

1% QUOTA INCREASE

The third of the five 1% quota increases came into effect on 1st April 2011. 0.75% increase in quota goes to every active milk producer. The remaining 0.25% is allocated as follows:

- New entrants to dairying – limited to 50 successful applicants who will be allocated a milk quota of 200,000 litres.
- Purchaser of quota as a new entrant through the Milk Quota Trading Scheme, which commenced in late 2006.
- The purchaser of quota as the successor to the Milk Quota Trading Scheme.

The latter two categories are limited to an allocation that brings their permanent quota equal to 200,000 litres. Closing date for receipt of applications is 8th April 2011.

European Communities (Food and Feed Hygiene) Regulations 2009 (S.I. No. 432 of 2009) (as amended) Annual Dairy Herd Inspection Programme

Regulation (EC) No. 853/2004 of the European Parliament and of the Council provides that animals from which milk is supplied for the preparation of drinking milk or the manufacture of dairy products for human consumption must meet specified animal health requirements.

To implement this, the Department of Agriculture, Fisheries and Food has established a programme for the veterinary certification of dairy herds. Inspection must be carried out in the course of the current year and veterinary certification must be provided by the producer to their Co-ops no later than 31 December 2011.

The veterinary inspection of dairy herds is a matter for arrangement between dairy producers and private veterinary practitioners.

The Certificate forms are available to dairy farmers through their Co-ops and/or Pasteurising Dairies or directly from the Milk & Meat Hygiene/ABP Division of the Department.

Enquiries regarding the operation of the Scheme should be addressed to:
Milk & Meat Hygiene/ABP Division, Department of Agriculture, Fisheries and Food, Grattan House, Grattan Business Centre, Portlaoise, Co. Laois.
Telephone: 057 8694358;
email: dairyhygiene@agriculture.gov.ie

email: info@agriculture.gov.ie
www.agriculture.gov.ie



FOR SALE

2 Pedigree Registered
Holstein Friesian Bulls 15 months
old. High EBI by OJI (Oman) Dams
86+ 87 pts.

Contact 074 93 79130 or 087 9231563

Milk Quota Trading Scheme

Results from the 2nd Phase of 2011/2012 Milk Quota Trading Scheme were announced in March. Quota purchased from that Stage and from the 1st Stage, which was finalised in December 2010, will be available to producers from 1st April 2011.

Relevant figures from the past six Schemes are as follows:

	09/10		10/11		11/12	
	1st	2nd	1st	2nd	1st	2nd
Total quantity offered (million litres)	37.2	44.3	38.3	44.3	47.5	25.6
Number of sellers	326	375	385	448	531	243
Total traded @ M.C. Price (million litres)	23.3	11	12	21.8	34.1	18.4
Total sold @ Priority Price (million litres)	9.1	10.4	6	6.4	11.8	6.6
% Traded in Total	87.2	48.3	47	63.6	96.7	97.6
Volume sought (million litres)	119.4	48	68.8	65.9	162.3	161.9
Number of Buyers	2596	1064	1188	1163	2693	2562
Weighted average traded price (c/litre)	27.67	15.4	10.45	8.77	12.79	18.85
Highest Price (c/litre)	40	25	17	18	32	35
Lowest Price (c/litre)	10	10	5	4	5	5
Milk purchasers who traded (sold) quota	21	27	19	23	23	23

- The quantity offered in the current Scheme (10th Trading Scheme) is the lowest of all previous Schemes. However, the number of buyers at 2,562 is close to the number from the autumn Scheme.
- The weighted average traded price increased by 6.06 cent per litre or 47.4% on the previous price.

FLUKICIDES

Dairy co-operatives should continue to remind farmers of the ongoing restriction on the use of flukicides which do not have a maximum residue limit (MRLs - control thresholds for residues) for milk. As was the case in 2010, the Department of Agriculture continues to monitor milk for the presence of residues of flukicide drugs without MRL. **The veterinary medicines concerned contain clorsulon, closantel, nitroxylin, rafoxanide and triclabendazole. Veterinary medicines containing these substances should not be used in dairy animals intended for milk production, including pregnant heifers intended for milk production for human consumption.**

The labels of products containing clorsulon, closantel, nitroxylin, rafoxanide and triclabendazole have been updated during the course of 2010 to reflect the above warning. However, the labels of older stocks of

veterinary medicines, which might be still in date and available on farms, might not be sufficiently explicit and apt in respect of the instruction not to use the products concerned in animals intended for milk production for human consumption. Farmers should follow the advice given here even where the label of the product available indicates otherwise. Note that the products concerned continue to be safe for use in animals, which are not intended for use for milk production for human consumption, including beef suckler cows.

Flukicidal veterinary medicines containing oxcyclosanide or albendazole, which already have a MRL established for milk, can continue to be used to treat adult fluke in animals which are intended for milk production. In these cases, the appropriate withdrawal periods indicated on the product labelling should be strictly followed.

DE

ATTENTION FARMERS

Donegal Estates
Estate Agents

Donegal Estates offer a professional and confidential service in the following areas:

- Valuation for transfer, taxation, compulsory purchase etc.
- Site Sales
- Farm sales and lettings
- Property Management
- Auctions of stock and machinery

WANTED

We have a requirement for land to let on short and long term lease agreements. Please contact our office to discuss.

CONTACT FOR FURTHER DETAIL
Donegal Estates MIPAV
Ballyrairie
Letterkenny
Co. Donegal

E: dermot@donegalestates.ie
M: 086-8349407
T: 074-9194408/9
F: 074-9124926
W: www.donegalestates.ie

CREAMERY NEWSLETTER

BALLYRAINE, LETTERKENNY, CO. DONEGAL. TEL. (074) 9121766, FAX (074) 9124823

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010



14 April 2011

THE COMPANY IS PLEASED TO REPORT A SOLID PERFORMANCE FOR THE YEAR.

SUMMARY

- Adjusted operating profit of €3.4m
- Operational turnover up 11% to €126m
- Adjusted earnings per share up 38% to 67.7c in line with market expectation
- Challenging year for the Dairy division, specifically the liquid milk business, due to milk price increases and a competitive retail market. Our value added dairy products business performed strongly during the year
- Return to profitability of Agri-input business driven by strong performance from our speciality feeds and retail stores businesses
- Produce business performance remains strong despite a difficult final quarter due to adverse weather conditions, delaying shipments into early 2011
- Good performance from associates, in particular, Monaghan Middlebrook Mushrooms
- Continued strategic progress:
 - Organic dairy product range launched during the year and excellent growth achieved in UK market through Rumlbers brand
 - Continued focus on UK retail and foodservice market
 - Expansion plans for Chef in a Box operational from April 2011
 - Acquisition of a controlling interest in Bio Green Foods (UK) in January 2011 enhances our niche dairy market presence in the UK
 - Continued organic conversion of the Grianan Estate farm
 - Monaghan Middlebrook Mushrooms is in the final stages of its €100m capital investment programme to consolidate its position as Europe's leading producer
- Dividend per share maintained at 16c

FINANCIAL HIGHLIGHTS

	2010	2009	Change
Turnover- continuing operations	€'000 126,189	113,271	Up 11.4%
Adjusted operating profit*	€'000 3,439	3,017	Up 14.0%
Profit before tax- continuing operations	€'000 2,666	46	Up €2.6m
Profit after tax	€'000 3,056	17	Up €3.0m
Adjusted earnings per share**	Cent 67.7	48.9	Up 18.8c
Earnings per share (basic)	Cent 30.1	0.3	Up 29.8c
Dividend per share	Cent 16c	16c	-
Investment property valuation	€'000 31,053	36,885	Down €5.8m
Net asset value per share***	€ 5.99	5.83	Up 16.0c

* Adjusted operating profit before the impact of change in fair value of investment properties

** Adjusted earnings before the impact of change in fair value of investment properties in group & associates, the related deferred tax and CGT rate change in 2009

***Net assets are total equity attributable to equity holders of the Company

Chairman's statement

Donegal Creameries plc (the Group) announces its financial results for the year ended the 31 December 2010. These results are prepared by Donegal Creameries plc under International Financial Reporting Standards as adopted by the EU.

We are pleased to report a strong overall performance of the Group for the year demonstrating the resilience of our diversified business model. The challenges in our Dairy and Property divisions were offset by a strong performance in Agri-inputs and Associates along with a satisfactory result in Produce.

Turnover from continuing operations was €126m up from €113m, an increase of 11.4%. This was driven by volume growth in liquid milk, animal feed and seed potato, increases in commodity dairy and grain prices and full year inclusion of our 2009 acquisitions.

The Group made an operating profit before property revaluations of €3.4m (2009: €3.0m). The Dairy division result was disappointing producing a segmental result of €0.02m down from €2.2m in 2009. This was primarily due to the significant increase in the cost of milk and a very competitive retail market in the Republic of Ireland. The Agri-input division performed well returning to profitability and producing a segmental result of €0.8m (2009: loss of €2.4m). The Produce division delivered a satisfactory result of €2.6m (2009: €2.6m)

Continued on next page

SUPER LEVY FOR 2010/2011 MAY HAVE BEEN AVOIDED

Milk Producers in Donegal may have escaped a massive Super Levy Bill for 2010/11 due to a sharp reduction nationally in the last few days of March. The latest estimate is that the Country could be under quota by 15 million litres - equivalent to one days supply. This will come as temporary relief for a number of our milk suppliers as they have greatly exceeded their quota. We will not know for certain until August/September when all transfers, Butterfat adjustments, Animal Disease allocations, flexi milk distribution etc have been completed and the Department confirm the final position.

Milk production in Donegal for March 2011 still remained strong as it increased by + 11.2% over March 2010. This has given an overall increase for year of 9.6% (not butterfat adjusted).

We would point out to Milk Suppliers that this new levy year 2011/2012 looks likely to be heading for over quota position. This is because cow numbers are running ahead of the national quota levels and the buoyant milk price will also be a major factor.

We again advise all suppliers to make sure they match production with their quota - this is your responsibility.

U.K. Production up 4% for Quota Year

Provisional figures issued by the R.P.A. show that the U.K. production for the Super Levy year 2010/11 was up over 514.0 million litres in total. This is approximately 4% giving a cumulative total of 13,339.3 million litres.

March 2011 was up by 3.70% (+41.3 million litres not butterfat adjusted) as compared to March 2010. There has now been a continuous monthly increase since May, 2010. The butterfat for March, 2011 was 3.98% down 6 points from March 2010.

Overall Butterfat for year was 3.94% down 5 points on the 09/10 year. This was 3 points lower than the U.K. butterfat base.

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€2.9m) despite the poor weather in the final quarter which resulted in some shipments being delayed into early 2011. These shipments will enhance the results for 2011 and we remain confident that our Produce business will continue to grow profitably.

Net Debt at 31 December 2010 was €23.2m up from €20.5m in 2009. This was due mainly to an increase in working capital requirements. The Board remains confident that it has adequate bank facilities in place to meet its future needs.

The Group has delivered adjusted earnings per share of 67.7c, an increase of 38% on 2009. Basic earnings per share were 30.1c up from 0.3c for 2009.

During 2010 our directors have continued with their participation in the ICOS facilitated discussions on the future of the Irish Dairy Industry and will continue to support strategic developments.

During the year Mr. Charles Tindal retired as a director. I would like to thank him for his contributions to our Group over many years and wish him well. I would also like to welcome Mr. Geoffrey McClay who

joined the Board in July 2010.

The Board remains focused on improving shareholder value into the future through the achievement of our long term strategic goals for produce, value added dairy and investments in associates. Our balance sheet remains strong with a net asset value per share of €5.99 (2009: €5.83).

Dividend

The Directors are recommending a final dividend of 9 cent per share. If approved, this dividend will be paid on 25 August 2011 to those shareholders on the register on 4 August 2011. This will bring the total dividend per share to 16 cent, maintaining the 2009 dividend payment.

AGM

The Group's AGM will take place on Wednesday 29 June 2011 at 11.30am in the Mount Errigal Hotel Letterkenny, Co. Donegal.

Geoffrey Vance
Chairman

FOR SALE

30 MAIDEN HEIFERS FROM HIGH FERTILITY HERD.
FOR FURTHER DETAILS CONTACT 086 3535069

FOR SALE

FRIESIAN COWS AT POINT OF CALVING AND FRESHLY CALVED COWS.
6 WEEK OLD FRIESIAN HEIFER CALVES.
FOR FURTHER DETAILS CONTACT 086 6027701.



2015 – BREEDING HEIFERS FOR PROFIT

The Steering Group of the Ballyhaise dairy herd research programme has initiated a campaign this spring to increase the quality and quantity of dairy heifers in the region. This group consists of representatives of the four Co-ops in the region – Connacht Gold, Donegal Creameries, Lakelands and Town of Monaghan.

the cow. When the cow is mounted – the colour is revealed.

Dyes pads: These are stuck onto the cow and the dye colour is made visible when the cow is mounted.

Automated Heat Detection: These operate on the basis that a cow in heat has more activity to cows not in heat. A neckband / pedometer on each cow monitors the activity of all cows in the herd. The computer then identifies the cow which starts to behave differently. Some systems will draft out this cow automatically.

Vasectomised Bull plus Chinball Harness: A young bull can be vasectomised and run with the herd. A chinball will mark each cow that the bull mounts. It is better to use the vasectomised bull after three weeks of breeding; this is the period when it is more difficult to identify cows in heat and introducing the bull too early can tire him out.

On farm trial

Four heat detection aids were trialled on seven commercial dairy farms by Moorepark. They were tail-painted, paint-stick, scratch card and dye pad. There was no difference in three weeks submission rates and pregnancy rates with the four products. When the farmers were asked about overall performance for the four products – they identified tail paint as the most preferred method of the four products trialled.

Timing of AI

The normal advice was that cows bulling in the morning should be inseminated in the afternoon and cows bulling in the afternoon inseminated the following morning. Farms are now successfully inseminating once per day.

Key Points

1. Over 70% of heats occur at night.
2. Average heat lasts 9 hours (range 3-30).
3. Use heat detection aid to help identify those cows.
4. Inseminate once per day.

March newsletter summary

1. Use a team of AI bulls
2. Bulls team should have €200 EBI with €100 from fertility sub-index
3. Synchronise heifers for compact early calving

With the abolition of milk quota in 2015, it is essential that sufficient numbers of quality heifers are available in this region. Breeding decisions this spring are the starting point for the type of heifers entering the herd in this post quota era.

This is the third of four Newsletters dealing with "2015 – Breeding Heifers for Profit". The focus this month is on heat detection.

Heat Detection

Over 70% of cows come into heat between 7.00 p.m. and 9.00 a.m. On average each heat lasts for 3 hours (range 3-30 hours). This is a very short window of opportunity to identify cows. Also, as the number of cows in heat in the herd decreases, so to does the mounting activity. If three cows in a herd are bulling – each will be mounted an average of 53 times. However if only one cow is bulling, she will be mounted 11 times. Therefore, after the first three weeks of breeding, identifying cows becomes more difficult.

Farms that are successfully using 100% AI are not relying totally on observation to identify cows in heat. They are using one or two heat detection aids to help identify these cows. There are a number of heat detection aids available, ranging from the inexpensive, easy to apply types to the more expensive automated types. The purpose of all these is to help identify cows in heat – so that they can be artificially inseminated with high EBI sires.

Tail Paint: A cheap, easy to apply system. A narrow strip (9 inches x 2 inches) is painted on the tail head. When the cow is mounted – the paint is broken away. The paint needs to be replenished every 3-4 days. Research has shown that if 25% of the paint is removed – there is a 76% chance she is bulling. If 100% of paint is removed – there is a 93% chance the cow is bulling.

Paint-Sticks: These operate similar to tail paint.

Scratch Cards: They contain an adhesive which sticks a scratch pad to



FARM MANAGEMENT NOTES APRIL 2011

by Jeremy Mc Gonigle Smyths Daleside Feeds

By now most cows are gone to grass full time, except some high yielding herds who are in at night (Cows producing 30 –50 lt milk per day) Cows at grass need to be fed according to the supply, quality, dry matter of grass, and cow body condition.

Below is a guide line and will differ from farm to farm but make sure that cows are getting enough to eat, and at the same time, keep an eye on cow body condition particularly through out the breeding season.

- * At present cows on grass producing 30lt of milk in average body condition needs 4/5kgs of quality dairy 18%, such as Summer Dairy Gold Elite 18 plus Novatan or Hi-Yield Summer Booster Plus Novotan; Cows below body condition score of 2.5, feed 5/6kgs per 30lt of milk, as this will have a major impact on getting your cows back in calf and maintain milk yield and solids
- Where possible, buffer feed cows on spring grass with silage or whole crop as this will help to maintain milk solids, spring grass is low in fibre. The shorter the grass the lower fibre level.

The main nutritional influence on butterfat percentage is fibre in the diet. Fibre comes from forages and concentrates fed.

Novaton is incorporated into the following summer diets from Smyths-Daleside Feeds

- * Summer Dairy Gold Elite 18 plus novaton
- * Hi-Yield Summer Booster plus novaton
- * Hi-Maize Graze Dairy plus novaton

Novaton increases milk protein, milk yield, and improves rumen efficiency with reduced metabolic disorders.

This is the time of year that cows can have a lot of foot problems from walking on poor road ways, particular attention should be given to help prevent lameness in cows, one of the most important areas is to foot bath on a regular basis, for example foot bath on a daily basis for four days and then stop for a period and repeat if necessary as this can give excellent results.

FOOT BATH OPTIONS

Mixed product with water to achieve

- * Copper sulphate 5%-10% (solution usually 5%)= 5kgs of copper sulphate per 100lt of water.
- * Zinc sulphate 5%-10% solution =5kgs of zinc sulphate per 100lt of water.
- * Formalin 3%-5% solution =3 to 5lt of a 36% formalin solution added per 100lt of water. Caution must be exercised when using formalin, as fumes are harmful to both cattle and humans. Wear protective eye gear.

FEEDING THE REPLACEMENT HEIFER.

Replacement heifer is tomorrows profit earners, they need to be given as much attention as the milking herd and need to be fed to their potential.

Ensure calves are eating adequate concentrate at weaning 2kgs per head/day.

The level and quality of protein is important, the concentrate should be at least 19% protein with a high level of U D P, to help promote udder development, enhance forage(straw / silage) intake and ensure good skeletal growth. Introduce Mmunchy stage 1 at four days of age and feed to 8weeks of age, from 8 weeks of age to 16 weeks feed Mmunchy stage 2, from 16weeks introduce heifer replacement coarse/nuts and feed through to 6 weeks prior to calving

Feeding heifers at grass, feed 2/3 kgs per/head/day depending on pasture quality. Heifers must be fed to achieve their full potential for bulling at 14 months. Target daily weight gains over this period should be 0.8kgs per head/day.

SMYTHS Heifer replacement diet is designed to stimulate rumen development and give good growth rates in both height and weight while helping to avoid udder fat deposits

DONEGAL FRIESIAN BREEDERS CLUB

ANNUAL APRIL SHOW AND SALE OF PEDIGREE AND NON PEDIGREE SPRINGING AND CALVED FRIESIAN HEIFERS
IN RAPHOE LIVESTOCK MART
ON WEDNESDAY 20TH APRIL, 2011.
SHOW AT 11.00 A.M. SALE AT 1.00 P.M.

FOR SALE

SERVICE ACE BULLS
- PROTEINS UP TO 4%
- YIELDS TO 8500 LITRES
FOR FURTHER DETAILS CONTACT
TREVOR LOCKHART
ON 087 2219599 OR
074 91 51054

FOR SALE

HIGH E.B.I. FRIESIAN HEIFER CALVES OUT OF HIGH FAT AND PROTEIN HERD
HIGH EBI FRIESIAN BULLS BORN FEBRUARY/MARCH 2010.
SUITABLE FOR HEIFERS
FOR FURTHER DETAILS CONTACT
087 4184958



Vacancies

Due to an increase in demand for our services we now require operators for relief and contract milking and General Farm Work throughout Donegal, Northern Ireland and Monaghan.

Prospective candidates must be

- From a farming background
- Have relevant experience
- Ideally have completed an agricultural training course
- Have a full license and own transport

For application forms and further details contact Stephen Kilpatrick on 074 9145386

Cow Scanning

Now is the time for scanning your autumn calving cows. An early scan will give you an opportunity to make well informed management decisions. For bookings contact Shane on 074 9145386

Farm Fencing & Hedging

There are many variations in the types and qualities of fences that can be erected. In many cases more money is spent on a fence than is necessary. With 30 years experience in the fencing business Donegal FRS will provide you with a free survey of your proposed fence line, free advice with regard to the type of materials that will be most cost effective and pleasing to look at, as well as being totally stock proof and long lasting. For further details contact Stephen Kilpatrick on 074 9145386

DAIRY HERD CERTIFICATES

IF YOU ARE HAVING A HERD TEST SOON REMEMBER TO HAVE YOUR VET COMPLETE YOUR HERD CERTIFICATE FOR YOU. CONTACT THE LETTERKENNY OFFICE IF YOU REQUIRE CERT TO BE POSTED TO YOU

NATIONAL DAIRY COUNCIL MILK QUALITY AWARDS

Details and application forms have been received from the National Dairy Council for the Quality Milk Awards.

Any Milk Supplier who wishes to enter should contact Madeleine at the Letterkenny office.

Closing date is the 6th May. Final results will be announced in September.