

CIAQ's worthwhile profitability on the Québec market allows for generous bonuses



Saint-Hyacinthe 30 April 2007 – "CIAQ, a source of pride for its breeder owners" : those are the words used by the outgoing chairman of the organization, Jean-Luc Leclair, in the conclusion of the 2006 annual report of the Centre d'insémination artificielle du Québec. He declared himself satisfied with the financial results of CIAQ that reached an annual turnover of more than 38million\$ and a net income of 878000\$.

On the local market (Québec and Nova Scotia), CIAQ generated an operating income of 2499 000\$ which represents an increase of 720000\$ over the year 2005. This result was obtained thanks to an increase in semen sales that reached 20096000\$, a control of expenditures and an increase in the income from The Semex Alliance for subcontracting (sire housing, semen production and preparation of international orders) and contribution to young sire testing.

Thanks to this performance, CIAQ assumed mainly from its operations the cost of the loyalty bonuses to its clients totalling nearly 2500000\$, bonuses that were formerly financed for more than 50% by the income from The Semex Alliance global sales. Since the year 2000, CIAQ paid to its clients more than 12million\$ as loyalty bonuses.



General Manager Normand Renaud presents a gift to Mrs Mireille Brûlé, co-owner of the Kalexstar family farm in Saint-Valère, in recognition for her vibrant testimony during the presentation of CIAQ's annual report on 30 April.

As for the collaborators in the important young sire testing program (PEP), they shared a total of 4,18million \$. Other benefits were given to clients to reduce their semen and insemination service invoice, including an equalization formula throughout Québec that ensures a flat price for insemination services. Therefore, CIAQ returned 7738000\$ to its clients in 2006, which in itself is quite exceptional. These sums paired with CIAQ's contribution to the agricultural community represent a total amount of 8,84million\$ that was shared by clients on an individual and collective basis.

On the other hand, The Semex Alliance, a subsidiary of CIAQ that handles marketing on the world market, saw its profitability decrease significantly in 2006 but nonetheless cleared a consolidated net income of 1728 000\$, which represents for CIAQ an amount 838000\$ corresponding to its 45% share and its performance in young sire testing.

CIAQ's General Manager, Normand Renaud, emphasized: "The financial benefits offered to our clients would not be possible without our outstanding team work and our offer of quality products and services. In 2006, we established a renewed approach for consulting visits to clients as well as a new sire recommendation program, ProGen, that allows for the control of inbreeding in suggested matings. As well, the new Amélior'Action program developed with our partners has known a lot of success in recruiting new collaborators in young sire testing". Also, the launching of new products such as sexed semen and Cardinal Series for Red and White Holstein enthusiasts are other means that allow for CIAQ to keep its leading position on the market.

CIAQ is happy to count on collaborators who are faithful to the young sire testing program (PEP), thus allowing to identify the future proven sires that will take over the genetic improvement of herds. In 2006, the total number of 179220 inseminations with young sire semen was slightly higher than in 2005, representing to the second best year of all times, despite a 12% decrease in the number of eligible producers over the last ten years.

"All those services, programs and new products that we set up in 2006 will ensure the availability of future quality sires while favouring the development of Québec cattle and the profitability of our clientele" affirmed Normand Renaud. "At the dawn of CIAQ's 60th anniversary, we can face the future with optimism despite the challenges awaiting us", concluded MrRenaud.

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