



2014

IRISH CATTLE BREEDING FEDERATION
ANNUAL REPORT





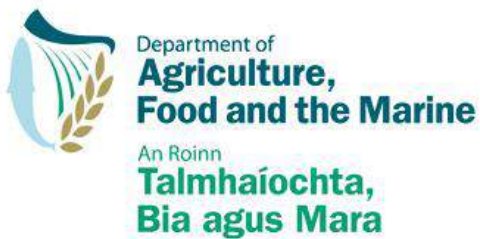
**Annual Report
For Calendar Year 2014**

**Irish Cattle Breeding Federation Society
Limited (ICBF)**

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SUMMARY of 2014

ICBF exists to benefit our farmers, our agri-food industry and our communities through genetic gain. We do this through the delivery of high value services from the cattle breeding database, by developing and applying science and technology to ensure our farmers and industry make the most profitable and sustainable decisions. The headline project at ICBF early in the year was the Beef Genomics Scheme. Over 35,000 farmers joined the scheme, and at farm level, farmers responded extremely well to the job of tagging the stock bull, and a number of cows. The quality of DNA extracted in the lab was extremely high. It augurs well for the follow-on programme in 2015. As part of the research work, a major Beef Genomics Conference was held in Dublin in November, the first InterBeef workshop of its kind. We look forward to the first of the genomic evaluations for beef starting to appear in the second half of 2015.

On both dairy and beef, we continue to be focused on providing a breeding infrastructure that will facilitate on-going profitability and sustainability of the sectors.

In 2014 the major contributions ICBF made towards its mission included:

- The continued increase in the use of genomic selection (GS) in dairy cattle breeding, with a significant increase in the numbers of females genotyped
- Working with the Beef and Dairy Herdbooks to lead the way in the genotyping of all newly registered pedigree stock bulls
- Delivery on behalf of the Dept of Agriculture (DAFM) of the Beef Data Programme (BDP) and Beef Genomics Scheme (BGS).
- Growth in the HerdPlus[®] service to Beef and Dairy herds to 17,500 herds.
- Start-up of the new Maternal Beef Breeding Programme, including the blossoming of Tully in its role as a performance test centre for commercial cattle.
- Continuation of the roll-out of the Coop Performance Report in collaboration with milk processors, and the use of the ICBF database in their strategic planning efforts
- Provision of the background information system to support the Animal Health Ireland (www.animalhealthireland.ie) BVD eradication

program, again with over 2,000,000 animals tested in 2014.

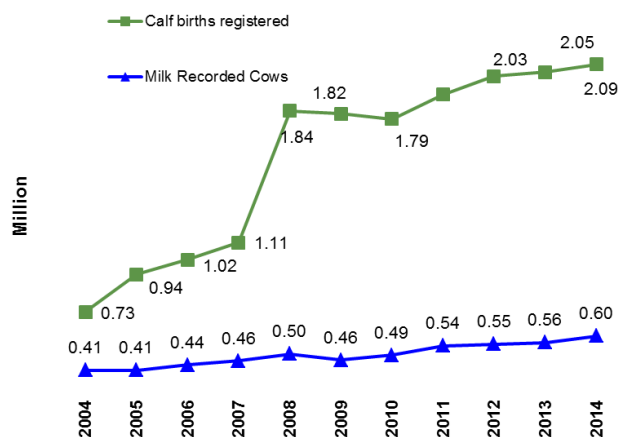


Figure 1

In 2014, 79,459 herds, with 2.09 million calvings (Figure 1) were participating in one or more aspects of the ICBF database. The uptake of milk recording was at an all-time high (Figure 1).

The 2014 Beef Data Programme, which followed on from the 2013 Programme, has continued to enhance the amount of data on beef cattle in Ireland and has enabled substantial further progress in the development of our genetic evaluations for traits relevant to beef cattle in Ireland.

The ICBF cattle breeding database continues to improve the accuracy and scope of both beef and dairy genetic evaluations. As in previous years, 2014 saw these improved evaluations being used by the AI companies to locate Irish bred Holstein Friesian bulls for subsequent progeny testing through the GENE IRELAND[®] dairy program. They also continued to facilitate the wide use of GS bulls at a young age. 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 2014 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 Dept of Agriculture schemes, as well as data received from a variety of other sources. As beef and dairy breeding decisions are increasingly based on these more accurate genetic evaluations, the opportunity for increased profitability of beef and dairy farming is being advanced.

Thanks to continued strong support from DAFM, solid tag income, and robust service income from our service providing partners, ICBF's finances remain sound.

Our research has shown that those herds who are fully engaged across the range of cattle breeding services are more profitable. Thus, the ICBF strategic plan is focused on increasing farmer uptake of those recording and breeding services that give them the greatest economic returns. The focus on how this will be done is through greater engagement with the service providers and industry stakeholders. ICBF's development effort is increasingly focused on streamlining the flow of data from all sources, while improving the quality of the information returned to farms. Initiatives with industry partners are being undertaken to use the ICBF database to provide better quality information to improve decision-making at farm, service providers, industry, research and breeder levels.

As part of ICBF's commitment to facilitate Animal Health Ireland (AHI) there has been a substantial amount of database development work again in 2014 to support AHI's various initiatives.

MISSION

ICBF exists to benefit our farmers, our agri-food industry and our wider communities through genetic gain. We do this by the application of science and technology to ensure that our farmers and industry make the most profitable and sustainable decisions. 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 and industry partners who willingly provide accurate data from their own farms and make full use of the information available in their breeding and farm management decisions.

Farmers that fully engage in cattle breeding services are more profitable than those that don't. (Cromie, 2012). The ICBF Strategic Plan continues to have at its core the engagement of farmers in the use of cattle

breeding services. This is the primary focus of ICBF's activities.

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 2014 calendar year.

Genomics

Cattle breeding continues to undergo 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 in the exploitation of genomic technology is a consequence of a number of key factors.

- The availability of large volumes of phenotypic data on large numbers of animals in the ICBF database
- Having access highly skilled and well-motivated technical staff in both ICBF and Teagasc.
- Partnerships with international collaborators that are providing access to knowledge, technology and research material.
- The creation of a bank of DNA samples from AI bulls, herdbook initiatives around pedigree male registrations, and the strategic use of development funds to build the training population.
- Access to the ICBF database and genetic evaluation system, to support the research and, roll out subsequent genomic services to the industry
- Dairy and beef farmers who are convinced of the merits of the EBI and Eurostar Indexes respectively and use them as the main basis for selecting AI sires and stock bulls.
- A forward looking AI breeding industry that responds quickly to the availability of new technology, and is willing to invest to help them better meet the needs of Irish farmers.
- One of the significant achievements in this area in 2014 was the implementation of the Beef Genomics Scheme, which has built a significant training population to facilitate the implementation of genomics for beef cattle in Ireland.

Genomic Services

ICBF continues to develop the infrastructure to enable the Irish cattle breeding industry to fully exploit

the benefits of genomic information while at the same time minimising costs. During 2014 the focus continued to be on enhancing the systems and services to support the process from selecting a calf for genotyping through collecting a tissue sample, to sending the sample to the lab for testing, to receiving the genotype back into the ICBF database, to incorporating the genomic information in the genetic evaluation for the animal and finally, to the distribution of the results. One of the critical elements we focused on in 2014 was on reducing the turnaround times, especially in relation to dairy bull calves during the spring season. The 2014 Beef Genomics Scheme really pushed the systems to the limit with around 120,000 genotypes processed.

Dairy Genomics

2014 saw the on-going roll-out of genomic selection for dairy cattle. In spring 2014, 59% of recorded dairy inseminations were from such bulls. Refer to figure 2 for a summary of the EBI and uptake over the last number of years.

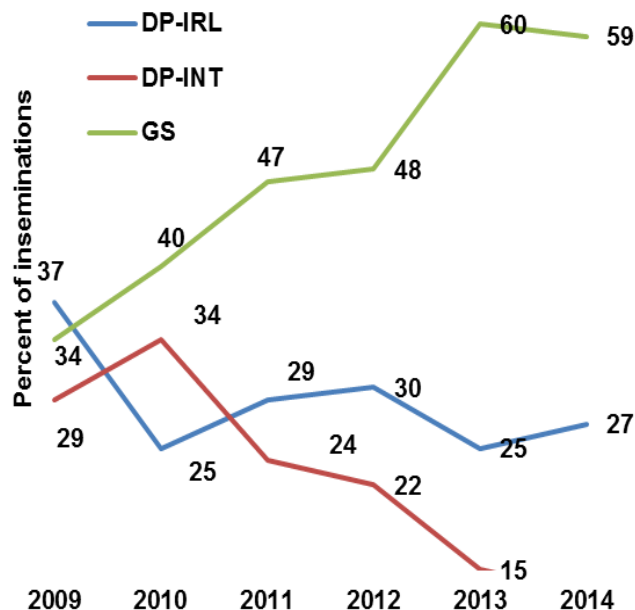


Figure 2b. Percent of inseminations for daughter proven in Ireland (DP-IRL), daughter proven internationally (DP-INT) and genomically selected (GS) bulls

Dairy Females

2014 saw an increased emphasis on the genotyping of females and many farmers now see the genotyping of young stock as a routine part of running their dairy enterprise. As the cost of genotyping continues to fall, the levels of genotyping of heifers by farmers will increase significantly.

Beef

The development of genomic selection for beef cattle breeding has progressed significantly in 2014. The launch of the Beef Genomics Scheme by DAFM saw a seismic shift in the level of Beef Genotyping and will see Ireland publish across breed genomic evaluations in 2015.

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.

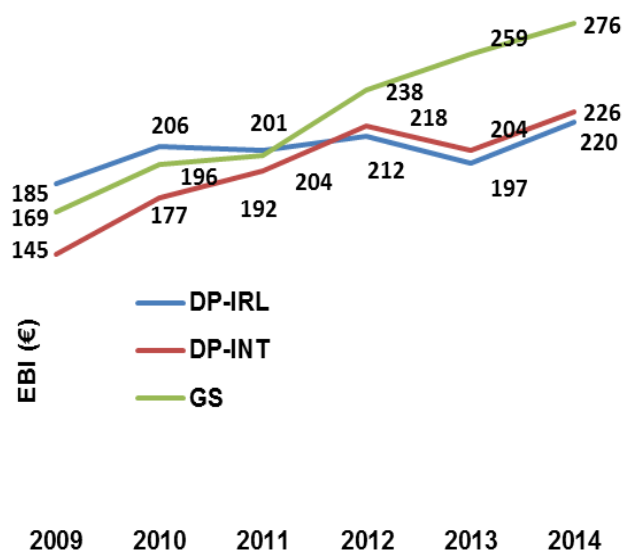


Figure 2a. Average EBI for daughter proven in Ireland (DP-IRL), daughter proven internationally (DP-INT) and genomically selected (GS) bulls

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.

Having started in 2005, across breed genetic evaluations for a wide range of calving and beef traits are 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 mart and slaughter records from the industry.

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 all the current traits and introduce new traits as the research allows.

The economic values in the EBI were revised at the end of 2014. The research on the genetics of Health and Disease traits will continue to get a lot of focus, and the initial results are quite compelling. We continued our work on the Test Day Model, and will look to implement this once we are happy with the results.

Beef Specific

Our strategy is to research, develop, implement and continuously improve the accuracy and relevance of the EuroStar index as a guide for beef breeding decisions. Significant developments in 2014 included:

- The continued rollout of separate maternal and terminal indexes
- A significant amount of research around the calving performance evaluations, which will be implemented in 2015.
- Research into traits around meat eating quality.

Throughout 2014, the Beef Data Programme and Beef Genomics Scheme played a key role in building the data set on which genetic evaluations are based. This was critical, as on-going supply of quality data is critical to building confidence around the genetic evaluations for the beef traits.

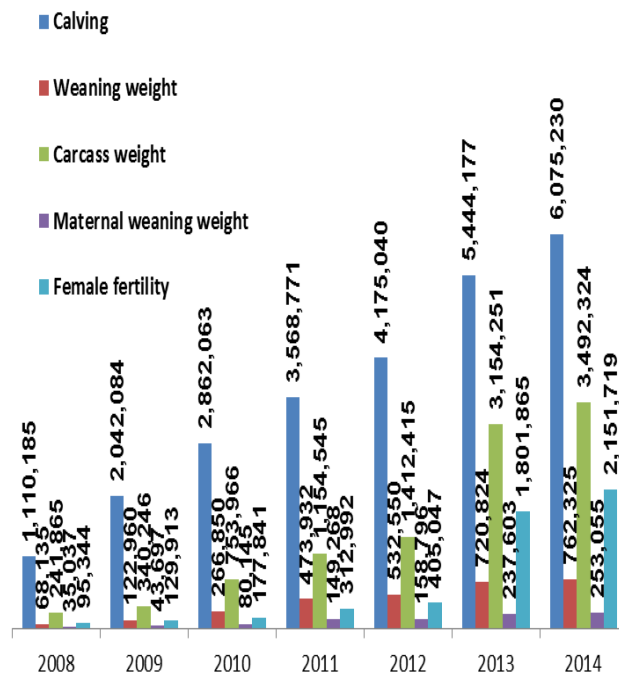


Figure 3a. Number of records used in 2014 genetic evaluations for beef traits

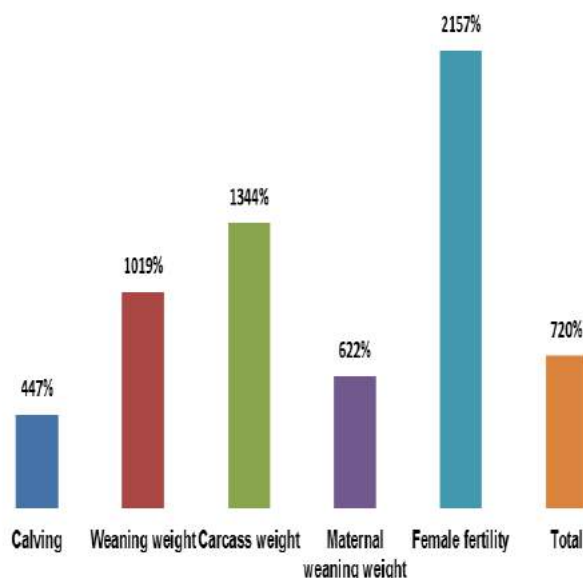


Figure 3b. Numbers of records used in genetic evaluations 2014 expressed as % of numbers in 2008.

Interbeef

ICBF is playing an important leadership role in the development of Interbeef to facilitate the international evaluation of beef breeds and traits. In 2014, significant progress was made around the weaning weight evaluations and these are expected to be implemented in 2015.

Cattle Breeding Services

The level of participation in cattle breeding services continues to grow. 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, with the benefits that an integrated database brings. This in turn provides valuable data and service income to ICBF.

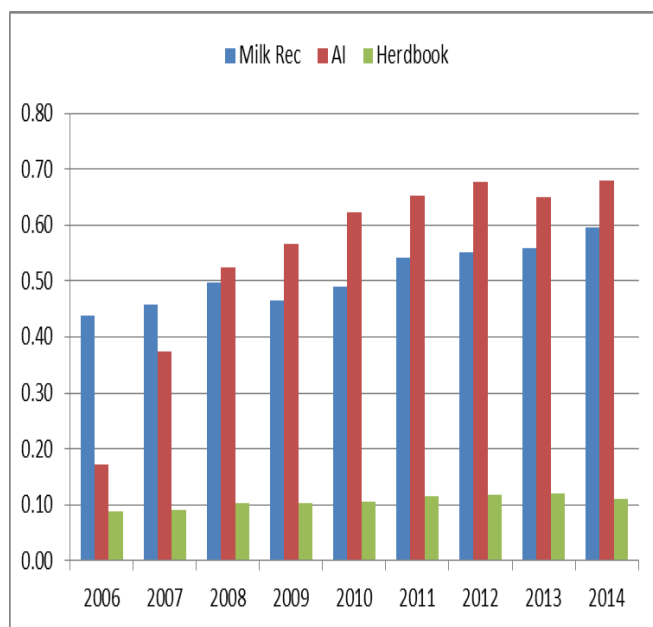


Figure 4. Cattle breeding participation (millions).

Services to Herd Books

There was on-going development in relation to the herdbook processing service in 2014. The major initiative around the genotyping of pedigree males born in 2013 paved the way for more extensive levels of genotyping in 2014 through the Beef Genomics Scheme.

Milk Recording

ICBF's strategy is to work closely with its milk recording members, and 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 help the service providers increase usage of milk recording to 10,000 dairy herds.

In 2014 the uptake of milk recording was at an all-time high record of 0.60 million cows (across 6,257 herds), a 6% increase on milk recording in 2013 and representing over 50% of dairy cows. This was an excellent performance by the milk recording organisations.

The EDIY (electronic do-it-yourself) service continues to grow 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 service has attracted new herds to milk recording as well as taking the place of the conventional recording service. 34% of cows milk recorded in 2014 were recorded under the EDIY 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 2014 again show 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 1.3m searches in 2014, an 8% increase on the 2013 figures. 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 2014 some 670,000 inseminations were recorded through this system, an increase of 5% on the 2013 figure, in line with a strong AI season. (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.

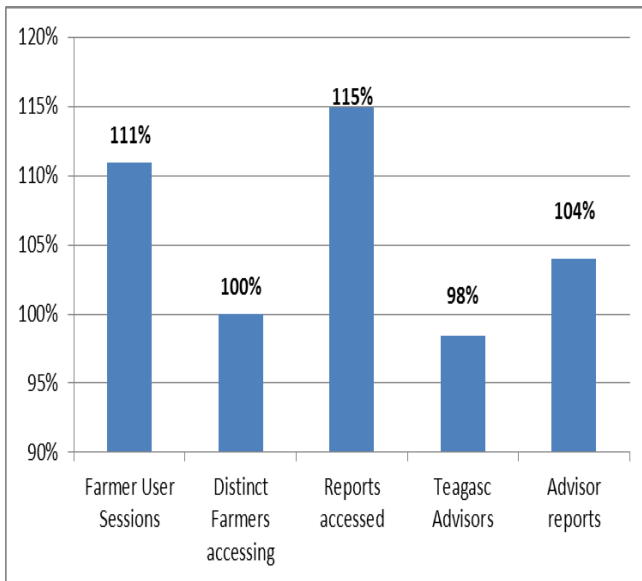


Figure 5. Website usage in 2014 as % of 2013.

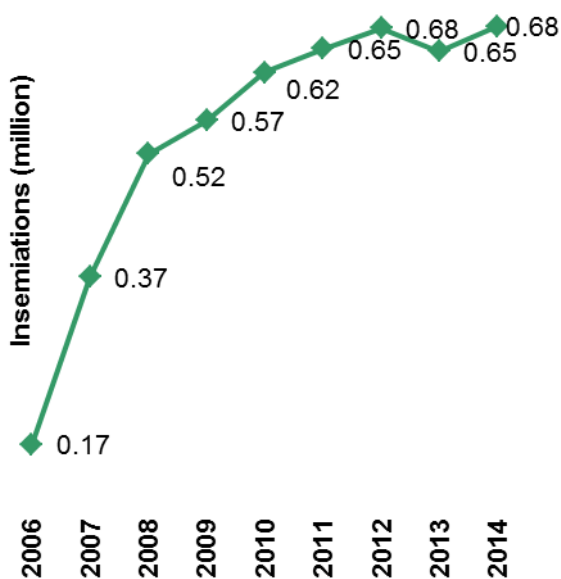


Figure 6. Inseminations recorded via AI Handhelds.

Health and Disease Service

Our strategy is to extend database reports and event recording to meet animal health needs for whole herd health management. This will become an area of increasing focus for ICBF and our service providers as we move towards better evaluations for all ‘Cost of Production’ traits. Our alliance with Animal Health Ireland is proving to be particularly constructive. In 2014 this included the provision by ICBF of

the key information system infrastructure for the the National BVD Eradication 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 continued to grow in 2014 as the DAFM supported Beef Technology Adoption Programme (BTAP) scheme continued to have the use of genetic evaluation information as a core element
- beef herds are now 60% of service customers,

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 2014 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.

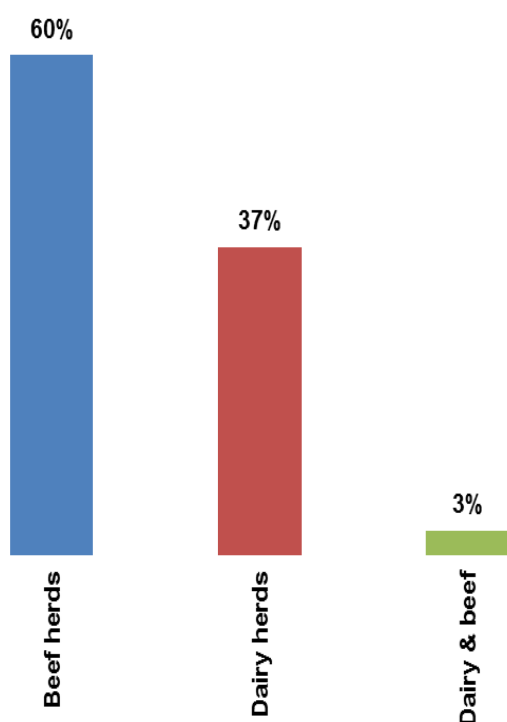


Figure 7. HerdPlus® percentages in 2014.

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 GENE IRELAND® beef progeny test.

Year	Pedigree cattle		
	Scored	Weighed	% Weighed
2007	10,875	4,531	42%
2008	11,865	9,469	80%
2009	8,892	8,054	91%
2010	9,235	8,873	96%
2011	8,866	8,748	99%
2012	8,662	8,590	99%
2013	7,272	10,901	150%
2014	7,806	14,255	183%

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

The Coop Performance Report, which has been developed in partnership with milk processors, continued to be very popular in 2014. 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.

OptiMIR

ICBF continued its 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. While in 2014 we did not make as much progress as we would have liked in terms of getting spectral data flowing to the ICBF database, ICBF was central to the development of some key functional specifications for the project.

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, and huge credit must go to the indigenous AI companies and IHFA for the proactive approach they have taken to genotyping large volumes of animals.

GENE IRELAND® 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 GENE IRELAND[®] progeny test schemes were launched in collaboration with the AI industry. 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. Genomics has led to a reduction in the overall numbers of bulls being tested through GENE IRELAND[®]

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 strong rate of increase seen over the past few years has been maintained due to the continued use of genomic selection.

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.

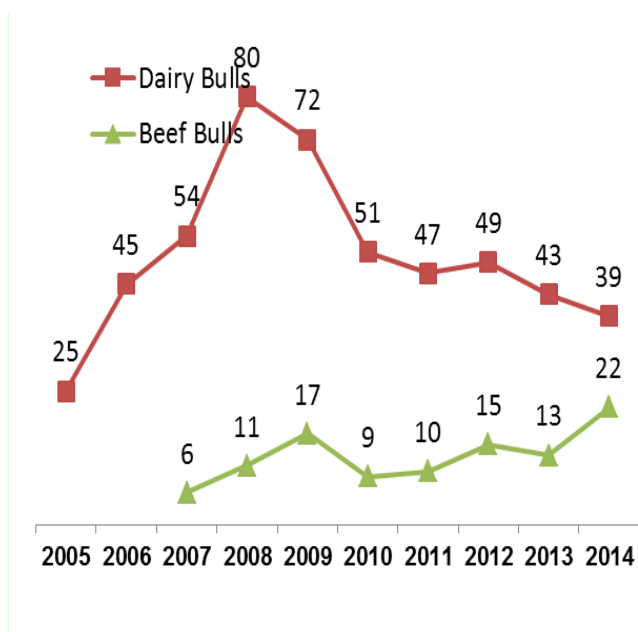


Figure 9. Bulls tested in GENE IRELAND[®] dairy and beef Progeny test programs.

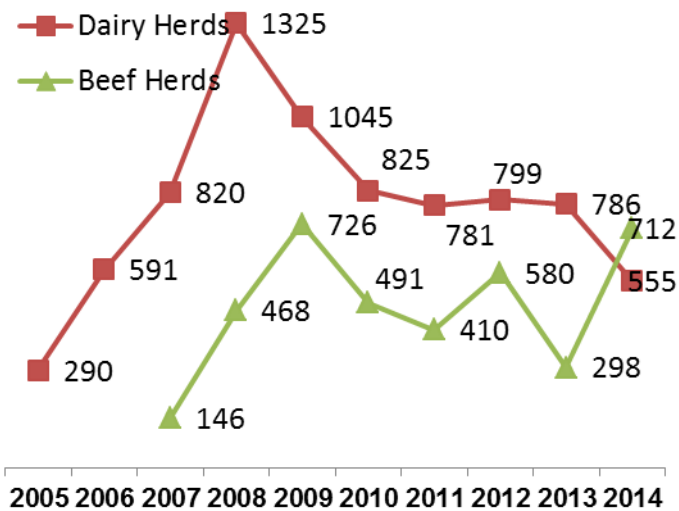


Figure 10. Herds participating in GENE IRELAND[®] dairy and beef progeny test programs.

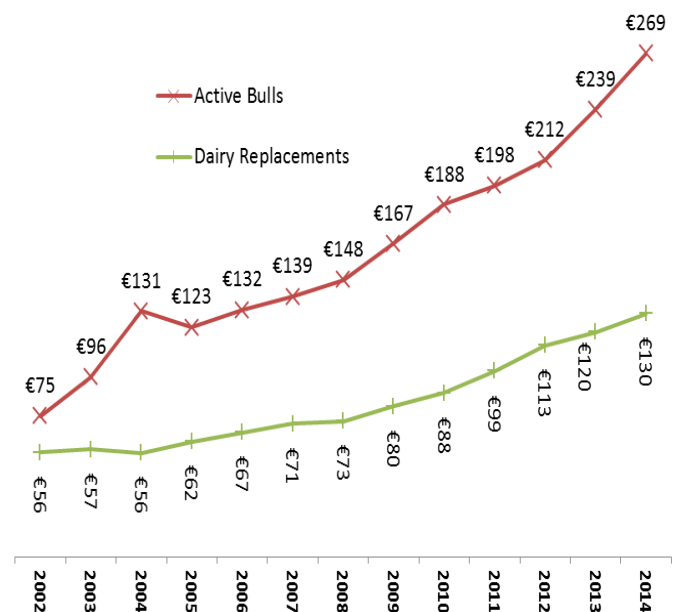


Figure 11. EBI averages by birth year for females and for bulls on active bull list in each year

Tully

The role of Tully was significantly changed at the end of 2012 and it continues to provide extremely valuable data to the industry. Continued investment from DAFM in a new electronically feed measurement system has improved efficiency at the centre. It has proved to be a very worthwhile exercise with excellent cooperation between ICBF, Teagasc, and the

meat processors to ensure that the maximum amount of data is captured from those animals.

The future role of Tully is as an integral element of GENE IRELAND®.

Genetic Gain – Beef

Genetic progress in the suckler herd is illustrated in figure 12. While gain is positive on the Terminal index, it is declining on the Maternal Index. The slight overall gains are slow relative to the optimal rates that are achievable from well designed and well executed beef breeding programs. Ireland faces a major challenge addressing the decline in the Maternal Index, and the on-going profitability of the suckler industry is largely dependent on this. That is the focus of the revised Beef Gene Ireland Programme.

Beef Gene Ireland

The findings of the 2011 review of Beef Breeding, including Beef Gene Ireland resulted in series of recommendations whose implementation continued in 2014.

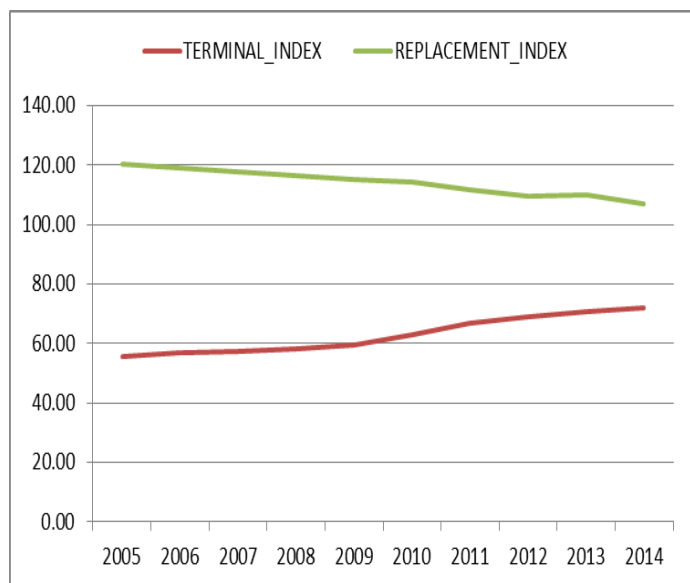


Figure 12. Genetic gain in (€) for commercial beef cattle.

The initiatives are as follows:

- **Maternal Bull Breeder Programme.** This element of the Beef Gene Ireland programme was designed to (a) achieve more accurate and complete data in beef breeding herds and (b) place more emphasis on maternal traits in pedigree beef breeding.
- **Weight recording.** The operation of a National Weight Recording Service continued in 2014, and with a network of 29 technicians established throughout the country. While uptake has been

disappointing, we will continue to look to increase the levels of on-farm weight recording taking place.

- **GENE IRELAND® Beef Progeny Testing Scheme.** The model by which the progeny testing is carried out underwent a significant change in 2013 and 2014 was the first full year of implementation. ICBF is now buying the bulls for testing from breeders, in consultation with the breed societies, commercial farmers, and the AI industry. The first of these bulls were tested in Spring 2014.
- **Genomics.** DAFM’s Beef Genomics Scheme, a huge initiative, even by international standards has moved the level of genomics data on beef animals to a new level. The research work, led by Donagh Berry in Teagasc is well underway, and will be rolled out in 2015.

Financials

2014 Results

The final audited result for 2014 is a surplus of €75,835 which compares with a surplus of €119,987 for 2013 (figure 13).

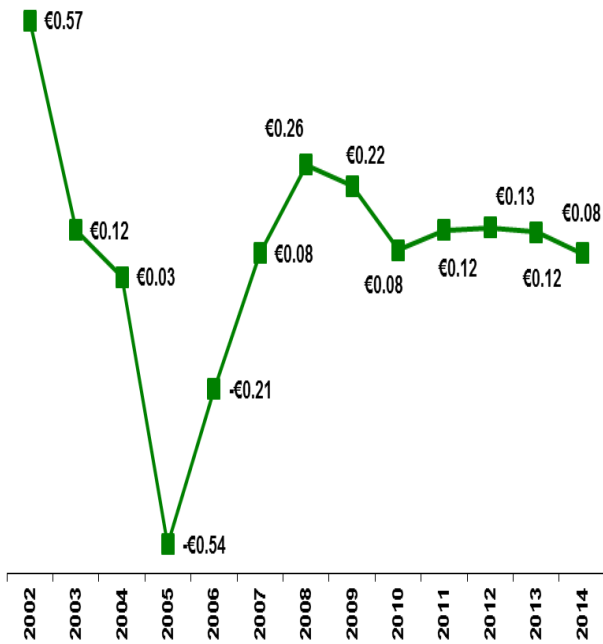


Figure 13. Financial outcome 2002 to 2014 in € million.

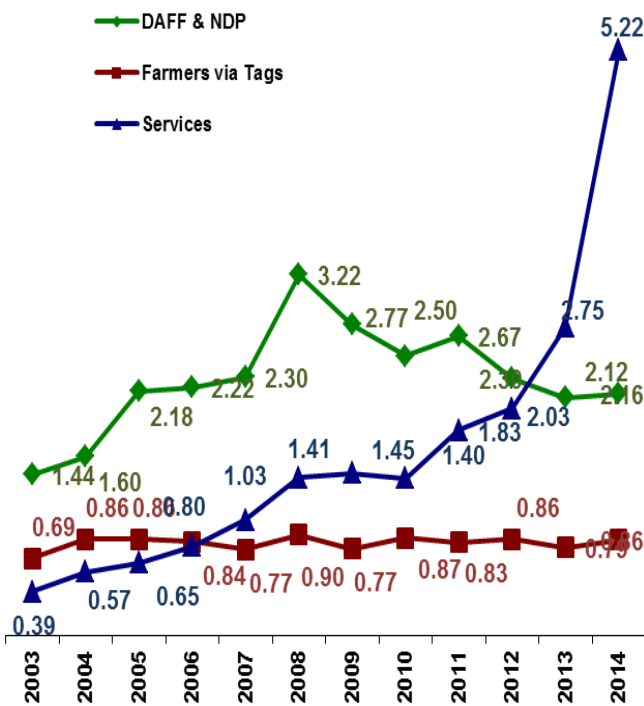


Figure 14. Income trends in € million.

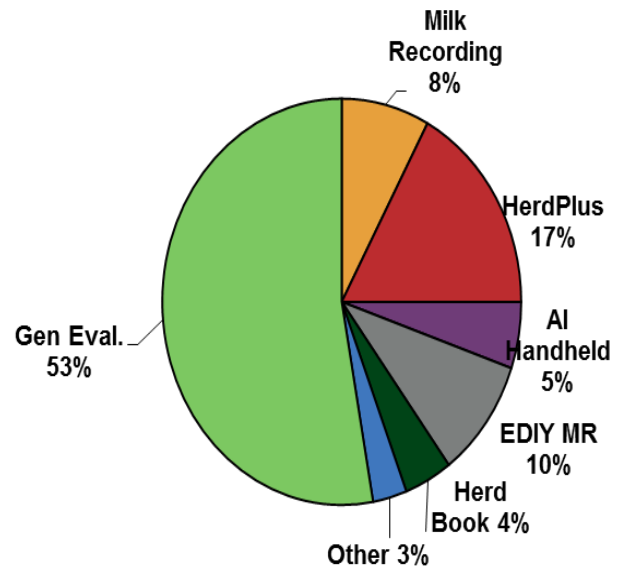


Figure 15. Breakdown of services income

In 2014 ICBF cash income (figures 14, 15) 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 GEN€ IRELAND®, 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 53% of total revenue in 2014 from 43% in 2013, primarily due to the increase in genotyping revenues.

These funds cover the cost of on-going operations and the cattle breeding infrastructure projects undertaken in 2014 as outlined in the audited accounts.

Resources

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

People

ICBF is a small organisation employing a total of 45

people. During 2014, as in previous years, staff and contractors put in a magnificent effort in achieving the many goals established under ICBF's strategic plan.

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. The ICBF database is constantly undergoing development and upgrades in order to keep on top of the ever growing requirements associated with increased volumes of data, especially in the new era of genomics.

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:

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) provides a wide range of information to Irish farmers and the cattle breeding industry. All herd owners can access their own herd reports (using a sign-on and password) and can also make the reports available to 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 2014 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.

International

ICBF maintains a number of importance international linkages including:

- 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 relationships we have with the cattle breeding service providers are crucially important in delivering the benefits at farm level. 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.

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

2014 has been a year where we have continued to exploit the new cattle breeding technologies for the benefit of Irish farmers. There are real challenges ahead in keeping up with the world's best in terms of the use of data and technology, and it will require ongoing investment.

However, the key to ICBF's success remains the same - the application of good science, a focus on the needs of farmers, working closely with our stakeholders and a 100% commitment to delivering by a talented and dedicated team.

We are most fortunate to operate in an environment where ICBF's vision is shared by our Board, our members, DAFM, our sponsors, Teagasc, and, most importantly, Irish Farmers.

Sean Coughlan

John O'Sullivan

Chief Executive

Chairman

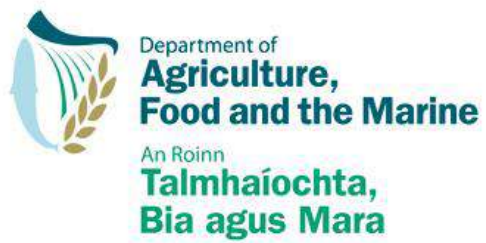


Figure 17. Sponsors of major cattle breeding initiatives in Ireland.

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

SOCIETY INFORMATION

COMMITTEE OF MANAGEMENT

Mr. J. O'Sullivan (Chairman)	Mr. K. Kiersey
Mr. D. Beehan	Mr. K. Kinsella
Mr. J. Brady (<i>resigned 1 May 2014</i>)	Mr. J. Lynch (<i>resigned 29 January 2015</i>)
Mr. G. Brickley (<i>resigned 1 May 2014</i>)	Mr. P. Mulvehill
Mr. J. Comer (<i>resigned 1 May 2014</i>)	Mr. M. J. O'Donovan (<i>resigned 1 May 2014</i>)
Mr. M. Doran	Mr. G. Ryan
Dr. B. Eivers (<i>resigned 1 May 2014</i>)	Mr. R. Whelan
Mr. V. Gorman	Mr. T. Fitzgerald (<i>appointed 1 May 2014</i>)
Mr. P. Kelly (<i>appointed 1 May 2014</i>)	Mr. H. Burns (<i>appointed 1 May 2014</i>)
Mr. P. Ryan (<i>appointed 1 May 2014</i>)	Mr. M. Ryan (<i>appointed 1 May 2014</i>)
Mr. T. Wilson	Mr. D. Buckley (<i>appointed 29 January 2015</i>)

SECRETARY

Mr. J. Carty,
Department of Agriculture, Food and the Marine,
Pavilion A,
Grattan Business Park,
Portlaoise,
Co. Laois.

CHIEF EXECUTIVE

Mr. S. Coughlan

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.

BANKERS

AIB Bank,
South Main Street,
Bandon,
Co. Cork.

AUDITORS

Ernst & Young,
Chartered Accountants,
City Quarter,
Lapps Quay,
Cork.

**COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES STATEMENT
for the year ended 31 December 2014**

The committee is responsible for preparing the financial statements in accordance with applicable Irish law and regulations.

The Industrial and Provident Societies Acts, 1893 to 1978 require the committee to prepare financial statements giving a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for each financial year. Under that law the committee has elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

In preparing these financial statements, the committee is 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 is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and which enables it to ensure that the financial statements are prepared in accordance with Irish Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts, 1893 to 1978. It is 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

On behalf of the Committee of Management

John O'Sullivan, Chairman
Michael Doran, Vice Chairman

26 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

We have audited the financial statements of Irish Cattle Breeding Federation Society Limited for the year ended 31 December 2014 which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the society's members, as a body, in accordance with section 13 of the Industrial and Provident Societies Act, 1893. 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 auditor's 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 committee of management and auditors

As explained more fully in the Committee of Management's Responsibilities Statement set out on page 3, the committee are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the committee of management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the society's affairs as at 31 December 2014 and of its surplus for the year then ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH CATTLE BREEDING
FEDERATION SOCIETY LIMITED (Continued)**

As required by Section 13(2) of the Industrial and Provident Societies Act 1893 we examined the balance sheets showing the receipts and expenditure, funds and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

Ernst & Young
Chartered Accountants and Registered Auditors

Cork

1 April 2015

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2014

	<i>Note</i>	<i>2014</i> €	<i>2013</i> €
Income – continuing operations		8,742,349	5,762,645
Operating expenses		(8,676,014)	(5,656,329)
Operating surplus – continuing operations		<u>66,335</u>	<u>106,316</u>
Bank interest received		9,500	13,671
Surplus on ordinary activities before taxation		<u>75,835</u>	<u>119,987</u>
Tax on surplus on ordinary activities	3	-	-
Surplus on ordinary activities after taxation		<u><u>75,835</u></u>	<u><u>119,987</u></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

John O’Sullivan, Chairman
Michael Doran, Vice Chairman

26 March 2015

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

BALANCE SHEET
at 31 December 2014

	<i>Note</i>	<i>2014</i> €	<i>2013</i> €
FIXED ASSETS			
Project development expenditure	4	4,713,660	4,572,849
Tangible fixed assets	5	80,332	79,671
		<u>4,793,992</u>	<u>4,652,520</u>
CURRENT ASSETS			
Stock	6	211,637	264,324
Debtors	7	1,738,922	1,372,277
Cash at bank		1,620,182	1,169,358
		<u>3,570,741</u>	<u>2,805,959</u>
CREDITORS (amounts falling due within one year)	8	(2,392,382)	(1,552,637)
NET CURRENT ASSETS		<u>1,178,359</u>	<u>1,253,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,972,351	5,905,842
PROVISIONS FOR LIABILITIES AND CHARGES	9	-	(71,263)
GOVERNMENT GRANTS	10	(2,972,843)	(2,910,906)
TOTAL ASSETS LESS LIABILITIES		<u><u>2,999,508</u></u>	<u><u>2,923,673</u></u>
FINANCED BY			
SHAREHOLDERS' FUNDS			
Share capital	11	2,027,022	2,027,022
Income and expenditure account	12	972,486	896,651
Shareholders' funds	12	<u><u>2,999,508</u></u>	<u><u>2,923,673</u></u>

On behalf of the Committee of Management

John O'Sullivan, Chairman
Michael Doran, Vice Chairman

26 March 2015

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2014

	<i>Note</i>	2014 €	2013 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	13	1,091,953	659,978
<hr/>			
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Deposit interest received		9,500	13,671
<hr/>			
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Project development expenditure		(1,617,197)	(1,660,974)
Payments for tangible fixed assets		(43,432)	(12,588)
<hr/>			
		(1,660,629)	(1,673,562)
<hr/>			
NET CASH OUTFLOW BEFORE FINANCING		(559,176)	(999,913)
<hr/>			
FINANCING			
Project development grants received		1,010,000	1,020,000
<hr/>			
NET CASH INFLOW FROM FINANCING		1,010,000	1,020,000
<hr/>			
INCREASE IN CASH	14	450,824	20,087
		<u>450,824</u>	<u>20,087</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared under the historical cost convention. The financial statements are expressed in Euro (€).

(b) *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
Weighing equipment	5 years

(c) *Project development expenditure*

Project development expenditure on clearly defined projects whose commercial outcome can be assessed with reasonable certainty is capitalised. When the development of these commercial projects reaches completion the society provides services to its members in return for fee income. This expenditure is amortised over the useful lives of the projects. Costs relating to fully amortised projects and the related fully amortised government grants are written off after a period of nine years from when the expenditure was incurred.

(d) *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.

(e) *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.

(f) *Income recognition*

Income is recognised on delivery of the service. Where monies are received in advance of the related goods or services being provided, the revenue is deferred until such time as the related performance criteria have been met to recognise the sale.

(g) *Leasing*

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2.	STAFF COSTS	2014	2013
		€	€
	The staff costs, including costs capitalised in project development, are comprised of:		
	Wages and salaries	2,106,614	1,793,104
	Social welfare costs	219,447	185,292
		<u>2,326,061</u>	<u>1,978,396</u>

The average number of persons employed by the society in the financial year was 45 (2013: 37) and is analysed into the following categories:

	2014	2013
	No.	No.
Management	1	1
Administration	5	3
Technical	18	17
Fixed term subcontractors	21	16
	<u>45</u>	<u>37</u>

The staff numbers and the staff costs exclude fixed term subcontractors which were recharged 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

4.	PROJECT DEVELOPMENT EXPENDITURE	€
	<i>Cost</i>	
	At 1 January 2014	13,879,560
	Additions	1,617,197
	Elimination of fully amortised costs (b)	(1,914,670)
		<hr/>
	At 31 December 2014	13,582,087
		<hr/>
	<i>Amortisation</i>	
	At 1 January 2014	9,306,711
	Charge for the year	1,476,386
	Elimination of fully amortised costs (b)	(1,914,670)
		<hr/>
	At 31 December 2014	8,868,427
		<hr/>
	<i>Net book value</i>	
	At 31 December 2014	4,713,660
		<hr/> <hr/>
	At 31 December 2013	4,572,849
		<hr/> <hr/>

- (a) Project development expenditure consists of computer hardware, software consultancy, database and other project costs.
- (b) Fully amortised projects are written off after a period of nine years from when the expenditure was incurred. As the project expenditure is fully amortised the write off has no impact on profits or on the carrying value of projects in the balance sheet.

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5.	TANGIBLE FIXED ASSETS				
		<i>Office equipment</i>	<i>Tully machinery</i>	<i>Weighing equipment</i>	<i>Total</i>
		€	€	€	€
	<i>Cost</i>				
	At 1 January 2014	214,334	25,504	78,748	318,586
	Additions	-	43,432	-	43,432
		-----	-----	-----	-----
	At 31 December 2014	214,334	68,936	78,748	362,018
		-----	-----	-----	-----
	<i>Depreciation</i>				
	At 1 January 2014	188,635	18,780	31,500	238,915
	Charge for the year	16,073	10,948	15,750	42,771
		-----	-----	-----	-----
	At 31 December 2014	204,708	29,728	47,250	281,686
		-----	-----	-----	-----
	<i>Net book value</i>				
	At 31 December 2014	9,626	39,208	31,498	80,332
		=====	=====	=====	=====
	At 31 December 2013	25,699	6,724	47,248	79,671
		=====	=====	=====	=====
6.	STOCKS			<i>2014</i>	<i>2013</i>
				€	€
	Livestock			199,182	240,772
	Tully consumables			12,455	23,552
				-----	-----
				211,637	264,324
				=====	=====

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

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

7.	DEBTORS	2014 €	2013 €
	Trade debtors and prepayments	1,247,682	1,177,243
	Amounts due from related party (note 16)	412,838	174,915
	VAT	78,402	20,119
		<u>1,738,922</u>	<u>1,372,277</u>
8.	CREDITORS (amounts falling due within one year)	2014 €	2013 €
	Trade creditors	795,963	787,756
	Accruals and deferred income	1,496,642	690,169
	PAYE/PRSI	99,777	74,712
		<u>2,392,382</u>	<u>1,552,637</u>
9.	PROVISION FOR LIABILITIES AND CHARGES		
	<i>Provision for progeny test scheme</i>	2014 €	2013 €
	At 1 January	71,263	114,563
	Released during the year	(63,388)	(43,300)
	Transferred to creditors (Note 8)	(7,875)	-
	At 31 December	<u>-</u>	<u>71,263</u>

This provision related to an agreement in relation to the estimated cost of data collection in respect of the 2011 and 2012 programs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. GOVERNMENT GRANTS

Government grants comprise grants received from the Department of Agriculture, Food and the Marine (DAFM).

	€
<i>Received</i>	
At 1 January 2014	8,892,395
Received during year	1,010,000
Elimination of fully amortised grants (a)	(1,438,377)
	<hr/>
At 31 December 2014	8,464,018
	<hr/>
<i>Amortisation</i>	
At 1 January 2014	5,981,489
Credited to the income and expenditure account in year	948,063
Elimination of fully amortised grants (a)	(1,438,377)
	<hr/>
At 31 December 2014	5,491,175
	<hr/>
<i>Net amount</i>	
At 31 December 2014	2,972,843
	<hr/> <hr/>
At 31 December 2013	2,910,906
	<hr/> <hr/>

- (a) Consistent with the policy for related project expenditure, as outlined in Note 4, fully amortised grants are written off after a period of nine years from when the grant was received. As the grants are fully amortised the write off has no impact on profits or on the balance sheet.

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11.	SHARE CAPITAL	2014	2013
		€	€
	<i>Authorised:</i>		
	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>
	<i>Issued and fully paid:</i>		
	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
		<u>2,027,022</u>	<u>2,027,022</u>

All shares rank pari passu in all respects.

12.	RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES			
		<i>Share capital</i>	<i>Income and expenditure account</i>	<i>Total</i>
		€	€	€
	At 1 January 2013	2,027,022	776,664	2,803,686
	Surplus for year	-	119,987	119,987
		<u>2,027,022</u>	<u>896,651</u>	<u>2,923,673</u>
	At 31 December 2013	2,027,022	896,651	2,923,673
	Surplus for year	-	75,835	75,835
		<u>2,027,022</u>	<u>972,486</u>	<u>2,999,508</u>
	At 31 December 2014	2,027,022	972,486	2,999,508

IRISH CATTLE BREEDING FEDERATION SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

13.	CASH INFLOW FROM OPERATING ACTIVITIES	2014 €	2013 €
	Operating surplus	66,335	106,316
	Amortisation of project development expenditure	1,476,386	1,552,805
	Project development grants amortised	(948,063)	(921,413)
	Depreciation of tangible fixed assets	42,771	34,084
	Increase in debtors	(366,645)	(193,076)
	Decrease/(increase) in stocks	52,687	(87,724)
	Increase in creditors	831,870	212,286
	Progeny test provisions in year	-	3,938
	Progeny test payments in year	(63,388)	(47,238)
	Net cash inflow from operating activities	<u>1,091,953</u>	<u>659,978</u>

14.	ANALYSIS OF CHANGES IN NET FUNDS	At 1/1/2014 €	Cash flows €	At 31/12/2014 €
	Cash at bank	<u>1,169,358</u>	<u>450,824</u>	<u>1,620,182</u>

15. OPERATING LEASE COMMITMENTS

At the balance sheet date the society had annual commitments of €42,500 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 €150,000, 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 26 March 2015.



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