IRISH CATTLE BREEDING FEDERATION

ICBF 2011 ANNUAL REPORT

www.icbf.com

Board of ICBF. **Back row, left to right:** Joe Brady, Vincent Gorman, Andrew Cromie (Management Team), Kevin Kinsella, Bernard Eivers, Michael-John O'Donovan, John Carty (Company Secretary), Tom Wilson, Sean Coughlan (Management Team), Richard Whelan, Ger Ryan, Pat Mulvehill, Dave Beehan, Mary Madden (Minute Secretary), James Lynch. **Front row, left to right:** Kevin Kiersey, Brian Wickham (Chief Executive), Michael Doran (Vice Chairman), John O'Sullivan (Chairman), John Comer, Doreen Corridan.

Management Team. **Left to right:** Brian Wickham, Martin Burke, Sean Coughlan, Andrew Cromie.

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Annual Report
For Calendar Year 2011

Irish Cattle Breeding Federation Society Limited (ICBF)

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An Roinn Talmhaíochta, Bia agus Mara

NDP National Development Plan
Transforming Ireland

SUMMARY of 2011

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. In 2011 the dairy industry experienced a continuation of the recovery from the financial downturn of 2009. Irish beef producers also saw a significant improvement of meat returns. In 2011 the major contributions ICBF made towards its mission included:

- The completion of a major review of beef cattle breeding in order to establish a breeding scheme that delivers the benefits and achieves the cost savings made possible by selection.
- A dramatic increase in the use of genomic selection (GS) in dairy cattle breeding.
- Delivery of the fourth year of the suckler cow welfare scheme (SCWS) to 34,436 suckler herds.
- Further enhancements to the €uro-Star beef genetic evaluations by utilizing the wealth of data becoming available through the SCWS.
- Growth in the HerdPlus® service to Beef and Dairy herds by 9%.
- Expansion of the AI Handheld data recording service by 5%.
- Continuation of the roll-out of a dairy-herd key-performance-indicator report in collaboration with milk processors.
- Provision of the information system to support the first phase of AHI's (www.animalhealthireland.ie) BVD eradication program.

Since 2005 the ICBF database has been fully operational for dairy, beef, milk recording, beef performance recording, genetic evaluations and herd books. 68,133 herds, with 1.93 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 2011. The drop in milk recording in 2009 was recovered in 2010 and in 2011 the uptake of milk recording was an all-time high (Figure 1).

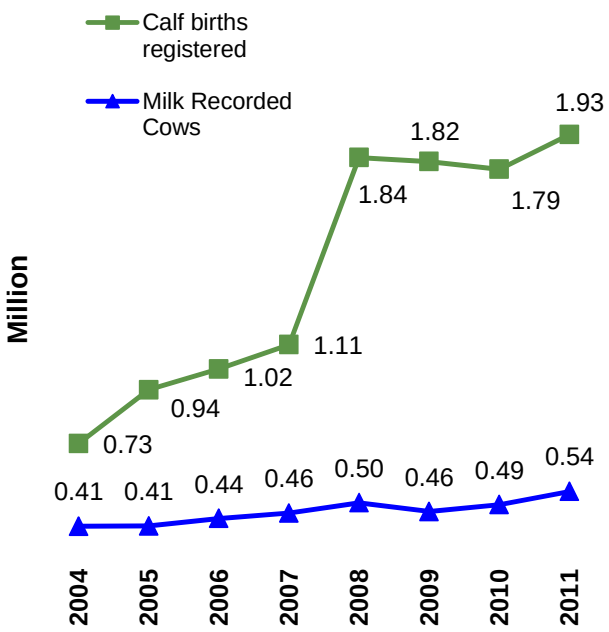


Figure 1. Trends in registrations and milk recording.

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 in the development our 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 2011, these improved evaluations were used to locate Irish bred Holstein Friesian bulls for subsequent progeny testing through the G€N€ IR€LAND® dairy program. They also facilitated wider use of GS bulls at a younger age than previously possible. The Irish dairy industry is benefiting from more rapid genetic gain giving rise to cows that are more productive, more fertile and more robust. In 2011 beef genetic evaluations for calving, docility, direct weaning weight, carcass, maternal milk and female fertility all benefited significantly from the 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 online services that now make up HerdPlus® dairy and beef represent excellent value for herd owners. As a consequence the uptake of the HerdPlus service continues to grow with a 9% increase in total herds using the service in 2011.

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 2004 strategic review, as updated in 2009, continues to guide ICBF. The strategic plan, which is reviewed annually, is focused on increasing 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 to improve decision-making at farm, industry, research and breeder levels.

A major review of beef breeding was completed and adopted by the Board of ICBF in 2011. Key outcome of the review included decisions to:

- develop a herd data quality index,
- develop a comprehensive new live-weight recording infrastructure,
- expand Gene Ireland Beef to include services to bull breeders, progeny test bull identification, and to
- review the role of Tully with a view to increasing its contribution to beef cattle breeding.

As part of ICBF's commitment to facilitate Animal Health Ireland (AHI) there has been a substantial amount of database development work to support AHI's BVD eradication program. By early 2012 this system was fully operational.

In summary, 2011 was a year in which ICBF took steps to develop its beef breeding services and to support BVD eradication as part of its database. 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. In addition 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 genetically superior to their contemporaries. Bringing about improvement requires:

- Identification, ancestry and quantitative 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 the required data is available, and that farmers use 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 2009 ICBF reviewed its strategic plan, which is updated annually, and this provided the focus for activities in 2011. The plan identifies three main areas – genetic evaluation, uptake & cost of services, and breeding schemes – as the primary focus of ICBF's 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 stakeholders with a summary of activities and achievements in relation to the objectives of the Society for the 2011 calendar year.

Genomics

Cattle breeding is undergoing a transformation as a result of the use of genomics. This technology is enabling increased rates of gain and reduced costs, in particular those associated with large scale progeny testing.

That Ireland is able to lead Europe in the exploitation of genomic technology is a consequence of a number of key factors.

Genetics Team. ***Left to right:*** *Francis Kearney, John McCarthy, Thierry Pabiou, ER, Andrew Cromie, Ross Evans.*

- 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, to support the research and, implement the findings.
- Dairy and beef farmers who are convinced of the merits of the EBI and SBV respectively and use them as the main basis for selecting AI sires and stock bulls.
- A forward looking breeding industry that responds quickly to the availability of new technology to help them better meet the needs of Irish farmers.

IGenoP

ICBF is leading the development of a database to support the international sharing of genotypes. Operating under the name of IGenoP (short for **I**nternational **Gen**omics **P**artnership) the goal is to have a database of genotypes hosted by the Interbull Centre at the Swedish University of Agricultural Science in Uppsala, Sweden and shared by cattle breeding organisations world-wide. In 2011, ICBF enhanced its prototype of this database with the goal of demonstrating the practical benefits of sharing genotypes. This database is used to store 3K, 50K and 800K Illumina SNP genotype results and contained results for some 13,875 animals at 15th Feb 2012 compared with 8,400 at the end of 2010.

Genomic Services

ICBF is establishing an infrastructure to enable the Irish cattle breeding industry to fully exploit the benefits of genomic information while at the same time minimising costs. During 2011 the focus of this development has been on a system and services to support the process from selecting a calf for genotyping through collecting a tissue sample, usually hair, to sending the sample to the lab for testing, to receiving the genotype back into the ICBF database, to incor-

porating the genomic information in the genetic evaluation for the animal and finally, to the distribution of the results. This system is at the core of the HerdPlus® genomic evaluation service launched in the spring of 2011. It is being used initially by dairy farmers and AI Companies and we plan to expand it in the future to meet the needs of beef farmers and Herd Books.

Dairy Genomics

A major achievement for 2011 has been the on-going roll-out of genomic selection for dairy cattle. In spring 2011, 47% of recorded dairy inseminations were from such bulls. Refer to figure 2 for a summary of the EBI and uptake over the last three years.

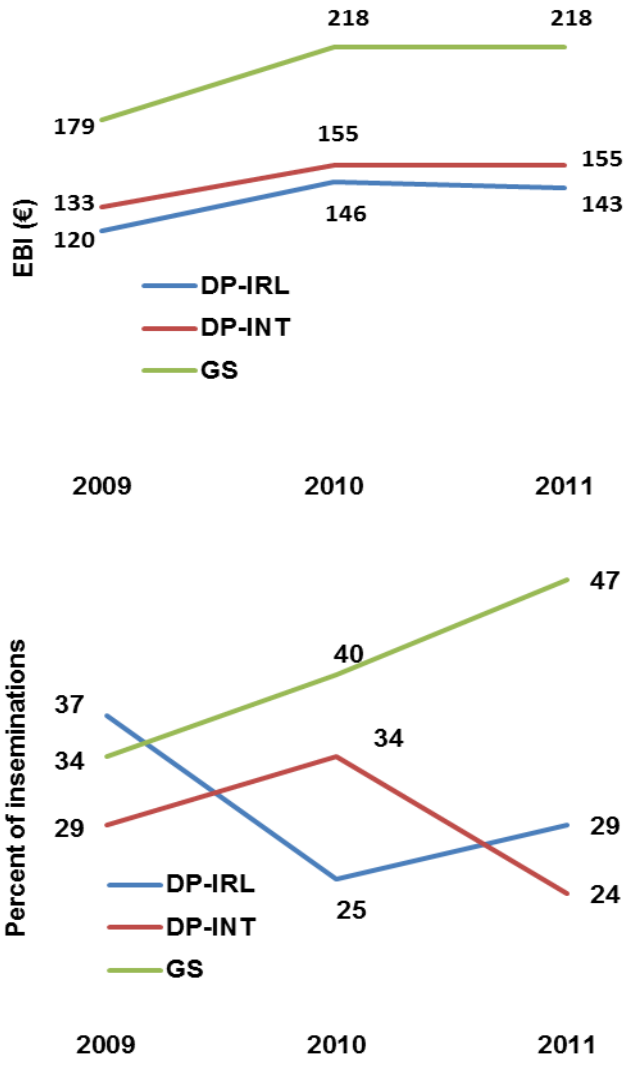


Figure 2. Average EBI (top) and precent of inseminations (bottom) for daughter proven in Ireland (DP-IRL), daughter proven internationally (DP-INT) and genomically selected (GS) bulls.

Optimal Design – Dairy

During 2010 ICBF conducted a review of the dairy breeding scheme for Ireland placing particular emphasis on capitalising on the benefits of genomic selection while also establishing strategies for minimising associated risks. The outcome of the review is a design that places greatly increased emphasis on females in the breeding scheme and incorporates a number of new elements including: Next Generation Research Herds (NGRH) and Bull Breeder & Research Herds. During 2011 the focus has been on implementing these concepts. Teagasc is currently establishing the first NGRH and procedures for sourcing bulls for use in artificial insemination from bull breeder herds have been further refined. A project to genotype some 10,000 females was initiated late in 2011.

Beef

The development of genomic selection for beef cattle breeding has progressed in 2011 with the availability of the new HD (800K) SNP chip. Genotyping of some 2,500 beef bulls is well advanced and the first research results are expected in 2012.

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

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

Information Technology Team. **Left to right:** Eugene O'Leary, Liam O'Driscoll, Niall Naughton, Ed Fitzgerald, Sean Coughlan, Padraig O'Sullivan, Billy Ahern, Craig Vigors, Brian Enright, Michael Lynch, Karl O'Connell, Eddie Flynn.

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 DAFM (the Department of Agriculture, Food and the Marine).

Dairy Specific

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 subindex and a beef sub-index. A review of the EBI late in 2011 indicated that the economic values did not need to change. Enhancements to use insemination data, fertility data from non-milk recorded females, and older animals, for fertility and survival traits were implemented late in 2011.

Beef Specific

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 third year of the SCWS. As a result of the demonstrable benefits of the scheme DAFM have committed the resources needed for it to continue in 2011 and 2012. This is a major achievement in light of the severe constraints on public finances. Achievements in 2011 relevant to the scheme include:

- A continued very high level of participation in the scheme by suckler herds representing some 67% of all suckler cows.
- The incorporation of data from the scheme in genetic evaluations for calving (ease, mortality & gestation length), calf quality and docility. In 2011 the extra records incorporated in genetic evaluations from herds in the first three years of the scheme (born 2008, 2009, 2010) were significant (refer to figure 3).

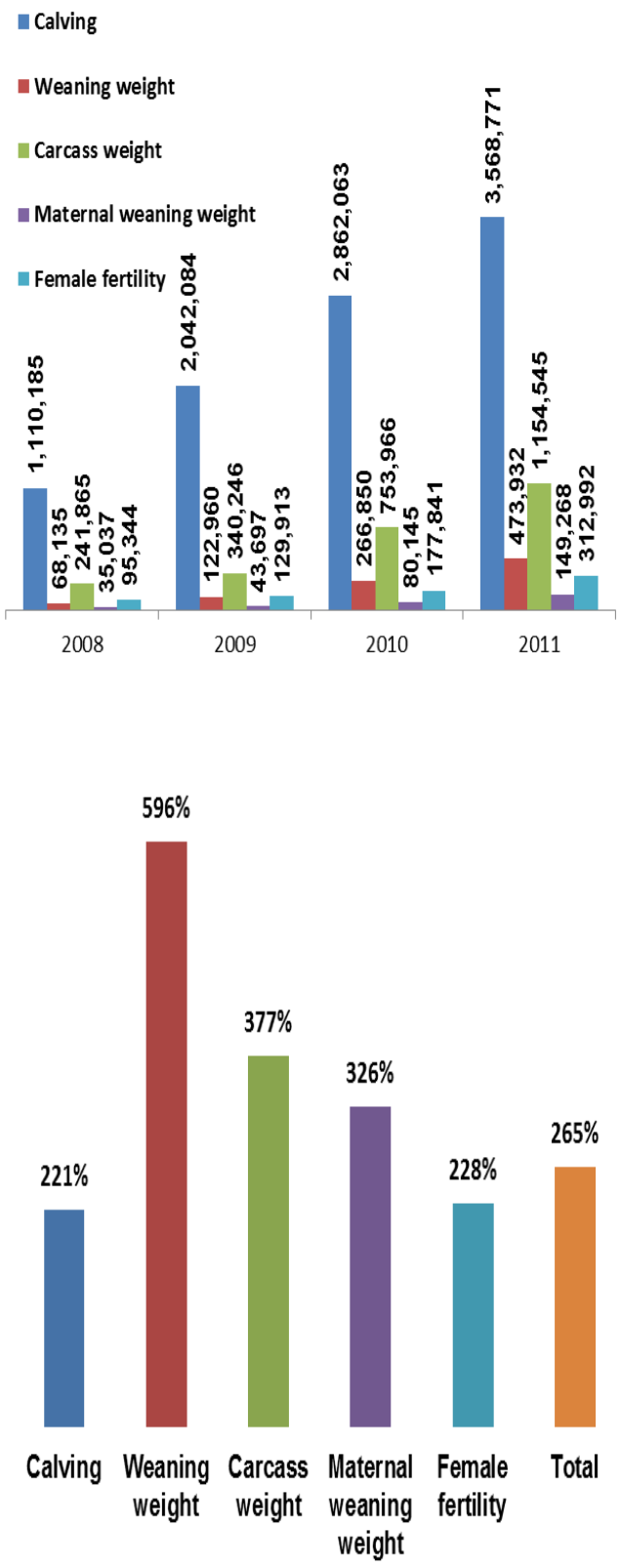


Figure 3. Number of records used in genetic evaluations for beef traits (top) and numbers in 2011 expressed as % of numbers in 2008 (bottom).

This scheme has been so succesful, so quickly, because of a number of factors including farmers' awareness of the value it represents, and the ability of DAFM 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 and demonstrating the value of the scheme. This is the fourth year of the planned five years. At this stage Ireland is starting to lead the world in beef cattle breeding while also achieving high welfare standards in beef production.

Interbeef

ICBF is playing an important leadership role in the development of Interbeef to facilitate the international evaluation of beef breeds and traits. A prototype system for weaning weight in Charolais & Limousin has been developed by INRA, the French research organisation, and at the end of 2010 this system was transferred to the Interbull Centre. In 2011 formal agreements were established for the development of a routine international beef genetic evaluation service.

Best Practice in Cattle Breeding

The *Best Practice in Cattle Breeding* campaign was continued this year. It played a key role in increasing the uptake of genomically selected bulls to breed dairy replacements. This year's campaign featured weekly installments on a dedicated page in the Irish Farmers Journal.

Uptake & Cost of Services

The focus in 2011, 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 4) and a total of 68,133 herds.

The level of participation in cattle breeding services is now at an all-time high. This firstly benefits herd owners who are now using breeding stock that give greater farm profitability. It is also providing a substantial benefit to ICBF's members who are enjoying increased service uptake and in many cases a reduction in the real cost of providing improved information services.

Customer Services Team. **Left to right:** Eamon Wall, Mary McCarthy, Chris Daly, Marianna Kowalczyk, Pat Donnellan, Brian Coughlan, Mary Murphy, Kevin Downing, Martin Burke, Margaret Browne.

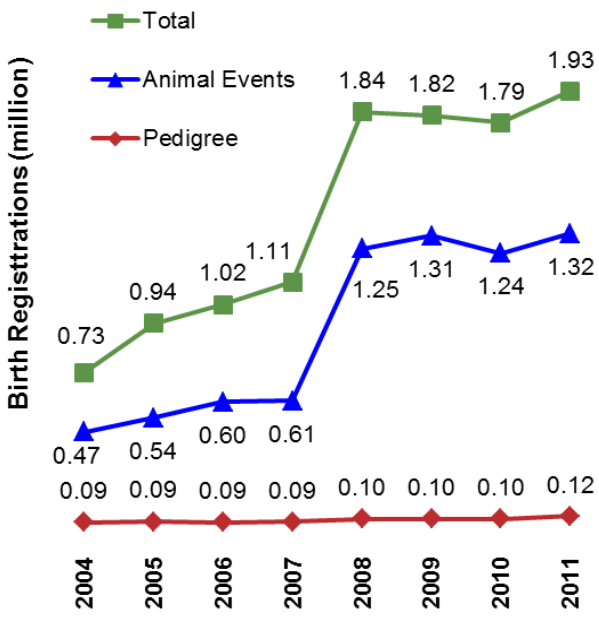


Figure 4. Calf birth registration trends.

Services to Herd Books

The main developments in the services to Herd Books in 2011 included a continuation of the roll-out of a standardized pedigree animal sale catalogue, for both dairy and beef breeds, incorporating genetic evaluations, ancestry and animal performance 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 2011 the uptake of milk recording was an all-time record of 0.54 million cows, a 10% increase on milk recording in 2010 and representing 50% of dairy cows.

The EDIY (electronic do-it-yourself) 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 relatively 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. 34% of cows milk recorded in 2011 were recorded under the EDIY service.

Marketing

Our marketing focus was reviewed and modified in 2010. Our primary tool for promotion is the *Best Practice in Cattle Breeding* campaign. 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 increased the uptake of HerdPlus® in 2011 (refer to figure 5) by 9%. To recruit herds our approach has moved to the use of targeted marketing to herd owners 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 2011 show substantial growth in key website usage statistics (figure 5) – user sessions, farmer access, reports accessed and advisor reports. The bull search on the ICBF website was used for over a million searches in 2011, twice as many as in 2010.

The redevelopment of the ICBF website has been further extended in 2011 to provide farmers with direct access to the ICBF database for retrieving information and for recording new data. Calf registration is the only animal event that farmers were not able to record via the ICBF website in 2011.

The development of our website to collect data directly from farms, when coupled with the wide range of links to DAFM, and other systems, provides great potential to reduce the cost of animal events recording and 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 2011 some 650,000 inseminations were recorded through this system, an increase of 5% on 2010 (figure 6).

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.

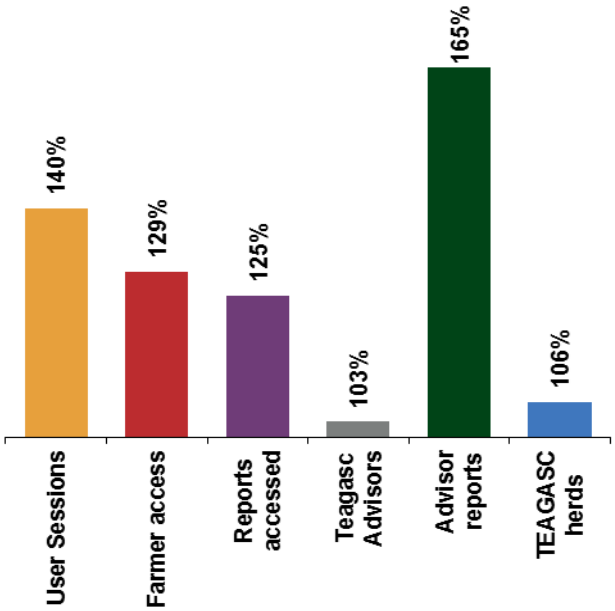


Figure 5. Website usage in 2011 as % of 2010.

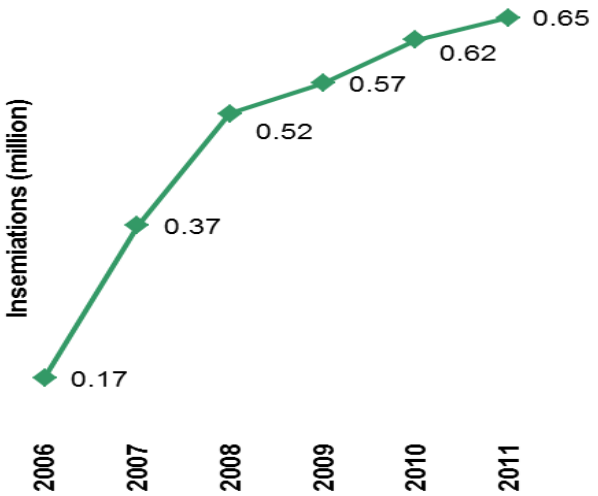
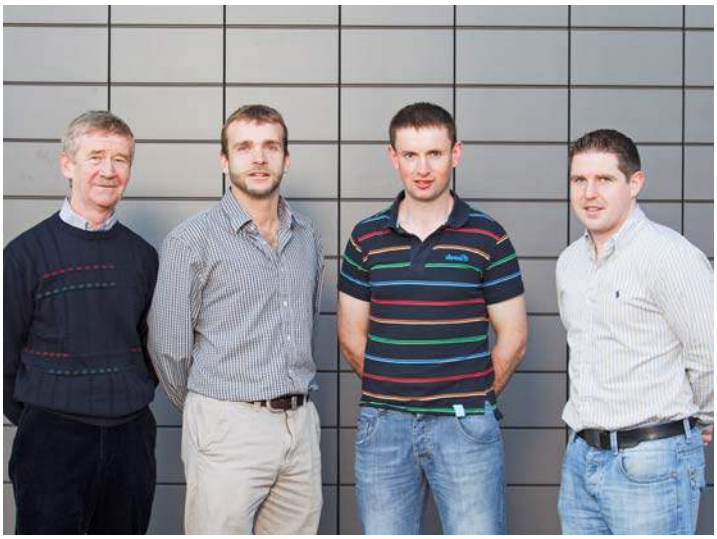


Figure 6. Inseminations recorded via AI Handhelds.



Tully Bull Test Centre Team. **Left to right:** Paul Kilcullen, Niall Kilrane, Brendan O'Shea, Stephen Conroy.

Sheep Field Team. **Left to right:** Rodney Bryan, James Brennan, Stephen Potterton, Michael O'Neill, Martin Kerrigan, John O'Donnell.

Health and Disease Service

Our strategy is to extend database reports and event recording to meet animal health needs for whole herd health management. 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 2011 this included the provision of the key information system for the first phase of their BVD erradication 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® service 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 7):

- has grown by 9% in the last year,
- beef herds are 40% of service customers,
- the sire advice facility was used by 20% of customers, and
- 87% of customers choose the electronic option.

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 economic 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 2011 incorporated the most recent suggestions.

Criteria used in the advice include; avoidance of inbreeding, minimization of risk from lethal genes and maximization of future profits from the resulting progeny. The information is provided to the farmer, the farmer's breeding adviser(s) and is downloaded to the handheld computers used by AI technicians.

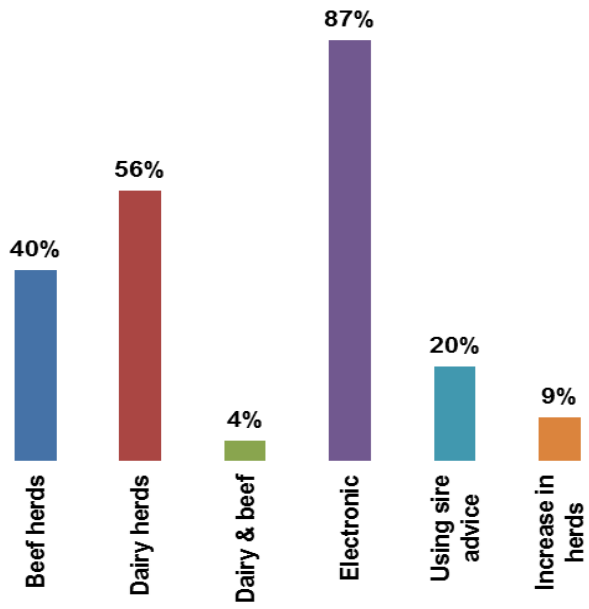


Figure 7. HerdPlus® percentages in 2011.

Grow®

The Grow® service was launched in 2002 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. Compared with 2007 the percentage of all pedigree and non-pedigree animals scored and weighed increased from 55% to 99% (figure 8). The service is also used in non-pedigree herds, mainly those associated with the G€N€ IR€LAND® beef progeny test. This is part of the reason that the pedigree animals participating in the service has reduced from 75% to 62% over the last five years.

Year	Total	% Weighed	% Pedigree
2007	**14,496**	**55**	**75**
2008	**16,805**	**85**	**71**
2009	**14,727**	**94**	**60**
2010	**14,611**	**97**	**63**
2011	**14,287**	**99**	**62**

Figure 8. GROW® service uptake.

Advisory Service

ICBF is providing an information service to Teagasc advisors, private advisors and Veterinarians. 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.

Milk Processors

A key performance indicator information service to dairy farmers has been developed in partnership with milk processors. This service makes use of data held in the respective databases (ICBF and processor) to provide herd owners with information that allows them to assess the performance of their herd on a number of key performance indicators. This service is being progressively rolled-out across the country.

OptiMIR

ICBF has joined a successful application for EU funding in partnership with Teagasc and fifteen Milk Recording and Research organisations in other EU countries. The OptiMIR (www.optimir.eu) project is focused on improving the sustainability of milk production by providing improved management information to herds. Milk recording organisations have a key role to play by facilitating the availability of mid-infra-red (MIR) spectral data. Funding for five years was granted in late 2010 and the project commenced early in 2011.

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 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.

Disease Free Status

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 and AHI. Progress has been slower than desirable. The outbreak of IBR

Administration Team. **Left to right:** Eileen Crowley, Mary Madden, Sean Coughlan, Brian Wickham, Geraldine Crowley, Marie Kelleher.

detected at Tully early in 2007 and the more recent outbreaks in a major bull stud in 2010 and 2011 has further highlighted the consequences of not having adequate systems for ensuring disease free breeding stock in Ireland. The long term losses due to unrealised genetic gain is many tens of million euro.

ICBF is strongly supporting AHI by providing the required information infrastructure as an extension of the ICBF database.

G€N€ IR€LAND® Dairy and Beef

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 and 2007 respectively for dairy and beef, the G€N€ IR€LAND® progeny test schemes were launched in collaboration with the AI industry. The schemes have been reviewed annually according to available funds including those provided through the NDP (National Development Plan). The number of bulls (figure 9) progeny tested and herds participating (figure 10) grew steadily up until the years 2008 for dairy and 2009 for beef but have since suffered a reversal in 2009 and 2010 due to the series of IBR outbreaks.

Genetic Gain – Dairy

The genetic trends in dairy bulls on the Active Bull list relative to the dairy replacements born each year are shown in figure 11. The spectacular rate of increase seen in 2009 and 2010 has continued despite the IBR outbreaks. It is remarkable that gains did not suffer a reversal and it was the availability of GS that enabled levels to be maintained.

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.

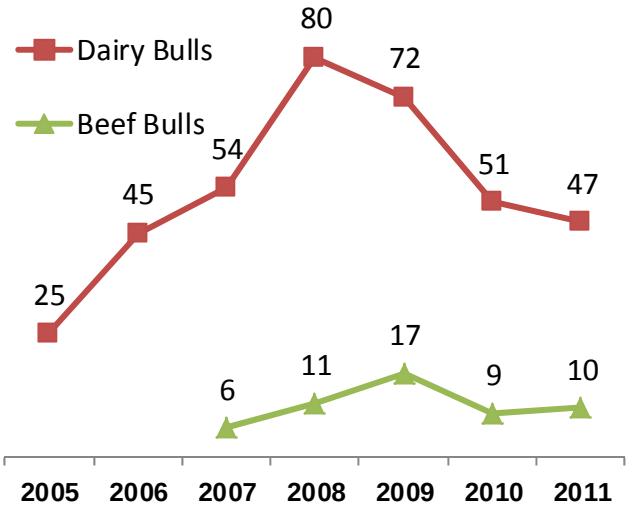


Figure 9. Bulls tested in G€N€ IR€LAND® dairy and beef progeny test programs.

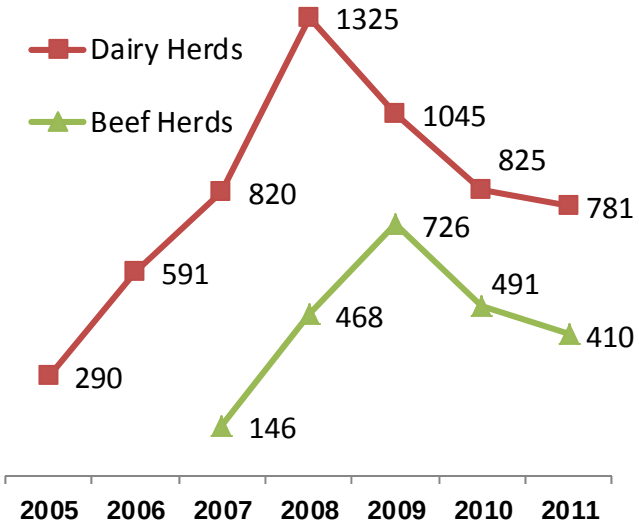


Figure 10. Herds participating in G€N€ IR€LAND® dairy and beef progeny test programs.

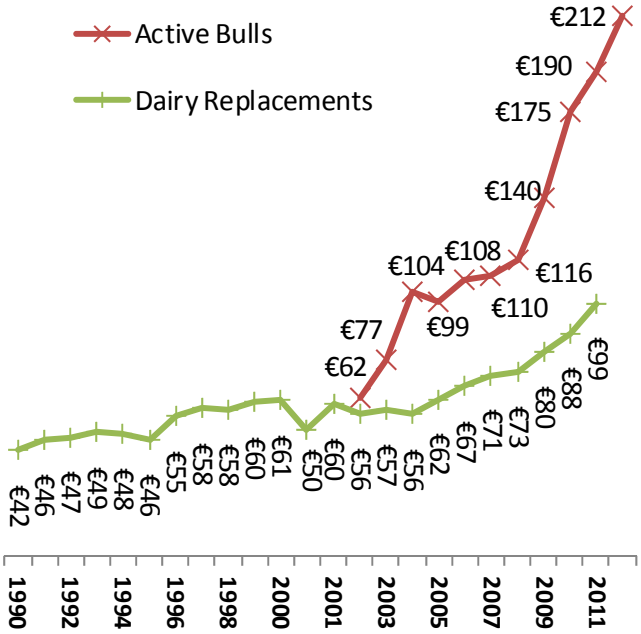


Figure 11. EBI averages by birth year for females and for bulls on active bull list in each year. Estimates are given for 2012.

Tully

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

- The establishment of an expert Animal Health group to advise on best practice for animal disease control.
- The establishment of the Tully Advisory Committee to advise the Board on the operational aspects of Tully.
- That Tully be an integral element of the G€N€ IR€LAND® 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 re-opened 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 protecting the health status of their herds.

The future role of Tully is as an integral element of G€N€ IR€LAND®.

Genetic Gain – Beef

Genetic progress in the beef breeds and commercial beef cattle is illustrated in figure 12. While gain is positive, it is slow relative to the optimal rates that are achievable from well designed and well executed beef breeding programs. Ireland faces a major challenge in improving the profitability of its suckler industry and it is thus imperative that these slower than optimal rates of gain become the focus of ICBF's attention in the future.

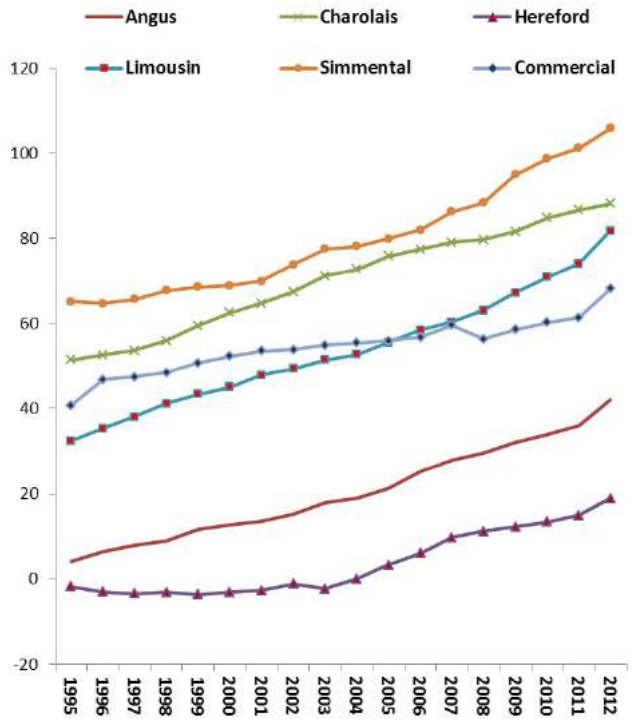


Figure 12. Genetic gain in SBV (€) for beef cattle by breed.

Beef Breeding Review

The uptake of G€N€ IR€LAND® beef progeny testing program has been less than optimal (refer to figure 9 and 10 above). The limiting factor is the number of beef bulls available in AI for progeny testing.

We have also not been happy with the effectiveness of the Tully beef bull performance test. Despite addressing all the concerns raised by bull breeders and AI companies in relation to the operation of the Tully facility the impact of the bulls graduating from Tully on Irish beef cattle breeding has been less than desirable.

As a consequence of these and a number of other beef cattle breeding concerns, and the potential availability of genomics for beef breeding we have undertaken an extensive review of our beef breeding services. The findings of this review resulted in series of recommendations which were adopted at the September 2011 meeting of the ICBF Board. The key outcome has been that plans are now being finalised to implement a number of major new initiatives for beef cattle breeding as follows:

- **Data quality.** Our plan is to implement a data quality index. The key elements of the index will be measures of timeliness, completeness and departures from normality of the data provide by each herd. We believe this index will provide a tool for helping bull breeders and commercial suckler herds to provide the high quality data that is essential for an effective beef cattle breeding program.
- **Weight recording.** We plan to fill the current gap in measures of beef growth by establishing a new infrastructure for recording the weight of beef cattle (and dairy cattle) from birth to slaughter.
- **G€N€ IR€LAND® Beef.** Our plan is to develop a new focus for beef breeding by engaging with bull breeder herds to help them produce the stock bulls required by commercial producers and to supply a relatively small number per year for use through AI. The bulls used in AI will all be progeny tested and ultimately supply the sires of the next generation of stock bulls. This is a significantly different model to that currently operating. One of the consequences is that Tully will move from its current role to that of being a progeny test for feed intake, for meat quality and potentially for disease susceptibility.
- **Genomics.** Genomics in beef is not as advanced as in dairy, however, we currently have a large research effort underway with funding from a range of sources sufficient to cover some 2,500 animals with the new HD (high density) Illumina chip. We are commissioning research to establish the best way of utilizing genomics in beef cattle breeding.

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 the years since and including 2011.

Contribution Model

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. ICBF has held these fees constant since and the fee review undertaken in 2011 resulted in no change to these fees. Service fees will be reviewed annually from now on.

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.

2011 Results

The final audited result for 2011 is a surplus of €124,393 which compares with a surplus of €82.353 for 2010 (figure 13).

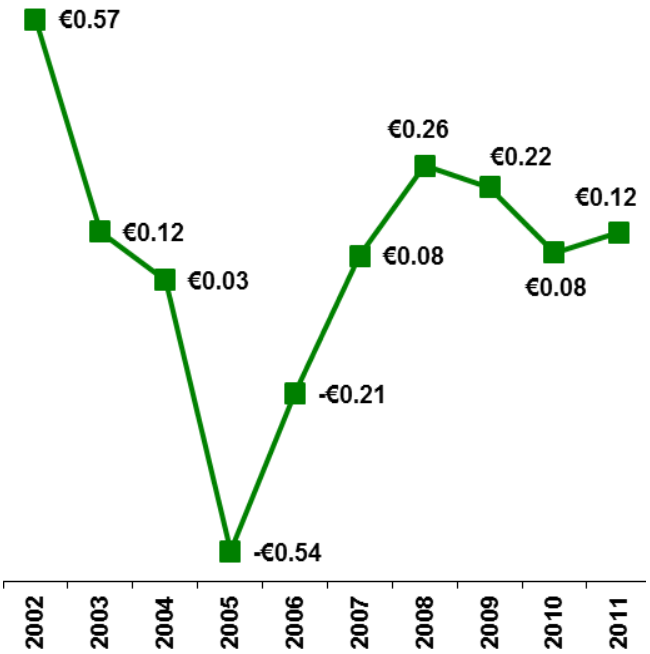


Figure 13. Financial outcome 2002 to 2011 in € million.

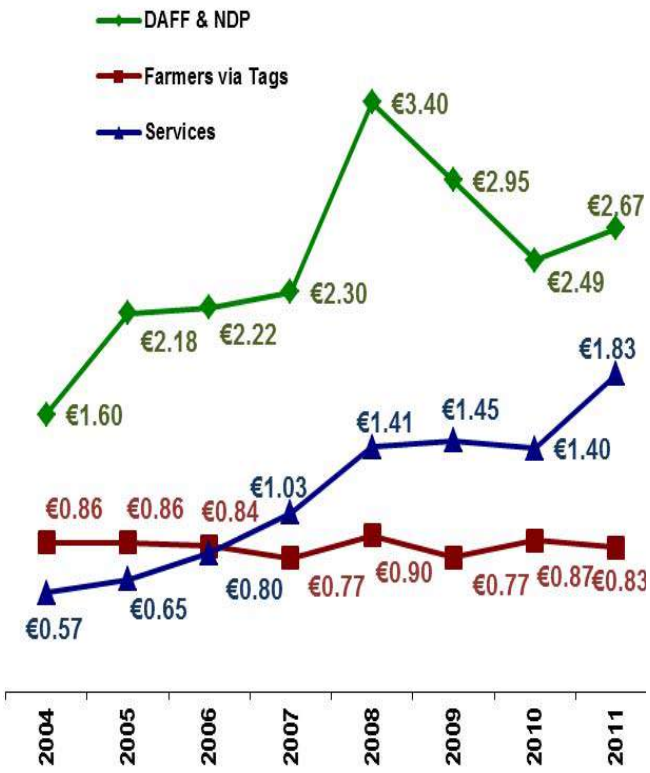


Figure 14. Income trends in € million.

In 2011 ICBF cash income (figures 14, 15 and 16) included contributions from the following sources:

- DAFM in the form of a Grant, Suckler Scheme costs, and NDP contributions to infrastructure projects. NDP made contributions towards G€N€ IR€LAND®, and projects for the development of genetic evaluations and the development of systems for collecting data and reporting information to farmers.
- Cattle farmers through the Tag Contributions and
- The cattle breeding industry and farmers through service fees. The income from this source has grown to 34% of total revenue in 2011 from 15% in 2003.

These funds cover the cost of on-going operations and the cattle breeding infrastructure projects undertaken in 2011 as outlined in the audited accounts.

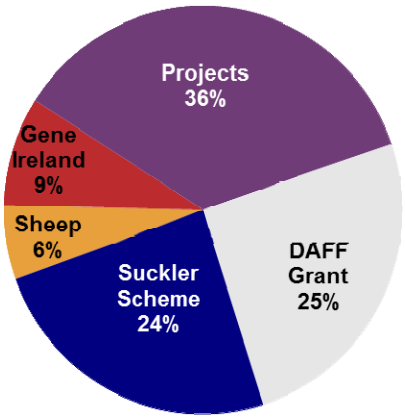


Figure 15. DAFM & NDP Funding split in 2010.

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.

ICBF is a small organisation employing a total of 35 people - 22 full time staff, and 13 contractors. During 2011, as in previous years, staff and contractors put in a magnificent effort in achieving the many goals established under ICBF's strategic plan.

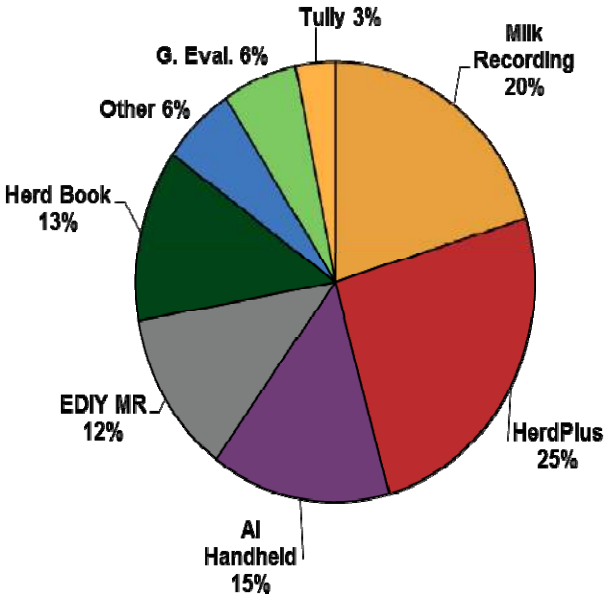


Figure 16. Service Income split in 2011.

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.

Tully

The Bull Performance Test Centre at Tully. Co. Kildare is leased from DAFM. 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.

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 provided the capacity required to deal with genomic data, and helped to further reduce the turnaround time on genetic evaluations and supported the increasing use of the website.

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 eleventh time in April of 2011. 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 5.

The publications section of the website is a repository for copies of the many presentations made by members of the ICBF team in 2011 and previous years.

Weekly Update

Every Friday ICBF provides via its website an 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 cattle breeding field services.

In 2011 training was provided for farmers, farmer-trainers and to technicians in the use of handheld computers.

Dairy Cattle Breeding Conference

This year's Dairy Cattle Breeding Conference (December 7th, 2011) was attended by some 400 farmers and sponsored by the FBD Trust. The conference included:

- technical updates from ICBF staff on latest research and development,
- new offerings from ICBF in 2012, in terms of products and services,
- the launch of the new "Dairy Discussion Group Projects Initiative" in conjunction with ACC bank, Teagasc, Irish Farmers Journal and ICBF, and
- presentation of awards to herd-owners involved in the G€N€ IR€LAND breeding program.

International

ICBF maintains a number of importance international linkages including:

- membership of ICAR and Interbull. Ireland is hosting the 2012 meetings in Cork,
- 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 EU funded OptiMIR project.

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 2012 including: provision of sponsorship by the FBD Trust for G€N€ IR€LAND® and HerdPlus® beef and dairy.

The leadership and support provided by DAFM has been a key to the success of ICBF. DAFM 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 DAFM 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, 2011 was a year in which ICBF continued to deliver the benefits of genomics technology 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. 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	**John O'Sullivan**
Chief Executive	**Chairman**

Figure 17. Sponsors of major cattle breeding initiatives in Ireland.

Financial Statements for the Year Ended 31 December 2011

Society Information

COMMITTEE OF MANAGEMENT

Mr. J. O'Sullivan (Chairman)	Mr. K. Meade (resigned 21 March 2011)
Mr. D. Deane (resigned 21 February 2011)	Mr. M. Murphy (resigned 21 February 2011)
Mr. D. Beehan	Mr. P. Mulvihill
Mr. J. Comer	Mr. M. J. O'Donovan
Dr. D. Corridan	Mr. J. Brady
Mr. M. Doran (appointed 21 February 2011)	Mr. J. Lynch
Dr. B. Eivers	Mr. G. Ryan
Mr. V. Gorman (appointed 21 March 2011)	Mr. R. Whelan
Mr. K. Kiersey (appointed 21 February 2011)	Mr. T. Wilson
Mr. K. Kinsella	

SECRETARY	Mr. J. Carty Department of Agriculture, Food and the Marine 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
AUDITORS	Ernst & Young Chartered Accountants City Quarter Lapps Quay Cork

Independent Auditors' Report

We have audited the financial statements for the year ended 31 December 2011, which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 17. 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 committee of management and auditors

The committee of management 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 committee of management 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 committee of management 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 committee of management 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 committee of management 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 2011 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

3rd April 2012

Income and Expenditure Account

	Note	2011 €	2010 €
INCOME – continuing operations		4,507,867	4,177,263
OPERATING EXPENSES		(4,383,590)	(4,094,972)
OPERATING SURPLUS – continuing operations		124,277	82,291
Bank interest received		116	62
SURPLUS ON ORDINARY ACTIVIES BEFORE TAXATION		124,393	82,353
Tax on surplus on ordinary activities	3	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		124,393	82,353

There are no recognised gains or losses in either year other than the surplus attributable to the share-holders of the society.

On behalf of the Committee of Management

John O'Sullivan and Michael Doran, 29th March 2012

Balance sheet

	Note	2011 €	2010 €
FIXED ASSETS			
Project development expenditure	4	4,359,216	4,342,243
Tangible fixed assets	5	52,985	68,601
		4,412,201	4,410,844
CURRENT ASSETS			
Stock	6	18,570	16,393
Debtors	7	876,700	913,256
Cash at bank		1,107,286	1,180,838
		2,002,556	2,110,487
CREDITORS: amounts falling due within one year	8	(933,833)	(985,762)
NET CURRENT ASSETS		1,068,723	1,124,725
TOTAL ASSETS LESS CURRENT LIABILITIES		5,480,924	5,535,569
PROVISIONS FOR LIABILITIES AND CHARGES	9	(121,651)	(176,920)
GOVERNMENT GRANTS	10	(2,684,690)	(2,808,459)
TOTAL ASSETS LESS LIABILITIES		2,674,583	2,550,190
FINANCED BY			
SHAREHOLDERS' FUNDS			
Share capital	11	2,027,022	2,027,022
Income and expenditure account	12	647,561	523,168
Shareholders' funds	12	2,674,583	2,550,190

On behalf of the Committee of Management

John O'Sullivan and Michael Doran, 29th March 2012

Cash flow statement

	Note	2011 €	2010 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	13	621,013	586,896
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Deposit interest received		116	62
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Project development expenditure		(1,724,600)	(1,174,249)
Payments for tangible fixed assets		-	(11,193)
		(1,724,600)	(1,185,442)
NET CASH OUTFLOW BEFORE FINANCING		(1,103,471)	(598,484)
FINANCING			
Project development grants received		1,029,919	757,229
NET CASH INFLOW FROM FINANCING		1,029,919	757,229
(DECREASE)/INCREASE IN CASH	14	(73,552)	158,745

Notes to the Financial Statements

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 straight line basis by reference to the expected useful lives as follows:

Office equipment	5 years
Tully machinery	5 years

In previous years, depreciation was calculated on the reducing balance basis. The change in depreciation policy had no impact on the income and expenditure account.

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 amortised over four to five years and depreciation begins in the year the society starts to benefit from the expenditure.

Government grants

Grants for operating expenditure:

Grants received from the Department of Agriculture, Food and the Marine 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.

Grants for project development expenditure:

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 amortised.

Pension costs

All employees have the option of joining a Revenue approved scheme and the society facilitates the payment of contributions through its payroll system.

Income recognition

Income is recognised on delivery of the service.

Leasing

Operating lease costs are charged to the profit and loss account as incurred, normally on a straight line basis over the lease term.

2. STAFF COSTS

	2011	*2010*
	€	*€*
The staff costs, including costs capitalised in project development, are comprised of:		
Wages and salaries	1,663,244	1,616,382
Social welfare costs	172,423	162,726
	1,835,667	1,779,108

The average number of persons employed by the society in the financial year was 35 (2010: 35) and is analysed into the following categories:

	2011	***2010***
	No.	*No.*
Management	1	1
Administration	2	2
Technical	19	19
Fixed term subcontractors	13	13
	35	35

The staff numbers and the staff costs exclude fixed term subcontractors which were re-charged to Sheep Database Limited (note 16) during the year.

3. TAXATION

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. PROJECT DEVELOPMENT EXPENDITURE

	€
Cost:	
At 1 January 2011	16,116,044
Additions	1,724,600
At 31 December 2011	17,840,644
Amortisation:	
At 1 January 2011	11,773,801
Charge for the year	1,707,627
At 31 December 2011	13,481,428
Net book value:	
At 31 December 2011	4,359,216
At 31 December 2010	4,342,243

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

5. TANGIBLE FIXED ASSETS

	Office equipment *€*	*Tully machinery* *€*	*Total* *€*
Cost:			
At 1 January 2011	206,746	19,504	226,250
Additions	-	-	-
At 31 December 2011	206,746	19,504	226,250
Depreciation:			
At 1 January 2011	143,452	14,197	157,649
Charge for the year	14,555	1,061	15,616
At 31 December 2011	158,007	15,258	173,265
Net book value:			
At 31 December 2011	48,739	4,246	52,985
At 31 December 2010	63,294	5,307	68,601

6. STOCKS

	2011	*2010*
	€	*€*
Tully consumables	18,570	16,393

The replacement cost of stocks is not considered to be materially different from the balance sheet value.

7. DEBTORS

	2011	*2010*
	€	*€*
Trade debtors and prepayments	782,948	679,324
Amounts due from related party (note 16)	93,752	233,932
	876,700	913,256

8. CREDITORS

	2011	*2010*
	€	*€*
Trade creditors	417,569	628,257
Accruals	430,290	300,488
Value added tax	-	2,345
PAYE/PRSI	85,974	54,672
	933,833	985,762

9. PROVISION FOR LIABILITIES AND CHARGES

Provision for progeny test scheme

	2007 Programme €	*2008 Programme €*	*2009 Programme €*	*2010 Programme €*	*2011 Programme €*	*Total Programme €*
Balance as at 1 January	10,735	125,265	-	40,920	-	176,920
Provided/ (paid) during the year	(10,735)	(125,265)	48,025	(3,682)	36,388	(55,269)
At 31 December	-	-	48,025	37,238	36,388	121,651

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 2009, 2010 and 2011 matings.

10. GOVERNMENT GRANTS

(i) Project grants from National Development Plan administered by Department of Agriculture, Food and the Marine (DAFM).

(ii) Grant from Department of Agriculture, Food and the Marine (DAFM).

	Projects (i) €	*Grant (ii) €*	*Total €*
Received:			
At 1 January 2011	10,002,696	74,033	10,076,729
Received during year	1,029,919	-	1,029,919
At 31 December 2011	11,032,615	74,033	11,106,648
Amortisation:			
At 1 January 2011	7,194,237	74,033	7,268,270
Credited to the income and expenditure account in year	1,153,688	-	1,153,688
At 31 December 2011	8,347,925	74,033	8,421,958
Net amount:			
At 31 December 2011	2,684,690	-	2,684,690
At 31 December 2010	2,808,459	-	2,808,459

11. SHARE CAPITAL

	2011	*2010*
	€	*€*
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
	2,031,580	2,031,580
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	360,720
73,696 “D” ordinary shares of €12.697381 each	935,746	935,746
	2,027,022	2,027,022

All shares rank pari passu in all respects.

12. RECONCILIATION OF SHAREHOLDERS’ FUNDS AND MOVEMENT ON RESERVES

	Share capital	*Income and expenditure account*	*Total*
	€	*€*	*€*
At 1 January 2010	2,027,022	440,815	2,467,837
Surplus for year	-	82,353	82,353
At 31 December 2010	2,027,022	523,168	2,550,190
Surplus for year	-	124,393	124,393
At 31 December 2011	2,027,022	647,561	2,674,583

13. CASH INFLOW FROM OPERATING ACTIVITIES

	2011 €	2010 €
Operating profit	124,277	82,291
Amortisation of project development expenditure	1,707,627	1,516,227
Project development grants amortised	(1,153,688)	(1,002,243)
Depreciation of tangible fixed assets	15,616	17,149
Decrease/(increase) in debtors	36,556	(95,041)
(Increase) decrease in stocks	(2,177)	5,876
(Decrease)/increase in creditors	(51,929)	233,171
Progeny test provisions in year	84,413	40,920
Progeny test payments in year	(139,682)	(211,454)
Net cash inflow from operating activities	621,013	586,896

14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/2011 *€*	*Cash flows* *€*	*At 31/12/2011* *€*
Cash at bank	1,180,838	(73,552)	1,107,286

15. OPERATING LEASE COMMITMENTS

At the balance sheet date the society had annual commitments of €55,000 under operating leases for land and buildings which expire within one year.

16. RELATED PARTY TRANSACTIONS

The operations of Sheep Database Limited are administered by Irish Cattle Breeding Federation Society Limited. Staff costs were recharged by the society to that company as set out in note 2. Other costs incurred by the society, on behalf of the company, totalling €170,000, were also recharged during the year. The amount due by the company to the society at the year end is included in debtors.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the committee of management on 29th March 2012.

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