL

The growth in ICBF that occurred over the period up to 2005 placed considerable strain on ICBF's financial resources as was evident in the 2005 results. During 2006 the Board, working on the advice of its Audit & Finance Sub-Committee, took a number of actions to protect ICBF's financial viability while ensuring it continued to achieve its mission. These actions included the development of the contribution model which was used to project forward five years, a review of service fees and the commissioning of a review which was carried out by Deloitte's. As a result of these actions ICBF has achieved a substantial turn-around and the positive financial outcome in 2007 has been further built on in 2009.

Contribution Model & Review of Service Fees

The contribution model was developed to provide a clear picture of the financial "contribution" each of ICBF's services makes to ICBF's bottom line, taking account of the resources required for the provision of the service, the share of overheads allocated to the service, income generated by the service, and the allocation of depreciation and amortisation of NDP contributions to the service. It was on the basis of this model that service fees for milk recording, herd books and AI handhelds were increased effective from late 2006 through to 1st January 2008.

The plan developed to remedy ICBF's deficit involved two linked actions; eliminating costs without matching revenues, and putting all services on a full cost recovery basis.

2009 Results

The final audited result for 2009 is a surplus of €216,953, which is €45,500 less than the surplus of €262,453 for 2008 (figure 10). ICBF is committed to rebuilding its reserves to an appropriate level over the next few years.

In 2009 ICBF cash income (figures 11, 12 and 13) included contributions from the following sources:

DAFF in the form of a Grant, Suckler Scheme costs, and NDP contributions to infrastructure projects. NDP made contributions towards G€N€ IRELAND®, and projects for the development of genetic evaluations and the development of sys-

tems for collecting data and reporting information to farmers.

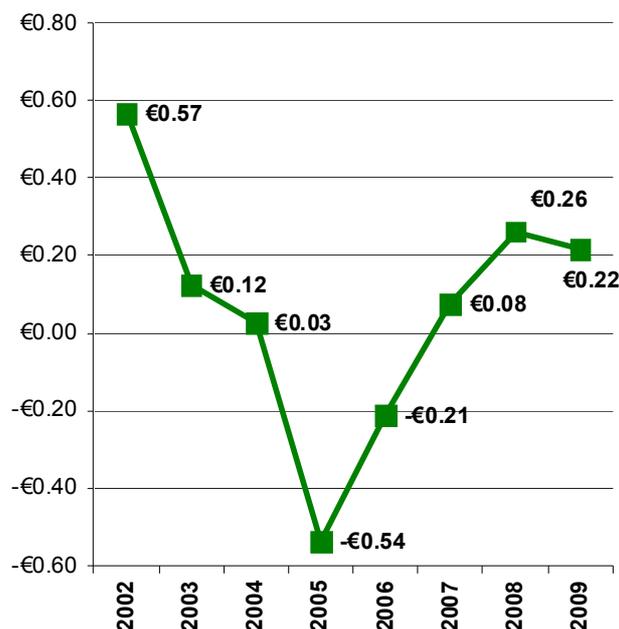


Figure 10. Financial outcome 2002 to 2009 in € million.

- Cattle farmers through the Tag Contributions (€0.77 million), and
- The cattle breeding industry and farmers through service fees (€1.45 million). The income from this source has grown to 28% of total revenue in 2009 from 15% in 2003.

These funds cover the cost of on-going operations and the cattle breeding infrastructure projects undertaken in 2009 as outlined in the audited accounts.

RESOURCES

ICBF is using a number of resources in pursuit of its mission. These include:

People

The ICBF team comprises a number of groups:

- Based at Highfield House are the:
 - Administration group which includes the Chief Executive,
 - Information Technology group led by Sean Coughlan,
 - Genetics group led by Andrew Cromie, and

- Customer Support group led by Martin Burke.
- The Tully group led by Stephen Conroy is based at Tully, Kildare.
- EDIY technician providing the EDIY milk recording service to Donegal.

ICBF is a small organisation employing a total of 38 people - 22 full time staff, 6 part time staff and 10 contractors. During 2009, as in previous years, staff and contractors put in a magnificent effort in achieving the many goals established under ICBF's strategic plan.

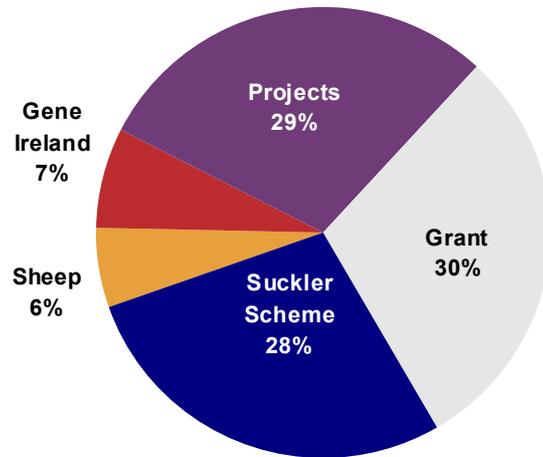


Figure 12. DAFF & NDP Funding split in 2009.

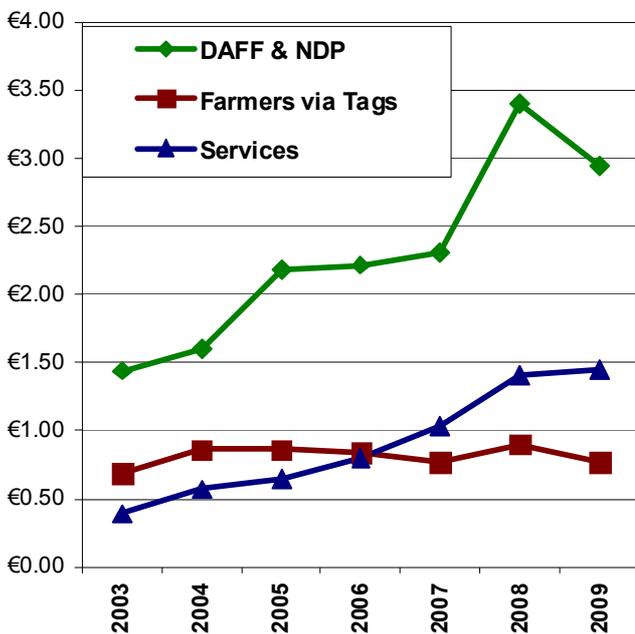


Figure 11. Income trends in € million.

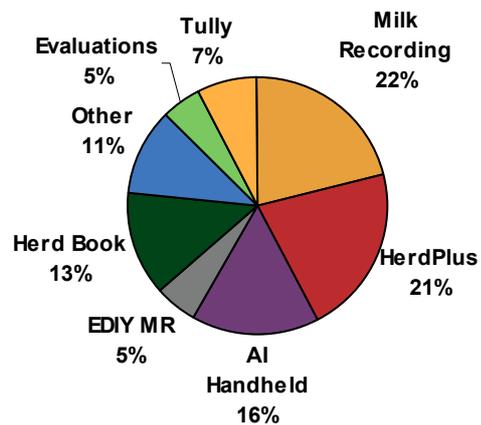


Figure 13. Service Income split in 2009.

Offices

ICBF's main office and database computers are based at Highfield House which is a property owned by Shinagh Estates Limited (SEL) near Bandon, Co. Cork. The accommodation is rented from SEL. In 2009 these offices were renovated to provide extra and improved accommodation as required by ICBF.

Database Computers

ICBF's database runs on computers located in Highfield House and Shinagh House. During 2009 ICBF's database underwent a significant upgrade. Elements of the upgrade included: a new server, and a new disk storage system. The upgrade provides the capacity required to deal with genomic data, will help further reduce the turnaround time on genetic evaluations, ensure we can efficiently deal with the extra volumes of data resulting from the SCWS, and support the increasing use of the website.

Tully

The Bull Performance Test Centre at Tully, Co. Kildare is leased from DAFF. These facilities are in good condition, albeit of an older design standard, and have required some modification and routine maintenance to meet ICBF's requirements.

EDIY Calibration Laboratory

This laboratory, located at Teagasc, Moorepark, houses specialist equipment, which is used to ensure the EDIY electronic milk meters used by the industry are performing according to specification. We are grateful for the support that Teagasc have provided in the establishment and operation of this facility.

COMMUNICATIONS

ICBF is involved in communicating on a wide range of subjects to a large national and international audience involved in all aspects of cattle breeding. Irish achievements in cattle breeding are being noticed internationally as the national infrastructure moves closer to the leading edge.

Our communications include:

Irish Cattle Breeding Statistics

Irish Cattle Breeding Statistics were published on the ICBF website for the tenth time in May of 2010. This publication brings together statistical information on all aspects of cattle breeding.

Industry Presentations

ICBF continues to be heavily involved in presenting information to the Irish cattle breeding industry through a wide range of meetings and conferences. ICBF is typically involved in three to five meetings per week with farmers and industry staff. ICBF also participates in a number of international conferences presenting papers and playing an active role in leading the development of cattle breeding internationally.

Web Site

The ICBF web site (www.icbf.com) was extensively revamped in 2006 and provides a wide range of information to Irish farmers and the cattle breeding industry. A major step forward has been the routine availability of all herd reports for access by herd owners (using a sign-on and password) and designated advisors. The growth in usage is illustrated in figure 3.

Weekly Update

Every Friday ICBF provides via its website and Update covering its activities. This has become well established as a source of the latest information on a wide range of issues of interest to ICBF stakeholders.

Training

ICBF is increasingly involved in providing training and support for the provision of field services.

In 2009 training was provided for farmers, farmer-trainers and to technicians in the use of handheld computers.

INTERNATIONAL

ICBF maintains a number of importance international linkages including:

- membership of ICAR and Interbull, Ireland will be hosting the 2012 meetings,
- providing leadership for the development of international beef genetic evaluations through the ICAR Interbeef Working Group,
- participation in international research forums including EAAP, and
- participation in international research collaborations including the FP6 funded EURECA, and Ovultest projects.

This international network enables ICBF to keep up to date with scientific developments relevant to Irish cattle breeding.

SUPPORT

ICBF wishes to acknowledge and express its appreciation for the support and co-operation received from a large number of individuals and organisations. The collaborative nature of ICBF's activities depends to a large extent on the goodwill of its membership, the wider agricultural community and cattle farmers. This goodwill has been expressed in a number of specific ways in 2009 including:

- Provision of sponsorship by the FBD Trust for: GENE IRELAND® beef and dairy and the roll-out of HerdPlus® for beef.
- Provision of sponsorship by the ACC Bank for the EBI competition organized jointly by Teagasc, the Irish Farmers Journal and ICBF.

The leadership and support provided by DAFF has been a key to the success of ICBF. DAFF has long recognised the value that can be created through the availability of a well integrated cattle breeding database. The financial support provided through the NDP towards the creation of an efficient cattle breeding infrastructure is now delivering benefits to farmers, to the cattle breeding industry and to the wider community. We wish to acknowledge this support and express our appreciation for the leadership and vision that DAFF provides to our industry and cattle breeding in particular.

These many and substantial acts of financial goodwill have been accompanied by a great deal of moral support which the team working for ICBF really appreciates.

FUTURE PROSPECTS

In summary, 2009 was a year in which ICBF delivered genomics to Irish dairy cattle breeding and utilised the data gathered through the SCWS to enhance the accuracy of beef genetic evaluations.

The decline in the use of AI to breed replacement dairy stock has been halted and turned around. Recent trends in the genetic characteristics of bulls entering AI show a dramatic improvement in the key traits of production, fertility and robustness. We are now well equipped to be a leader in the utilisation of genomic selection as a tool to increase rates of gain and to reduce costs for dairy breeders.

Beef breeding is rapidly catching up with the benefit of the extra data that is accumulating through the SCWS. Collaboration with the Beef Breed Assns is helping GENE IRELAND® beef move to-

wards the optimal design. By making full use of the ICBF database and genetic evaluations, and taking a very proactive and scientific approach to improving services and communicating with farmers, we are convinced that large amounts of extra profit for farmers can be unlocked.

ICBF has established a cattle breeding infrastructure for Ireland based on the efficient use of information technology, provision of relevant genetic evaluations and optimal levels of progeny testing. The cattle breeding industry now needs to work co-operatively to take full advantage of all the opportunities presented by this new infrastructure. ICBF looks forward to supporting the Irish cattle breeding industry in taking its place as a world leader in the provision of genetically superior cattle.

Brian Wickham
Chief Executive

John O'Sullivan
Chairman



Figure 14. Sponsors of major cattle breeding initiatives in Ireland.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

SOCIETY INFORMATION

COMMITTEE	Mr. J. O'Sullivan (Chairman) Mr. D. Deane (Vice-Chairman) Mr. D. Beehan Mr. J. Bryan (resigned 25 February 2010) Mr. D. Cahill Mr. B. Cottrell (resigned 3 December 2009) Mr. J. Comer Mr. K. Connolly Dr. D. Corridan Dr. B. Eivers	Mr. L. Foley (resigned 1 March 2010) Mr. K. Kinsella Mr. K. Meade Mr. M. Murphy Mr. R. Whelan Mr. P. Mulvihill Mr. M. J. O'Donovan (appointed 3 December 2009) Mr. J. Brady (appointed 25 February 2010) Mr. J. Lynch (appointed 1 March 2010)
SECRETARY	Mr. J. Carty Department of Agriculture, Fisheries and Food Pavilion A Grattan Business Park Portlaoise Co. Laois	
CHIEF EXECUTIVE	Dr. B. Wickham	
SOCIETY'S ADDRESS AND REGISTERED OFFICE	Highfield House Shinagh Bandon Co. Cork	
SOLICITORS	P. J. O'Driscoll & Sons Solicitors South Main Street Bandon Co. Cork	
AUDITOR	Ernst & Young Registered Auditors City Quarter Lapps Quay Cork	

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements for the year ended 31 December 2009, which comprise the Income and Expenditure Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the society's members, as a body, in accordance with the Industrial and Provident Societies Acts, 1893 to 1978. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditors' 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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Industrial and Provident Societies Acts, 1893 to 1978 require the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the income and expenditure of the society for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to
- presume that the society will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the society and which enables them to ensure that the financial statements are prepared in accordance with accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) and comply with the Industrial and Provident Societies Acts, 1893 to 1978. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether we found the society's books, deeds, documents, accounts and vouchers relating thereto to be correct, duly vouched and in accordance with the Industrial and Provident Societies Acts, 1893 to 1978.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the society'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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the society's financial affairs as at 31 December 2009 and of its surplus for the year ended on that date.

We found the society's books, deeds, documents, accounts and vouchers relating thereto to be correct, duly vouched and in accordance with the Industrial and Provident Societies Acts, 1893 to 1978.

Ernst & Young
Chartered Accountants and Registered Auditors
Cork

7 April 2010

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 2009

	2009	2008
	€	€
INCOME	5,433,773	5,882,133
OPERATING EXPENSES	(5,218,133)	(5,619,679)
OPERATING SURPLUS	<u>215,640</u>	<u>262,454</u>
Bank interest received	1,313	-
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>216,953</u>	<u>262,454</u>
Tax on surplus on ordinary activities	3 -	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	<u>216,953</u>	<u>262,454</u>

There are no recognised gains or losses in either year other than the surplus attributable to the shareholders of the Society.

On behalf of the Committee of Management

J. O’Sullivan : Chairman

D. Deane : Vice Chairman

1 April 2010

BALANCE SHEET at 31 December 2009

	Note	2009 €	2008 €
FIXED ASSETS	4	4,758,778	4,758,641
CURRENT ASSETS			
Stock	5	22,269	19,600
Debtors	6	818,215	812,832
Cash at bank		1,022,093	610,109
		<u>1,862,577</u>	<u>1,442,541</u>
CREDITORS: amounts falling due within one year	7	(752,591)	(560,338)
NET CURRENT ASSETS		<u>1,109,986</u>	<u>882,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,868,764</u>	<u>5,640,844</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8	(347,454)	(341,398)
GOVERNMENT GRANTS FOR CAPITAL PROJECTS	9	(3,053,473)	(3,049,075)
TOTAL ASSETS LESS LIABILITIES		<u>2,467,837</u>	<u>2,250,371</u>
FINANCED BY			
SHAREHOLDERS' FUNDS			
Share capital	10	2,027,022	2,026,509
Income and expenditure account	11	440,815	223,862
Shareholders' funds	11	<u>2,467,837</u>	<u>2,250,371</u>

On behalf of the Committee of Management

J. O'Sullivan : Chairman

D. Deane : Vice Chairman

1 April 2010

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are expressed in Euro (€).

Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is calculated on a reducing balance basis by reference to the expected useful lives as follows:

Office equipment	5 years
Tully machinery	5 years

Project development expenditure

Project development expenditure on clearly defined projects whose outcome can be assessed with reasonable certainty is capitalised. When the development of these projects reaches completion the Society provides services to its members in return for fee income. This expenditure is depreciated over four to five years and depreciation begins in the year the Society starts to benefit from the expenditure.

Government grants

Grants for operating and related capital expenditure:

Grants received from the Department of Agriculture, Fisheries and Food to fund the operations of the Society are credited to the income and expenditure account so as to match them with the expenditure to which they relate. The portion of the grant that applies to capital expenditure is deferred and is amortised over the life of the asset to which it relates.

Grants for project expenditure:

National Development Plan grants received towards the cost of project development expenditure are deferred and amortised over the same period in which the related project development expenditure is depreciated.

Income recognition

Income received from tag contributions are recognised on a cash receipts basis. All other income is recognised on delivery of the service.

2. STAFF COSTS

	2009	2008
	€	€
The staff costs are comprised of:		
Wages and salaries	1,103,865	1,090,583
Social welfare costs	102,984	107,348
	<u>1,206,849</u>	<u>1,197,931</u>

The average number of persons employed by the Society in the financial year was 23 (2008: 24) and is analysed into the following categories:

	2009	2008
	No.	No.
Management	1	1
Administration	2	2
Technical	20	21
	<u>23</u>	<u>24</u>

3. TAXATION

2009
€

2008
€

The charge for taxation is made up as follows:

Corporation tax for the year	-	-
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Income is exempt from tax as the Society qualifies for charitable status under the provisions of sections 207, 208 and 609 of the Tax Consolidation Act, 1997.

4. FIXED ASSETS

	Project development expenditure		Office equipment	Tully machinery	Total
	Completed	In progress			
	€	€	€	€	€
Cost:					
At 1 January 2009	7,161,492	6,663,706	157,474	19,504	14,002,176
Additions	-	1,441,580	38,079	-	1,479,659
Transfer	6,663,706	-6,663,706	-	-	-
Disposals	-324,983	-	-	-	-324,983
At 31 December 2009	13,500,215	1,441,580	195,553	19,504	15,156,852
Depreciation:					
At 1 January 2009	7,009,044	2,112,631	110,649	11,211	9,243,535
Charge for the year	1,245,760	-	16,981	1,659	1,264,400
Transfer	2,112,631	-2,112,631	-	-	-
Disposals	-109,861	-	-	-	-109,861
At 31 December 2009	10,257,574	-	127,630	12,870	10,398,074
Net book value:					
At 31 December 2009	3,242,641	1,441,580	67,923	6,634	4,758,778
At 31 December 2008	152,448	4,551,075	46,825	8,293	4,758,641

Project development expenditure consists of computer hardware, software consultancy, database and other project costs.

5. STOCK

2009
€

2008
€

Stocks	22,269	19,600
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The replacement cost of stocks is not considered to be materially different from the balance sheet value.

6. DEBTORS

	2009	2008
	€	€
Trade debtors and prepayments	647,762	718,113
Amounts due from related parties	170,453	-
Value added tax	-	94,719
	<u>818,215</u>	<u>812,832</u>

7. CREDITORS

	2009	2008
	€	€
Trade creditors	533,878	500,110
Accruals	172,786	60,228
Value added tax	42,930	-
	<u>749,594</u>	<u>560,338</u>

8. PROVISION FOR LIABILITIES AND CHARGES

Provision for progeny test scheme

	2005	2006	2007	2008	2009	Total
	Programme	Programme	Programme	Programme	Programme	Programme
	€	€	€	€	€	€
Balance at 1 January	45,000	95,000	98,227	103,171	-	341,398
Provided during the year	<u>-45,000</u>	<u>-30,000</u>	<u>-23,227</u>	<u>41,829</u>	<u>62,454</u>	<u>6,056</u>
At 31 December	<u>-</u>	<u>65,000</u>	<u>75,000</u>	<u>145,000</u>	<u>62,454</u>	<u>347,454</u>

Progeny test scheme

This provision relates to an agreement in place with the AI Industry (NCBC, Dovea, Eurogene and Genus-ABS) to establish the GENE IRELAND targeted-herd progeny test scheme for both beef and dairy bulls. Herd owners are reimbursed with the estimated costs for each recorded progeny. The provision is the estimated cost of the monetary payments that will be made to herd owners in respect of 2006, 2007, 2008 and 2009 matings.

9. GOVERNMENT GRANTS FOR CAPITAL PROJECTS

(i) Project grants from National Development Plan administered by Department of Agriculture, Fisheries and Food (DAFF).

(ii) Grant from Department of Agriculture, Fisheries and Food (DAFF)

	Projects completed (i) €	Projects in progress (i) €	Grant (ii) €	Total €
Received:				
At 1 January 2009	3,969,940	4,505,255	74,033	8,549,228
Received during year	-	921,977	-	921,977
Disposed during year	-151,705	-	-	-151,705
Transfer	4,505,255	-4,505,255	-	-
At 31 December 2009	<u>8,323,490</u>	<u>921,977</u>	<u>74,033</u>	<u>9,319,500</u>
Amortisation:				
At 1 January 2009	3,969,940	1,456,180	74,033	5,500,153
Credited to the income and expenditure account in year	820,750	-	-	820,750
Disposals	-54,876	-	-	-54,876
Transfer	1,456,180	-1,456,180	-	-
	<u>6,191,994</u>	<u>-</u>	<u>74,033</u>	<u>6,266,027</u>
Net amount:				
At 31 December 2009	<u>2,131,496</u>	<u>921,977</u>	<u>-</u>	<u>3,053,473</u>
At 31 December 2008	<u>-</u>	<u>3,049,075</u>	<u>-</u>	<u>3,049,075</u>

10. SHARE CAPITAL

	2009 €	2008 €
Authorised:		
28,768 "A" ordinary shares of €12.697381 each	365,278	365,278
28,768 "B" ordinary shares of €12.697381 each	365,278	365,278
28,768 "C" ordinary shares of €12.697381 each	365,278	365,278
73,696 "D" ordinary shares of €12.697381 each	935,746	935,746
	<u>2,031,580</u>	<u>2,031,580</u>
Issued and fully paid:		
28,768 "A" ordinary shares of €12.697381 each	365,278	365,278
28,768 "B" ordinary shares of €12.697381 each	365,278	365,278
28,409 "C" ordinary shares of €12.697381 each	360,720	360,207
73,696 "D" ordinary shares of €12.697381 each	935,746	935,746
	<u>2,027,022</u>	<u>2,026,509</u>

All shares rank pari passu in all respects.

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Income & expenditure account	Total
	€	€	€
At 1 January 2008	2,024,262	-38,592	1,985,670
Surplus for year	-	262,454	262,454
Share issue	2,247	-	2,247
At 1 January 2009	2,026,509	223,862	2,250,371
Surplus for year	-	216,953	216,953
Share issue	513	-	513
At 31 December 2009	2,027,022	440,815	2,467,837

12. PENSION

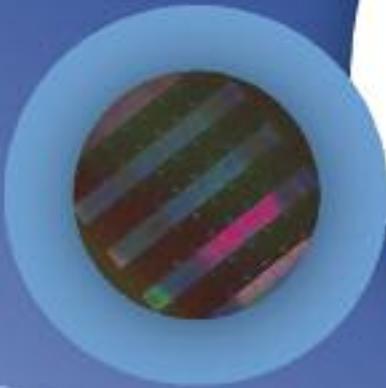
The Society does not operate a pension scheme. Each employee has the option of joining a Revenue approved scheme and the society facilitates the payment of contributions through its payroll system.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 1 April 2010.



ICBF Accredited		EBI & Re	
Bre	Holl	EBI	Re
HCM	100	€250	87
SMH	100	€216	7
LGI	71	€198	
	100	€10	



Irish Cattle Breeding Federation

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