



Dear Dairy Farmers, Breeders and Colleagues

December 2008

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- What an INTENSE year!!
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NOT QUITE A WHITE CHRISTMAS!!

The Day after the Snowstorm November 5th, 2008 in Western Southland (at Whitestone Holdings Ltd) No 4WD but we still got around the AB run both days!!!



What an INTENSE year!!!

It's that time of year to unwind and think back over what happened over the last few months. What went well and what didn't? What did we learn? Thinking about this for this newsletter, one word quickly came to mind –“INTENSE”. It has sure been “full-on” in every respect.

- There has been a huge focus and effort by the Liberty team to make a big step up in volume of sales and to provide additional services.
- Weather extremes included a 100 year drought to the most snow in Winton in 10 years
- Financial markets and subsequently the global dairy industry has taken a dramatic ski jump off an extreme high and we are still looking for the bottom.
- There has been “INTENSE” debate over the implementation of genomic selection in the AB industry, with some dramatic claims from the major competitor, then a subsequent product recall & refund.

In such a turbulent time it is reassuring to note that Liberty Genetics has a simple formula and a simple philosophy to deliver the best value and it is delivering results. I hope you have been able to strengthen your business and achieve some personal goals, so that you are well prepared for the challenges in 2009.

Best Wishes from

The Liberty Genetics Team

Liberty Genetics working to add Value across the Industry

A significant advantage for Liberty Genetics is the direct link between our seed stock bull suppliers and the commercial dairy industry, with minimal cost and infrastructure in between. The bull breeders invest heavily in all available herd improvement technologies including:

- accurate recording,
- selecting and purchasing the best available male and female genetics,
- using reproductive technologies (ET and IVP) to maximize the progress in their top families,
- herd testing and TOP inspecting to record the maximum amount of information for animal evaluation.

In some cases these breeders have developed and proven landmark genetics that the AB industry initially ignored. (e.g. Skelton, Prefect, and Fernaig Admiral). These operators are the top spenders on a per animal basis on herd improvement services, and in many cases their herds are local leaders in terms of scale and efficiency. Through AB the commercial industry is able to capture the genetic gains made by the seed stock sector “nucleus” herds, for a relatively low cost and a modest commitment to their own herd improvement budget.

Liberty Genetics works to create value for the bull breeders, and to give them an incentive to continue to invest in their top genetics. Most of this value is delivered as a royalty on semen sales, but there is also advice and technical support, which now includes DNA testing services. In the commercial sector Liberty is focused on delivering efficient breeding services, and providing the genetic gain component at the “Best Value” in the industry.

There has been a suggestion by some that with the Genomic Selection, the role of the breeder is diminished and bulls will be able to be sourced across a wider spectrum of the industry. We believe that the best chance to find extreme genetic outliers will come from maximizing the number of progeny produced from mating the best females to the most exciting sires, and then screening these groups of progeny to find the best combination of ancestry genetics. Breeders will make this investment when there is an appropriate return available. Hence, we are working closely with the top bull breeders to ensure that they are encouraged to continue to invest for the good of the whole industry.

CHRISTMAS NEWSFLASH !!!

2008 will see Liberty Genetics make a record payout to shareholders and bull breeders in the form of; commission/rebates, dividends and semen royalties. The total amount paid out will exceed \$0.5 million, a significant return to the industry from efficient performance.

These returns will encourage re-investment !





Brent "on tour"

STOCK MATES UNDERPINS LIBERTY GROWTH

In the initial year our Stock Mates program has done 74,000 inseminations, and we appreciate the top effort from our technicians and two regional coordinators that have supported and assisted them.

In the Waikato Brent Houghton has been supervising technician activity and co-ordinating the "Hi Spec" bull calf project. Brent has been involved in bull breeding from a couple of outstanding Jersey cow families, but these days a manager operates his commercial herd at Ngarua and he has an equity interest in a FarmRight managed operation in northern Southland. As you can see Brent is a "Harley" enthusiast.



South Island Technician Orientation Day
Left -Edilberto is ready for Action in new kit
Below- Checking the finer points of technique.



In Canterbury the technician team was ably supported by Claire McKay. Claire and husband Bruce Baggott farm near Cust, and their son Lyn is share-milking 880 cows on their dairy platform. Claire has a wealth of experience from her career as a dairy vet and AB technician while in Ruawai, and from her involvement in the Canterbury region since moving south. Bruce & Claire have made a point of breeding and buying top quality stock throughout their dairy progression.

DNA TESTING WITH STOCK MATES

Call or email Paula for any DNA parentage or gene testing enquiries. There is information on the website, and the contact numbers are below. We can provide A2 testing and the new AgResearch test for Facial Exzccema susceptibility.

GENETICS HIGHLIGHTS!

Liberty Genetics has achieved several new genetics highlights through 2008. The daughter performance continues to validate the quality of our bull teams.

The top new Jersey graduate OZARK will appear near the top of the Jersey RAS list, at this stage #4 amongst daughter proven sires. Ozark is bred from the Gary and Barbara Townshend owned Raynham herd at Ngatea, and he will qualify for the RAS list as soon as he has sufficient semen stocks. The reliability of Ozark's proof is high with 123 daughters, and he has the highest fertility BV of the new crop of Manhattan sons.

Our top Friesian graduate, Bagworth KALUMBURU is about to join FLUKE in the top of the Friesian RAS list. KALUMBURU is easy calving and transmits persistent high protein production from medium sized functional cows, just what our clients are looking for.

FLUKE has been recognised for the quality of his daughters, with a yearling daughter from Valden Holsteins selling at the Friesian annual conference sale for \$25,400, top price for all dairy stock sales in 2008. Congratulations to the vendors (and Liberty shareholders), Raeden & Lyn Jackson and to Todd Anderson the successful buyer who is establishing a quality genetic nucleus group in his Winton herd.

Several Liberty bred herds were sold this year at strong prices. The genetic appeal of our 2008 crossbred team was such that it effectively sold out. The new bull teams for 2009 are shaping up well.

Animal Breeding Services Update & Fresh Semen Roll Out

Liberty Genetics has been well supported by our affiliate Animal Breeding Services (ABS), in semen production and dispatch and delivery logistics. The ABS team has provided high quality service with real dedication and commitment, which has been appreciated by our team and our clients. ABS is tracking well ahead of budget in most areas of activity and continues to be an excellent strategic fit for Liberty and our bull breeders

With our technician network in place, ABS co-operation, plus a new strategic partnership with Xcell Breeding Services near Christchurch, we were able to supply fresh semen to our Canterbury clients. This initial roll out has gone smoothly and we look forward to extending fresh semen deliveries to some other regions in 2009. This innovation provides cost savings and extends the production capacity from top bulls.

Thanks to all who contributed to our progress and success in 2008!!!

For sales enquiries call Lin Buckley 0508 454 237 or email lin@libertygenetics.co.nz
For bull breeding, AB and business enquiries contact: Dave Hayman, Managing Director; by email to dhayman@libertygenetics.co.nz, or phone 0274 965 983.



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