



117th Annual Report & Accounts 2011

Contents

| | |
|---|-----------|
| ICOS Mission, Vision and Values..... | 2 |
| President's Report..... | 3 |
| Chief Executive's Report..... | 4 |
| 2011 - A Year in Review..... | 5 |
| Dairy Sector..... | 5 |
| Brussels Office..... | 6 |
| Milk Quota | 7 |
| Marts | 8 |
| Leadership Training..... | 9 |
| Rural Business Committee..... | 9 |
| Member Development..... | 9 |
| Board and Expert Committees..... | 10 |
| Representation of ICOS on Other Bodies..... | 11 |
| ICOS Representatives on Brussels Based Committees..... | 11 |
| Co-operative Sector Activity | 12 |
| Plunkett Award for Co-operative Endeavour..... | 12 |
| Associated ICOS Functions & Entities..... | 12 |
| The ATC Group | 12 |
| ICOS Skillnet | 13 |
| Pension Administration..... | 13 |
| Irish Foundation for Co-operative Development..... | 13 |
| Directors' report and financial statements..... | 14 |
| Co-operative Statistics..... | 14 |
| Dairy Co-operative Statistics..... | 29 |
| Mart Co-operative Statistics..... | 30 |
| Other Co-operative Statistics..... | 31 |
| Fishing Co-operative Statistics..... | 31 |
| Summary of Co-operative Statistics..... | 31 |

ICOS Mission, Vision and Values

Generating leadership, competitiveness and value

ICOS is a unifying force for the Irish Co-operative movement. It is imperative that ICOS demonstrates strong leadership and direction to help its members maintain sustainable growth. Within ICOS we aim to embrace the pioneering, innovative and tenacious spirit of our founding members to help strengthen our co-operatives operating in today's ever changing and competitive world.

ICOS aims to embrace the co-operative spirit to help support, grow and strengthen the Co-operative movement in Ireland through a dedicated strategy and plan that embraces our three core values;

Vision | Leadership | Value

Vision – As the umbrella organisation representing many of Ireland's agribusiness co-operatives, ICOS has a responsibility to sense the future, innovate and help evolve the co-operative movement to help meet the needs of its members and the needs of the market place.

Leadership – ICOS is the unifying voice for Irish co-operatives. It is imperative for ICOS to show strong leadership, direction and maintain sustainable business growth in an ever growing globally competitive marketplace.

Value – ICOS has an obligation to deliver value to its members. There is a pre-requisite for ICOS to educate its members on the value of the co-operative, encourage and develop the next generations of co-op leaders to ensure sustainability, self-governance and self-responsibility.

ICOS plans to refocus its efforts to provide a program and plan to help deliver the necessary change and value within the industry. ICOS will also endeavour to promote more active participation amongst its member co-ops, and enhance how we engage and communicate more with our grass roots.

President's Report



2011 was a good year for farming and for co-operatives. There was a more positive price and income environment. A combination of increased market returns and good weather saw an increase in farm incomes. The improved income situation also saw some necessary improvement in co-operative margins and balance sheets strength.

This improvement was important for co-operatives as they prepare for the anticipated expansion in output in the post quota era. Dairy markets showed signs of weakening towards the end of 2011 and into 2012 raising concerns that this improvement in income has been short-lived. Current indications are that 2012 incomes and output, for dairy farmers, will not be as strong as 2011.

Ending Quotas

The ending of quotas in 2015 and the introduction of the latest round of CAP reform proposals are contributing to an uncertain business environment. The pattern of the last number of years of increased price volatility is an indication of the market environment that farmers and their co-operatives must operate in once quotas are removed. This changing environment and the significant change that will be required on the part of co-operative boards in their pricing policies, milk supply arrangements and future financing were the subject of a number of discussion papers and recommendations from the ICOS Dairy Committee in 2011.

CAP Reform

Commissioner Ciolos in his CAP reform plans argue for a better alignment of the CAP to the Europe 2020 strategy for smart, sustainable and inclusive growth. His focus is on making CAP more efficient and effective and more equitable and balanced between Member States and better targeted at active farmers. As part of his reform proposals, market supports such as intervention, private storage and export refunds have been retained. ICOS lobbying efforts in this regard are focussed on trying to ensure that the proposed changes would take into account the concerns and priorities of Irish farmers and their co-operatives. In this regard, ICOS made a number of individual contributions to the debate directly to the European Parliament and to the Commission.

Project Cream

2011 saw the culmination of the ICOS-led KPMG' Project Cream. The project was aimed at ascertaining the true competitive position of the Irish Dairy Processing sector, and identifying strategic options which might capitalise on the strengths and address weaknesses. The report from the project

highlighted a number of issues which the industry needed to address and these are summarised in the Operations Review section of this Annual Report.

Livestock Marts

2011 will be remembered as a very positive year for the co-operative livestock marts and the entire beef sector. Beef prices rose almost every consecutive month during the year and ended with record prices for all stock types being paid. Production conditions were excellent for farmers and the mild winter of late 2011 and early 2012 resulted in excellent weight gain and abundant fodder supplies.

Operationally the issue of debtor control remains a significant challenge as are the increased regulatory burdens facing marts.

Co-operative Business Model

The removal of various EU safety nets and supports is causing co-operative leaders to reflect more deeply on the importance of having strong co-operative business models in all spheres of the agricultural economy. Strong leadership will be required from our co-operative directors to ensure that the necessary changes to strengthen the co-operative model are put in place. We must not lose sight of the fact that the key function of co-operatives is to counter the vulnerability of a very large number of individual producers when faced with the market strength of a small handful of very large scale retailers.

Acknowledgements

I would like to acknowledge the work done by Tom O'Callaghan who has left ICOS to pursue an alternative career opportunity. In his tenure as CEO of ICOS, Tom's assistance in the ongoing restructuring of ICOS and the work he carried out in director and leadership training and in website and social media development, must be acknowledged.

During the year, John Myers, former Chief Executive of Ballyclough and Dick Tobin, former Chairman of Arrabawn, two stalwarts of the co-operative movement passed on to their eternal reward.

Ar Dheis Dé go raibh a n-anam.

Pat McLoughlin
President

Chief Executive's Report



Achieving Scale

Co-operatives through organic growth, acquisitions and mergers have developed a significant business presence in Ireland. With sales from farmer owned businesses now exceeding €12 billion in 2011, the bulk of which are sales to export markets, these businesses have a key role in

Ireland's economic recovery. Despite this, these businesses face significant competitive challenges. When judged by the scale of their international competitors, both co-operative and investor owned, there is a strong argument for further consolidation.

Consolidation

The ICOS 'Project Cream', examined the issues and options involved in creating a co-operative dairy businesses of a sufficient scale to grow their competitiveness internationally. The study identified the strategies, and plans that could achieve a greater degree of consolidation across the sector. Co-operative boards participated fully in this debate and refined their understanding of the many challenging issues involved in achieving further consolidation. Boards also gained a greater understanding of the trading commitment, financial commitment and general member loyalty required of co-operative members to put any new strategy in place. Arising from this understanding, co-operative boards are debating new policies on milk pricing, milk supply agreements and policies in regard to the financing of future expansion in our dairy co-operatives. The extent to which our dairy multipurpose co-operatives will configure their business plans on a joint collaborative basis has still to be finalised but it is clear that there has been a serious commitment on the part of industry leaders to engage on this issue.

Questions to be Addressed

In trying to finalise their strategic plans for the post quota era, questions that the co-operative boards have to address are:

- How is the future relationship between the member and the co-operative going to be structured?
- How will ownership and financing by members be structured?
- How will governance and voting control be structured?
- Will farmer members investment budgets keep pace, as their co-operatives seek investment capital to cater for the 50% expansion in milk supply, anticipated between now and 2020? If not, what are the financing alternatives and what are their implications for farmer control?
- How can government use taxation legislation to make investment by members in their co-operative more attractive?

The challenges faced by the boards and membership of all our dairy multipurpose co-operatives is to maintain strategic control of their marketing channels for their members whilst at the same time ensuring that their business is adequately financed and positioned in the marketplace to compete effectively. As a first step, achieving scale through consolidation and amalgamation of co-operatives domestically is the preferred strategy. Having achieved domestic consolidation, co-operatives must explore new

ways of developing strategic alliances with farmers and co-operatives in other countries. While such a strategy is not without its risks and ultimately these risks will have to be borne by the members, ignoring the internationalisation trend already being pursued by the likes of Arla, Friesland Campina and Fonterra, is not an option.

Mart Issues & Options

For our co-operative livestock marts, 2011 has been a positive year when measured in terms of turnover and net surplus generated. The strong increase in livestock prices reflected itself in increased commission and retained earnings. Marts, however, continue to be required to attain higher and higher regulatory standards in animal welfare, health and safety and environmental control. Emerging new regulatory standards that must be met before the issuance of auctioneer's licences are going to add to that burden. Strategically, the issue, in some regions of the country, of having too many co-operative livestock marts operating independently and in competition with one another, remains a challenge. For the co-operative livestock mart sector as a whole, the main strategic challenge is the growth in alternative channels used by farmers for the sale of their livestock. There is also the challenge of attracting sufficient younger farmers, both as customers and as directors of our co-operative marts. These developments challenge our co-operative mart boards to find new ways to improve and enhance the quality and effectiveness of their service offering.

Co-operative Principles

The co-operative principles enshrine the values and beliefs that make our societies distinctive business models. 2011 was a year when ICOS revisited the co-operative principles in the light of the evolving CAP and the imminent abolition of quotas. During the year, there was a considerable focus on issues such as the nature of co-operative membership, policies in regard to new members, the financial and trading obligations necessary from membership to ensure a strong co-operative and the identification of the benefits and rights that accrue to farmers who are members of co-operatives. It is becoming more evident to many co-operative members that reliance on CAP supports is less and less of an option in the future and that greater reliance must be placed on ensuring an effective and efficient co-operative model that will deliver to its members the goods and services they require at a competitive price.

As government spending on goods and services is curtailed in the current recessionary environment, communities and groups are beginning to re-examine the potential of using the co-operative model to replace some of these services. The ICOS rural business committee has commenced examining new and existing sectors in the economy with a view to identifying those activities that lend themselves best to co-operative organisation. This work will gather pace in 2012.

Seamus O' Donohoe
CEO

2011 - A Year in Review

Dairy Sector

Project Cream

2011 was a very busy year for the ICOS Dairy Committee, with six meetings being held. The year saw the culmination of the ICOS-lead KPMG Project Cream. The project was aimed at ascertaining the true competitive position of the Irish Dairy Processing sector, and identifying strategic options which might capitalise on the strengths and address the weaknesses. The report from the project highlighted a number of issues which the industry needed to address including the following:

Milk Price - With respect to milk price, the return to Irish milk producers compares favourably with that received by their counterparts in Europe. However, Ireland's seasonality driven product mix is not delivering as favourable a return per litre to the processor when compared with our international competitors.

Processing Costs - Irish milk processing costs compare favourably with the international peer companies selected. Key areas that do merit further attention include improving energy cost per tonne, together with plant utilisation at peak and optimisation off peak.

Business Models – Variations in business models, gross margin performance, seasonality, working capital requirements, expansion potential, and route to market identified in the analysis highlight challenges and opportunities for the industry. Developing new markets and the basket of products demanded by these global customers will require newer, more novel approaches to working capital requirements.

Marketing - The analysis shows that investment in new product innovation is low when compared with our international peer companies. It also highlights the potential product and value-added growth opportunities for the Irish dairy industry that can be exploited through innovation and marketing.

Working Capital-The analysis stresses that significant working capital is consumed in providing capacity to handle a peak milk supply which by its nature goes into long life commodity products. Considerable consideration will need to be given to peak milk supply and related working capital funding if we are to provide a more favourable return to enable better R&D, investment and marketing.

Milk Pricing Models

ICOS, through its dairy committee, undertook to pursue the development of milk pricing models which address the key objectives of; Reducing Seasonality, Reducing Working Capital, and Objectivising the value of milk. The process involved examining and highlighting the milk pricing and payment mechanisms employed by international competitor. The payment models employed by some southern hemisphere and European co-ops were found to be very advantageous to those processors, shifting as they did a portion of the working capital burden back to milk suppliers, delivering strong pricing signals in relation to

seasonality, while appearing to be absolutely objective in the process of milk pricing. No one model would be entirely appropriate to Irish conditions, but they provide us with good templates for developing an Irish pricing model. This process is on-going.

Milk Supply Agreement

The second main area of concern for the Dairy Expert Committee is the need to prepare and implement a new relationship between suppliers and processors to operate post milk quota. The relationship needs to provide for Milk Supply Agreements which protect the interests of both the supplier and the processor, which provide for investment in new capacity, which maximise the ownership and control of dairy assets by dairy farmers, and which respect the rights of non-milk supplier members. With less than 3 years remaining to the ending of quotas, it is important that co-ops develop these structures as soon as possible, to provide clarity to members as to the general outline of the new relationship. This work is continuing in the current year.



Photographed; Michael John O'Donovan (Drinagh) who was elected to the ICOS Board to replace Dermot O'Leary of Bandon Co-op, Neil O'Riordan (Bandon Co-op) who was elected to the ICOS Dairy Committee to replace Dermot O'Leary, Michael Teahan (Kerry Co-op) who was elected to the ICOS Dairy Committee and Board to replace Patrick Flahive (also Kerry Co-op)

2011 - A Year in Review

Brussels Office

Representation and Promotion

The thrust of the work of the Brussels office is based around 2 distinct principles.

1. To represent the interests of all ICOS member co-operatives in the European and International arenas, ensuring the work of the office gives real tangible value to their enterprises
2. Ensure that the co-operative model and principles are promoted and encouraged and defended by seeking to influence those legislative changes at EU level that impact on our co-operatives from rural community start-ups to multinational co-operative businesses

The Brussels office collaborates closely with the ICOS board, staff colleagues in Ireland, the various ICOS sectoral expert committee's and in particular with our President, Pat Mc Loughlin, in his capacity as vice-president of COGECA. ICOS maintains close contacts with relevant Irish department officials dealing with European policy working in the Irish Permanent Representation. The Brussels office maintains contacts with likeminded organisations, business and trade associations from across Ireland, Europe and further afield, to ensure the impact of our lobbying activity is magnified and strengthened. We also use these contacts to get information and expertise that we might not have in Ireland.

Key Issues

With Brussels playing a bigger and bigger role in the functioning and regulation of Irish co-operatives, the past year has been one of the busiest seen in the almost 40 year history of the ICOS Brussels office. Issues that were the subject of a particular focus by the Brussels office in 2011 included:

- Adapting the 'Milk Package' to the benefit of Irish dairy co-operatives
- Actively engaging in the process of CAP reform, with a particular focus on those aspects of the reform dealing with market management issues and co-operative business status
- Addressing the European Parliament and the Agriculture Commissioner on CAP reform in November 2011
- Ensuring that the 'Quality Package' dictating future food and ingredient labelling helps protect our export led co-operative industries

- Promoting the 'Co-operative Model', especially as an option for rural business development for local communities. Successfully lobbied for the inclusion of 'article 36'- a co-operation article, in the Pillar II CAP negotiations
- Successfully lobbied for the exemption for Irish butter from having to have 'Defrosted' labelling on our exports. This would have been potentially very damaging for key co-op brands
- The Brussels office in 2011 spearheaded a multinational effort to achieve a real 'soft-landing' for milk quotas in advance of 2015 and continues to lobby the Commission and Parliament in this respect
- Contributed to the protection and development of our livestock co-ops in key policy areas such as EID, animal welfare, veterinary issues, traceability and transport
- Lobbied for the retention of intervention as a tool to help protect co-op businesses
- Ongoing work on trade issues including EU bilateral deals with Ukraine and Canada, as well as looking after Irish co-op interests in WTO and MERCOSUR negotiations
- Promoting incentives for young farmers as they are key for the future success and invigoration of our co-ops
- Worked on highlighting the efforts of Irish co-operatives in the area of sustainability where Irish co-ops have many natural competitive advantages over our peers. These need to be recognised and built on for the benefit of our members
- Continuous monitoring of Environmental and Climate Change law to protect the interests of our co-operatives
- Lobbied for the inclusion of co-operatives as a key sector in the upcoming 'Horizon 2020' EU research and innovation fund that has €4.5 billion ring fenced for agriculture and food projects
- Contributed to the development of European Promotion Policy. This may give some of our co-operative businesses the opportunity to get co-financing for national and international marketing initiatives
- Granted funding from the European Commission to help finance costs of sending ICOS staff from Ireland to develop fisheries co-ops and the Common Fishery Policy (CFP) in Brussels



Pat McLoughlin - ICOS President with Sir Henry van der Hayden - Fonterra, Bertie O'Leary - ICOS Vice President and Seumas O'Brien - ICOS Board

2011 - A Year in Review

Milk Quota

National Position

The trend in increased supply, which began in summer 2010, continued right through 2011 to the end of the 2011/2012 quota year last March. Preliminary calculations by ICOS as circulated to co-operatives in the first week of April 2012, indicated that the national year-end position was approximately 60 million litres over quota. Projections have been circulated to co-operatives in early February and late March, both of which indicated an over quota position of approximately 1%.

Many factors have contributed to the increased supply position but no doubt the buoyant milk price was the major influence. In addition, there was a feeling by some producers that as the three previous quota years were under quota a superlevy position was not anticipated. It is also recognised that producers are, from their own viewpoints, gearing up for the removal of quotas from 1st April 2015 and no doubt the extra stock of dairy cows will contribute to an over quota position with the current trends.

The 4th of the five 1% quota increases came into operation from 1st April 2012. 0.75% is applied to every active producer while the remaining 0.25% increase is allocated to new and recent entrants. A maximum of 50 successful applicants under the brand new entrant to dairy sector will receive an allocation of 200,000 litres. The remaining allocation of 3.9 million litres will be allocated to quota holders who purchased quota from the Milk Quota Trading Scheme as a new entrant and also to successors who purchased quota from the Milk Quota Trading Scheme. Successful applicants in the latter categories will be capped so that the applicant's total permanent quota does not exceed 200,000 litres.

During the past year the ICOS proposed to the Quota Review Group that the criteria for fleximilk allocation be changed from the current 90%, 10% for producers under/over 350,000 litres. The ICOS proposal was based on the fact that the 90:10 criteria was established at a time when that was the representation of the national quota. Today 73% of the 18,263 producers have a quota of less than 350,000 litres and the ICOS proposal was for a 75:25 fleximilk allocation. However, this proposal did not meet the full support of all farming organisations and the fleximilk criteria remain the same.

Milk Quota Trading Scheme

Results from the 2012/2013 Milk Quota Trading Scheme indicated the weighted average traded prices of 35.92 cent per litre and 31.24 cent per litre. Both phases of the Trading Scheme also indicated a decrease in the quantity offered in comparison to the immediate previous four Schemes. The number of sellers in the 1st Stage of the 2012/2013 was more than half of the corresponding number in the previous year's 1st Stage. In total,

€12 million was invested in quota through both Stages. Almost all milk purchasers had a 100% clearance of quota offered.

Dairy Hygiene Grant Scheme

The revised Dairy Hygiene Grant Scheme came into operation on the 20th December 2011 and will be closed for valid applications on 31st December 2013. The tranche payment system will continue to operate with the first tranche at the end of January when € 4.425m will be made available. A further seven tranches for a similar grant amount will be made available over the grant period, giving a total fund of €35.4m. This is in addition to the €9.6m already approved in 2011. Applications which were sent to the Department will be returned and may be resubmitted for grant approval provided that the work has not commenced.

The major changes in the current Scheme are that producers with a quota of between 50,000 litres and 1 million litres are eligible. This means that the production unit criteria for other farming enterprises in assessing applications have been removed. Apart from the foregoing, the general conditions are similar to last year's scheme, with the priority criteria for quota holders in operation. The Government's website, www.agriculture.ie, has full details under the heading *Farm Buildings*.

Milk Quality

The Irish Milk Quality Co-operative (IMQCS) continues a total milk quality programme working in conjunction with Animal Health Ireland and Teagasc. The Cell Check Programme is a major milk quality programme for 2012 and all service providers, including co-op advisory staff, will have a leading role to play. The first phase of training for service providers i.e. farm advisors, vets, milking machine technicians and co-op quality advisors was held in February and March this year. Basically, anyone that is in a position to influence/advise farmers on mastitis control was targeted. Coinciding with this phase the Cell Check farm guidance for mastitis control was launched.

AHI are currently in the process of developing the second stage of the service provider training. They are also working on identifying and creating more resources to assist with the delivery of this, and future training events. As a result, an exact time of delivery hasn't been decided yet, however it will most likely be starting during the summer (June/July) and continuing on into the autumn. There will be a short repeat series of the first stage of training held before then (probably 3 seminars, late May/early June). This is to facilitate those that were unable to attend the 7 held in February/March. The final stage, or Stage 3, will be focused on the problems that exist at farm level. Figures indicate that from milk recorded in herds, approximately 20% of holdings return results of less than 200,000SCC and 20%

2011 - A Year in Review

Marts

Introduction

2011 will be remembered as a very positive year for the co-operative livestock marts and the entire beef sector. Beef prices rose almost every consecutive month during the year and ended with record prices for all stock types being paid. Production conditions were excellent for farmers and the mild winter of late 2011 and early 2012 resulted in excellent weight gain and abundant fodder supplies.

The national co op marts committee met on five occasions and dealt with the issues of credit management, EID of sheep, CAP post 2013, trade levels, live exports of sheep and cattle, amendments to animal welfare in transport legislation, BVD results and Bord Bia quality assured status of cattle and sheep displays, to name but a few.

Cattle

2011 ICOS mart throughput figures. Nationally we are only +0.5% up on 2010 which while a bit disappointing was at least positive and not surprising considering the record live export year in 2010. The regional breakdown was as follows:

| | |
|-----------|---------|
| Ulster | -1.14% |
| Munster | + 0.75% |
| Leinster | +4.84% |
| Connaught | -1.00% |

With the record prices available for livestock in Ireland it was not surprising that Live shipping of weanlings and calf trades were greatly diminished. 2011 witnessed a -38% decrease in live exports to Continental Europe and Britain compared to 2010 - only 215,000 animals versus the record year of 2010 at almost 340,000 animals. This was a positive development for many marts in 2011 as we hopefully will see these animals coming

through the co-operative livestock mart network in 2012 and beyond. The other positive development in 2011 was the increase of almost 100,000 extra calves born and this increased trend has continued into 2012 so far with an additional 120,000 calves registered in the first half of the year – positive signs for the future.

Sheep

The decline in sheep numbers appeared to have been arrested in 2011, with numbers stabilising in most marts and a small number of marts indicated a modest increase in numbers. Sheep prices increased by almost 9% from an average of 435 cents/kg to 478 cents/kg during 2010 reaching an average of almost 510 cents/kg during the first 6 months of the year. The national herd grew by a modest 2% during 2011 but with the increased ewe lamb retention by almost all sheep farmers marts can hopefully look forward to increased sheep numbers in the years ahead.

European Association of Livestock Marts (EALM)

ICOS marts sent over 40 delegates to the 2011 AGM and General Assembly of the EALM. It was held in Northern Spain on the 27th and 28th of April. Livestock mart representatives from Holland, Belgium, Spain, France, Scotland, England, Wales and Northern Ireland all attended.

The topic of the conference was "The role and impact of the national computer database for the marketing of cattle and sheep – challenge or opportunity for the livestock markets?". This conference topic illustrated the importance of the Irish AIM system in safeguarding the reputation of Ireland's traceability of livestock and how it is used by the retailers too as a marketing tool.



The boards of Central Auctions, Clare Marts and Ray Doyle, ICOS Livestock and Environmental Executive on a visit to one of several mart centres in Eastern France to evaluate potential new developments in the livestock auction mart system

2011 - A Year in Review

Member Development

The encouragement by ICOS among its member co-ops of the necessity to ensure that ownership and control of the co-operatives be held in the hands of the user members continued during the year. More and more co-ops are adopting policies on: distribution of bonus shares related to trade as well as encashment of shares held by non-active members and the putting in place of firm policies on membership criteria. However, because of the continuing decline in the number of active farmers and trading shareholders generally, many co-op boards, with ICOS assistance, are investigating other ways of ensuring that control of their businesses remain in farmer's hands. This work is detailed and requires in many cases imaginative amendments to the Rules of the co-ops concerned. ICOS continues to provide services relating to the establishment of new co-ops and amendments and general updating of Rules.

Leadership Training

Director Training

Current and potential future Board members of dairy co-ops across Ireland took part in the 2011-12 ICOS training programme for Dairy Co-operative Directors. In all over eighty co-operative directors and leaders participated in the programme. The programme was developed by ICOS across several key elements of co-op leadership. Sponsorship support for the programme was received from the FBD Trust.

The programme was designed to inform and challenge agribusiness leaders as they make important decisions around the strategic direction of their own co-operatives in the future. It was delivered over four days covering modules including Co-operative Governance, Leadership and Strategy, Finance and Reporting, Dairy Processing and Operations and Co-operative Finance.

The training modules included workshops simulating boardroom operations along with scenarios and challenges which boards are likely to face in the context of quota abolition, milk expansion and increased working capital demands. It also identified strategies adopted by international co-operatives.



Training in Conjunction with Macra

ICOS also commenced its Co-operative Leadership Programme for Young Farmers in association with Macra na Feirme. This was delivered over three days covering similar themes to the Dairy Co-op Directors programme. It also placed an emphasis on realistic scenarios and case studies where participants are challenged and advised on how to approach a range of co-operative leadership issues. Macra participants in the ICOS Dairy Co-operative Directors Programme also take part in a fourth day which included a briefing session from senior industry executives and a study tour of the Moorepark Research Centre.

Induction Programme for Co-operative Directors

ICOS organised a number of individual and group induction programmes for new co-operative directors on behalf of a number of Societies in 2011.

Rural Business Committee

Under the stewardship of Chairman Seumas O'Brien, the Rural Business Development Committee of ICOS continued working constructively throughout the year. The committee's remit is to be an engine of development for rural co-operative business across Ireland. Much progress was made by this committee in 2011 in addressing the many opportunities and challenges that are facing the modern Irish co-operative sector. Issues dealt with by the Committee included:

- Developing policy on the role of farm Partnerships and limited companies in co-ops
- Debating ideas for the future capitalisation of co-operatives
- Launched guides on new co-op set up procedures & business plan templates
- Raising the profile, relevance & advantages of the co-operative model through a cohesive communications plan & publications
- Contributing to the co-op director training initiatives
- Contributed to rural development policy initiatives at national & EU level.

The committee also welcomed a new Secretary during the year with Conor Mulvihill of the ICOS Brussels office coming in to continue the good work of Ray Doyle. The future agenda of the committee will be to continue to focus efforts on specific projects and initiatives that will help spur on a new wave of co-operative business development.

2011 - A Year in Review

Board and Expert Committees

Board

The Board at its meeting on the 12th July, re-elected Mr Pat McLoughlin, Arrabawn Co-operative Society Ltd, as President and Mr Bertie O'Leary, Dairygold Co-operative Society Ltd as Vice-President. During 2011 the Board met on 9 occasions. The Board is elected by and from three Expert Committees, the Dairy Committee, the Marts Committee, and the Rural Business Committee. The task of each of these expert committees is to develop and research policy positions in their respective areas of competence and to recommend these policies for acceptance to the Board. The work of the Board and the various Expert Committees in 2011 is reflected in the various policy issues dealt with by them and reported on in this Operations Review.

Board Membership in 2011 consisted of the following members:

Pat Mc Loughlin (President) - Arrabawn Co-operative Society Ltd, Bertie O'Leary (Vice-President) - Dairygold Co-operative Society Ltd, Pdraig Gibbons - Connacht Gold Co-operative Society Ltd, Martin Keane - Glanbia Co-operative Society Ltd (Replaced Liam Herlihy), John O'Brien - Irish Dairy Board Co-operative Ltd, Seumas O'Brien - Irish Farm Accounts Co-operative Society Ltd, John O'Brien - Central Auctions Services Co-operative Society Ltd, Michael John O'Donovan - Drinagh Co-operative Ltd (Replaced Dermot O'Leary, Bandon CADS Ltd), Jim Russell - Centenary Thurles Co-operative Society Ltd, Michael Spellman - Roscommon co-operative Livestock Mart Ltd, Michael Teahan - Kerry Co-operative Creameries Ltd (Replaced Pat Flahive).

Membership of Expert Committees

The 15 members of the Dairy Expert Committee and the 12 members of the Mart Expert Committee are either directly appointed or elected from an electoral grouping by member co-operatives. Of the 12 members on the Rural Business Committee, 6 are directly elected from societies other than dairy and livestock mart societies and three members each are appointed from the Dairy and Marts Expert Committee respectively. The following is the composition of each of the Expert Committees for 2011/12 after the completion of the annual election cycle in May 2011 and the subsequent replacement of a number of committee members where casual vacancies arose.

Dairy Committee

Directly Appointed: Mr Martin Kane - Glanbia Co-operative Society Ltd, Mr. Michael Teahan - Kerry Co-operative Creameries Ltd, Mr. Bertie O'Leary - Dairygold Co-operative Society Ltd, Mr. John O'Brien - Irish Dairy Board Co-operative Ltd.

Processors Group: Mr Pdraig Young - Lakeland Dairies Co-operative Society Ltd, Mr. Pdraig Gibbons - Connacht Gold Co-operative Society Ltd, Mr. Pat Mc Loughlin - Arrabawn Co-operative Society Ltd, Mr. John Ahern - North Cork Co-operative Creameries Ltd, Mr. Matt Quinlan - Tipperary Co-operative Creamery Ltd., Mr. Hugo Maguire - Town of Monaghan Co-operative Ltd.

Non-Processors Group: Mr. Jim Russell - Centenary Thurles Co-operative Society Ltd, Mr. Neil O'Riordan - Bandon CADS Ltd, Mr. Danny Collins - Boherbue Co-operative Ltd, Mr Michael John O'Donovan - Drinagh Co-operative Ltd, Mr Jerry Long - Drombane Co-operative Ltd

Marts Committee

Directly Appointed: Mr John O'Brien - Central Auctions Services Co-operative Society Ltd, Mr James Gallagher - Connacht Gold Co-operative Society Ltd, Mr Oliver Manly - Cork Co-operative Marts Ltd and Mr. Liam Williams - Clare Marts Ltd.

Elected Members: Mr Liam O'Byrne - Wexford Farmers Co-operative Society Ltd, Mr. Michael Parsons - Kilkenny Co-operative Livestock Market Ltd, Mr Charlie Doherty - Inishowen Mart, Mr Jimmy Roche - Castleisland Co-operative Livestock Mart, Mr Dermot Mc Carthy - Kanturk Mart Co-operative Ltd, Mr Michael Spellman - Roscommon Co-operative Livestock Mart Ltd, Mr Sean Brannelly - Athenry Co-operative Livestock Mart Ltd. and Francis Burke - Mid-Tipperary Livestock Mart Ltd.

Rural Business Committee

Appointed by the Dairy Expert Committee: Mr Michael Teahan - Kerry Co-operative Creameries Ltd, Mr Jim Russell - Centenary Thurles Co-operative Society Ltd., Mr. John Ahern - North Cork Co-operative Creameries Ltd.

Appointed by the Mart Expert Committee: Mr Liam Williams - Clare Marts Ltd., Mr Oliver Manley - Cork Co-operative Marts Ltd and Mr Michael Spellman - Roscommon Co-operative Livestock Mart Ltd.

Elected/Appointed from Group E Co-operatives: Mr Seumas O'Brien - Irish Farm Accounts Co-operative Society Ltd., Mr Brendan O'Mahony - National Federation of Group Water Schemes Ltd., Mr. James O'Donnell - National Co-operative Farm Relief Services Ltd., Mr Pat Ruxton - Corrduff Corrahara Group Water Scheme Ltd., Mr Dan Joe O'Donovan - Farm Development Co-operative Ltd. and Mr Pat Murphy - Irish Farm Account Co-operative Society Ltd.

Chairmen of Expert Committees

The following chairmen were elected:

Dairy: Mr Bertie O'Leary - Dairygold Co-operative Society Ltd

Marts: Mr Michael Spellman - Roscommon Livestock Mart Ltd

Rural Business: Mr Seumas O'Brien - IFAC Ltd

Representation of ICOS on Other Bodies

At their Board meeting on the 12th July 2011, the Board of ICOS made the following appointments to the bodies listed below.

Co-operative Society Ltd and Mr Jim Russell - Centenary Thurles Co-operative Society Ltd.

ICOS Services Ltd

Mr. Pat McLoughlin - President ICOS Ltd., Mr Bertie O'Leary - Vice President ICOS Ltd., Mr Tom O'Callaghan - CEO, ICOS Ltd. and Mr TJ Flanagan - Dairy Policy Executive, ICOS Ltd.

Golden Jubilee Trust Ltd

Mr Pat McLoughlin, (President), Mr Bertie O'Leary, (Vice-President), Mr. Tom O'Callaghan (CEO), Mr Sean Myers, Dr. Sean Brady and Dr Noel Cawley.

IFCD Ltd

Mr Tom O'Callaghan - CEO, Mr. Seumas O'Brien - Irish Farm Accounts Co-operative Society Ltd, Mr Michael Teahon - Kerry Co-operative Creameries Ltd, Padraig Young - Lakeland Dairies

Irish Co-operative Society Pension Scheme

Mr Padraig Gibbons, (ICOS Board), Mr. Michael John O'Donovan, (ICOS Board), Mr Bertie O'Leary, (ICOS Board).

Irish Dairy Board

Teagasc

IFAC

NDC

NESC

Dairy Research Trust Board

Milk Quota Appeals Tribunal

Milk Quota Review Group

AEMB

WTO Consultation Committee

COGECA Presidium

Structural Funding Monitoring Committee

Productive Sector Food Monitoring Committee

CSO Agricultural Statistics

Mr. Jim Russell

Mr. Padraig Gibbons

Mr. Seumas O'Brien

Mr. Padraig Gibbons

Mr. Seamus O'Donohoe

Mr. Padraig Gibbons, Mr. Matt Quinlan, Mr. John O'Brien

Mr. TJ Flanagan

Mr. George Kearns

Mr. Ray Doyle

Mr. Tom O'Callaghan

Mr. Pat Mc Loughlin/ Tom O'Callaghan

Mr. Tom O'Callaghan

Mr. Tom O'Callaghan

Mr. Seamus O'Donohoe

ICOS Representatives on Brussels Based Committees

Representation Topic

Cogeca Presidium

CAP

Milk & Dairy Products

Beef

European Association of Livestock Marts

Agricultural Structures & Rural Development

Environment

Veterinary Questions

Legal Questions

Co-operative Coordination Committee

Quality & Health

Promotion of Agricultural Products

European Network on Rural Development

Research & Innovation

COGECA

Pat McLoughlin

Conor Mulvihill

TJ Flanagan

Ray Doyle

Michael Spellman/Ray Doyle

Conor Mulvihill

Conor Mulvihill

TJ Flanagan

Seamus O'Donohoe

Conor Mulvihill

Conor Mulvihill

Conor Mulvihill

Conor Mulvihill

Conor Mulvihill

EU Standing Committees

Conor Mulvihill

TJ Flanagan

Conor Mulvihill

Conor Mulvihill

Ray Doyle

TJ Flanagan

Conor Mulvihill

Aidan McCabe

Co-operative Sector Activity

Registration of New Societies

Sixteen new societies were registered in 2011. Nine of these societies were group water schemes; one was a lamb marketing co-operative, one a golf club and five were involved in various forms of community development.

Transfer of Engagements

One group water scheme transferred its engagements from a Company to a Society.

Amendments of Rules

Seventeen societies had their rules completely amended by ICOS and twelve societies were assisted in partially amending their rules.

Governance Issues

ICOS was asked to assist during the year in examining the control and representation structure and drawing up a set of recommendations for the future governance of Churchill Oram Group Water Scheme.

New Members

The following societies were accepted into ICOS membership in 2011:

- Newtowndaly Group Water Scheme Limited
- Shraheens Group Water Scheme Co-operative Society Limited
- Credit Union Services Co-operative Society Limited
- Co-operative Animal Health Limited

Statistical Summary of 2011

The summary table for the Irish Co-operative sector in 2010 shows a sectoral turnover of €12 Billion. This compares with a turnover of €10.6 Billion in 2010. Total sales for the Dairy sector have changed from € 10.3 billion in 2009 to €11.6 Billion in 2010. Mart turnover in the period under review went from a figure of €161 million in 2009 to a figure of 170 million in 2010.

Plunkett Award for Co-operative Endeavour

The winner of the 2010 Plunkett Award for Co-operative Endeavour was Mr Donnie Cashman nominated by the Irish Farm Accounts Co-operative Society Limited.

Donal Cashman was the founding father of Irish Farm accounts Co-operative in 1975 (IFAC Accountants) and served as Chairman of the Board from its establishment in 1978 to 2006. His insistence that IFAC had to offer more, not just the same as competitor accountancy practice, has been the guiding motto that has contributed to IFAC's success over the years.

He was a member of the Committee of CMP from 1977 to 1990. He served on the Mitchelstown Co-op General Committee from 1984 and its successor, Dairygold from 1990 to 2003. He was equally involved over the years with Cork Marts and was a Board Member from 1997 to 2001. A committed supporter of farmer involvement in the ownership of their own insurance business, he also served on the board of the FBD Co-op from 1980 to 1984.

Donal served on the Council/Board of ICOS for circa 25 years and as Vice President from 1997 to 2001 and President from 2003 to 2005.



Mr Pat McLoughlin, ICOS President and Mr Donal Cashman, Winner of the Plunkett Award for Co-operative Endeavour

Associated ICOS Functions & Entities

The ATC Group

The purchasing Group comprising 18 co-ops with total purchases of in excess of €23m through our 18 member co-ops had again a successful year and accomplished its objective of enhancing the buying power of its members.

Our "Co-op Source" branded product groupings expanded again in 2010 to now having a compliment of seven product groupings under our brand these being:

- Crop packaging
- Animal mineral supplements
- Dairy Detergents
- Clothing
- Grass Seeds



- Milking Machine filter socks
- Cow teat foam sanitizer

Our membership extends throughout the country with Inishowen Co-op in north Donegal to Wexford Farmers Co-op in the south east to Drinagh Co-op in the south west. The Group headquarters is at the ICOS office in Cork with Sean Myers as Secretary.

Our plans for the coming year are to continue to further enhance the groups buying power, to improve margins for our Member Co-ops to place greater emphasis on the promotion of our Co-op Source branded product range and to seek to have new co-ops join the Group.

Training and Development

The ICOS Skillnet was established in 2006 to address the training needs of the co-operative sector in Ireland. Since its inception we have trained in excess of 3500 employees in over 50 training programmes. The ICOS Skillnet's strategic aim is to create a lasting platform of training and education for the Co-Operative Sector.

In the period 2010-2011 we trained circa 1200 trainees, achieving in excess of 2100 training days. Over 63% of our member co-ops engaged with the ICOS Skillnet and availed of funding of up to 50% towards their overall training costs for the same period.

ICOS Skillnet was also successful in achieving accreditation as a quality assured training provider with FETAC (Further Education & Training Awards Council), to deliver formally recognised qualifications, thus ensuring a definite path for educational and career progression. The programmes being delivered are mapped against the National Framework of Qualifications and are internationally recognised.

ICOS Skillnet was funded by member companies and the Training Networks Programme, an initiative of Skillnet's Ltd. funded from the National Training Fund through the Department of Enterprise Trade and Employment.

Pension Administration

ICOS Ltd is the formal registered administrator for two co-operative industry-wide pension schemes – Irish Co-operative Societies' Pension Scheme and Dairy Executives' Pension Fund – covering 35 participating co-operatives. Membership and financial highlights from the most recent annual reports:

- Aggregate membership of the two schemes comprises 888 current employees, 1,316 former employees who retain a right to a pension at retirement and 1,185 pensioners in receipt of a monthly scheme pension from ICOS payroll department
- Contributions paid in by employees came to €1.56 million
- Co-op employer contributions came to €3.04 million
- Fund assets under professional management amounted to €136 million (invested in global equities, international government and corporate bonds, and commercial property)
- Pension payroll for co-op retirees (including spouses/dependants of deceased co-op employees) comes to €380,000 per month (€4.6 million per annum)
- Lump sums paid to new pensioners and dependants of deceased members totalled €0.4 million

ICOS pension personnel are Brian O'Dowd, whose duties include payment of the monthly pension payrolls, tax settlement, member enquiries and administrative functions in the governance/financial control areas, and Gerry Armstrong who handles the running of the active membership, administration and trustee responsibilities of the schemes. Together, they are responsible for also providing the scheme annual reports and coordinating the production of the triennial actuarial reports.

In-house computer systems (for pension and payroll functions) are utilised in the management of the numerous tasks that arise, ranging from basic member enquiries to full trustee annual reports

incorporating audited financial statements & accounts and statutory disclosures. Executive support in the operation of the schemes is received from managerial, financial and secretarial resources within ICOS.

In a typical year, ICOS pension department:

- Fields over 2,000 phonecalls
- Processes about 100 retiring co-operative employees
- Settles claims for a number of deaths and ill-health cases
- Answers enquiries from several hundred pieces of correspondence provides contribution account and year-end reports for participating co-ops.

It also manages the other professional inputs into the schemes from actuaries, investment firms, insurers, legal advisors and audit services.

Parallel to the vast majority of defined benefit schemes in Ireland, the ICOS-administered pension schemes are currently in deficit, i.e. assets in hand are insufficient to cover liabilities, due almost entirely to the financial crisis which has enveloped the world since 2007. Our co-operative members, relevant unions and trustee boards under the stewardship of ICOS are all working together towards reaching a long-term solution for the financial stability of these valuable retirement and benefit schemes in the interests of employees, former employees, pensioners, dependants and co-ops, all of whom are beneficiaries of the schemes.

Irish Foundation

for Co-operative

Irish Foundation for
Co-operative Development



Development (IFCD)

Since the establishment of the Irish Foundation for Co-operative Development in 1978 the objects of the society have been to harness the resources of the Irish agricultural co-operative movement for the purpose of promoting and assisting co-operative development in 3rd world countries. Over the years the main areas of activity have been in Tanzania and Uganda.

In 2006, the Board of the IFCD investigated the potential of setting up a partnership between the IFCD and the Meru Fruit Growers Association, a Kenyan co-operative.

The focus of the project is mango production. The mango crop is easily managed and in the long term can contribute to the development of the region. Meru farmers have invested heavily in establishing over 400 orchards. However, there is a serious imbalance in the processing and marketing of the product. Growers are exposed to traders who offer any price for the product. The long term solution would be to have a co-operative processing unit owned by the primary producers. The IFCD Committee decided earlier this year to engage Mr Tom Millane who worked on the Foundations' project in Tanzania in the 1990's to co-ordinate the next phase of the project. The two main elements of this phase are:

1. The development of a financial plan which should examine the sources of funding including share capital, banks and lending agencies
2. The implication and development of marketing linkages

Irish Co-Operative Organisation Society Limited

Directors' report and financial statements

Year ended 31 December 2011

Irish Co-Operative Organisation Society Limited

Directors' report and financial statements

| <i>Contents</i> | <i>Page</i> |
|--|-------------|
| Statement of the Society's and the Board's Responsibilities | 16 |
| Independent auditor's report | 17 |
| Income and Expenditure Account | 19 |
| General Revenue Account and Statement of Total Recognised Gains and Losses | 20 |
| Balance Sheet | 21 |
| Notes forming part of the financial statements | 22 |

Irish Co-Operative Organisation Society Limited

Statement of directors' responsibilities

The Board is responsible for preparing financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts, 1893 to 1978 and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and Published by Chartered Accountants Ireland. In causing the preparation of the financial statements, the Board 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 Board confirms that it has complied with the above requirements in preparing the financial statements.

The Board is responsible for causing to be kept proper books of account such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions.

The Board is also responsible for safeguarding the assets of the Society and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

President: Pat McLoughlin

Vice President: Bertie O'Leary

Secretary: Co-operative Consultancy Services (CCS) Limited

Independent auditor's report to the members of Irish Co-operative Organisation Society Limited

We have audited the financial statements of the Irish Co-Operative Organisation Society Limited for the year ended 31 December 2011 which comprise the Income and Expenditure Account, the General Revenue Account and Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 work has been undertaken so that we might state to the Society's members those matters which 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 responsibility to anyone other than the Society and the Society's members as a body for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

The Board's responsibilities for preparing the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of the Directors Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

As agreed with the Board, we report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of accounts. We also report to you our opinion as to whether the Society has kept proper books of account.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report to the members of Irish Co-Operative Organisation Society Limited *(continued)*

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Society at 31 December 2011 and of its surplus for the year then ended.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of accounts have been kept by the Society. The financial statements are in agreement with the books of accounts. In accordance with Section 13 of the Industrial and Provident Societies Act, 1893, we now sign the same as found to be correct, duly vouched and in accordance with law.

Colin O'Brien
for and on behalf of
KPMG

8 June 2012

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Irish Co-Operative Organisation Society Limited

Income and Expenditure Account

Year ended 31 December 2011

| | | 2011 | Restated 2010 |
|---|---|------------------|------------------|
| | Notes | € | € |
| Income | | | |
| Societies' contributions received | | 1,328,403 | 1,415,853 |
| Other income & management recharges | | 250,109 | 380,197 |
| Seminars, training and education | | 458,185 | 256,770 |
| Grants & management recharges received from The Golden Jubilee Trust Fund | | 56,347 | 68,809 |
| | | 2,093,044 | 2,121,629 |
| Pension settlement gain | 8 | - | 1,809,759 |
| Expenditure -Payroll | | | |
| Salaries and state insurance | | 822,290 | 1,045,536 |
| Pension cost – current service | | 71,223 | 69,594 |
| | | 893,513 | 1,115,130 |
| Travel and services | | | |
| Travel expenses | | 164,604 | 167,519 |
| Public relations, education and training | | 37,677 | 280,310 |
| Postage and telecommunications | | 30,617 | 37,182 |
| Printing and stationery | | 16,342 | 14,853 |
| | | 249,240 | 499,864 |
| Overheads | | | |
| Rent, rates, light, insurance and household expenses | | 181,083 | 187,670 |
| Subscriptions | | 43,607 | 41,620 |
| Professional fees | | 558,755 | 371,986 |
| Maintenance and repairs | | 16,322 | 15,348 |
| Depreciation of fixed assets | | 11,002 | 10,320 |
| Restructuring expenses | | 29,228 | 1,148,870 |
| Miscellaneous expenses | | 31,744 | 63,083 |
| | | 871,741 | 1,838,897 |
| Finance costs | | | |
| Finance expense – pensions | 6 | 9,639 | 12,000 |
| Interest and charges | | 27,764 | 47,400 |
| | | 37,403 | 59,400 |
| | | 2,051,897 | 3,513,291 |
| Surplus for the year before state grant and taxation | | 41,147 | 418,097 |
| On behalf of the Board: | | | |
| President: | Pat McLoughlin | | |
| Vice President: | Bertie O'Leary | | |
| Secretary: | Co-operative Consultancy Services (CCS) Limited | | |

Irish Co-Operative Organisation Society Limited

General Revenue Account and Statement of Total Recognised Gains and Losses Year ended 31 December 2011

| | Notes | 2011 € | Restated 2010 € |
|---|-------|------------------|-----------------------|
| Surplus for the year before state grant and taxation | | 41,147 | 418,097 |
| State Grant | | 12,000 | 12,000 |
| | | <hr/> | <hr/> |
| Surplus on ordinary activities before taxation | | 53,147 | 430,097 |
| Taxation | 3 | - | 1,157 |
| | | <hr/> | <hr/> |
| Surplus for the year | | 53,147 | 431,254 |
| Actuarial loss in respect of pension scheme | 9 | - | (559,000) |
| Revaluation adjustment | 4 | 47,500 | - |
| | | <hr/> | <hr/> |
| Total recognised gains and losses relating to the financial year | | 100,647 | (127,746) |
| | | | <hr/> |
| Impact of prior adjustment | 9 | (186,554) | |
| | | <hr/> | |
| Total recognised gains and losses since the last Annual Report | | (85,907) | |
| | | <hr/> | |

All income and expenditure arises solely from continuing operations.

On behalf of the Board:

President: Pat McLoughlin

Vice President: Bertie O'Leary

Secretary: Co-operative Consultancy Services (CCS) Limited

Irish Co-Operative Organisation Society Limited

Balance Sheet

Year ended 31 December 2011

| | Notes | 2011 € | Restated 2010 € |
|--|-------|--------------------|-----------------------|
| Fixed assets | 4 | 66,969 | 24,429 |
| Current assets | | | |
| Bank balances and cash | | 634,611 | 793,370 |
| Debtors and prepayments | 5 | 61,608 | 232,137 |
| | | 696,219 | 1,025,507 |
| Creditors due within one year | | | |
| Creditors and accruals | 6 | (1,523,386) | (1,770,562) |
| Net current liabilities | | (827,167) | (745,055) |
| Creditors due after one year | | | |
| Bank Term Loan | 7 | (416,310) | (556,529) |
| Loan from the Golden Jubilee Trust Fund | 8 | (200,000) | (200,000) |
| Pension liability | 9 | - | - |
| Net liabilities | | (1,376,508) | (1,477,155) |
| Capital employed | | | |
| Share capital | 10 | 134 | 134 |
| General revenue account deficit | 11 | (1,424,142) | (1,477,289) |
| Revaluation reserve | 12 | 47,500 | - |
| Shareholders' deficit | 13 | (1,376,508) | (1,477,155) |

On behalf of the Board:

President: Pat McLoughlin
Vice President: Bertie O'Leary
Secretary: Co-operative Consultancy Services (CCS) Limited

Irish Co-Operative Organisation Society Limited

Notes

forming part of the financial statements

1 Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Ireland and Irish statute comprising the Industrial Provident Societies Acts, 1893 to 1978 under the historical cost convention, as modified by the revaluation of artwork as set out below. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

The financial statements have been prepared on a going concern basis which assumes the Society will have sufficient funding and cash resources to continue its operation, without material curtailment, for the foreseeable future.

The Board has prepared and approved financial and cash flow projections for the Society for the period up to 31 December 2013, based on assumptions in relation to future revenue and costs which they consider appropriate in light of their plans and expectations. The projections anticipate significant reductions in the Society's cost base which the Board anticipate can be achieved by 31 December 2013.

The Society enjoys and appreciates the ongoing financial support of the Golden Jubilee Trust ("the Trust"). The Society has received a number of loans from the trust on an interest free basis which carry no fixed repayment terms. The Board of Trustees of the Trust has confirmed in writing that the Golden Jubilee Trust will not seek repayment of the amounts payable by the Society as at 31 December 2011 for a period of at least 18 months from the date of approval of these financial statements and that the Trustees will provide further funding to the Society over the next 18 months in support of its activities, including in particular those activities which promote the development of the Co-operative movement in Ireland, subject to appropriate applications being made to the Trust to support specific activities.

The Board recognises that significant assumptions about the future are inherent in their projections. The Board has discussed the assumptions and basis of preparation supporting the Society's projections and considered the financial resources available. On that basis, the Board believes that the Society will generate sufficient cash so as to allow the Society to continue in operational existence for the foreseeable future.

Accordingly, the Board considers it appropriate to prepare the financial statements on a going concern basis.

Accounting policies

The significant accounting policies adopted by the Society are as follows:

Societies' contributions

Contributions from societies are taken into credit of the income and expenditure account for the year in which such contributions are received and arrears are not included at the year end.

Irish Co-Operative Organisation Society Limited

Notes (continued)

2 Accounting policies (continued)

Other income

Income, other than Societies' contributions, represents the value of services supplied to external customers.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation, except for artwork which is carried at revalued amount less accumulated depreciation.

Depreciation is calculated in order to write off the cost of the fixed assets over their estimated useful lives by equal annual instalments. The estimated useful lives of fixed assets by reference to which depreciation is calculated are as follows:

| | |
|-----------------------------------|----------|
| Furniture, fittings and equipment | 10 years |
| Computer equipment | 3 years |
| Motor vehicles | 5 years |
| Artwork | - |

A formal valuation was undertaken on certain artwork assets during the year by independent professional valuers as set out in note 4. Revaluation gains are recognised in the statement of total recognised gains and losses except to the extent that they reverse revaluation losses that were previously charged to the income and expenditure account when they are charged to the income and expenditure account. Revaluation losses which represent a clear consumption of economic benefit inherent in the asset are recognised in the income and expenditure account.

Retirement benefits

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the income and expenditure account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

Gains and losses arising on settlement and curtailment are recognised immediately in the income and expenditure account at the date on which all parties whose consent is required are irrevocably committed to the transaction.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Irish Co-Operative Organisation Society Limited

Notes (continued)

2 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided on timing differences.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Foreign currencies

Current assets and current liabilities denominated in foreign currencies are translated into euro ("€") at the rates of exchange ruling at the balance sheet date.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the income and expenditure account.

3 Taxation

| | 2011 € | <i>Restated</i> 2010 € |
|--|-----------|------------------------------|
| Irish corporation tax charge on surplus for the year | - | - |
| Prior years | - | (1,157) |
| Current tax charge for the year | - | (1,157) |

The current tax charge for the year is different from the credit/(charge) that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

| | | |
|---|-----------------|----------------|
| Surplus on ordinary activities before taxation | 53,147 | 616,651 |
| Surplus for year multiplied by the average rate of Irish corporation tax for the year of 12½% | 6,647 | 77,081 |
| <i>Effect of:</i> | | |
| Pension contribution less than/(in excess of) pension cost charge | 24,524 | (75,511) |
| Expenses not deductible for tax purposes | 131 | - |
| Capital allowances in excess of depreciation | (1,237) | (638) |
| Tax on higher rates | - | 1,382 |
| Tax on prior year adjustment | - | (1,157) |
| Losses forward utilised | (30,065) | - |
| Current tax for the year | - | (1,157) |

Irish Co-Operative Organisation Society Limited

Notes (continued)

4 Fixed assets

| | Furniture, fittings & equipment € | Computer equipment € | Art work € | Total € |
|--|---|----------------------------|------------------|----------------|
| Cost/valuation | | | | |
| At 31 December 2010 | 70,835 | 68,711 | - | 139,546 |
| Additions | - | 6,043 | - | 6,043 |
| Write off of fully depreciated assets | (34,153) | (12,896) | - | (47,049) |
| Revaluation | - | - | 47,500 | 47,500 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2011 | 36,682 | 61,858 | 47,500 | 146,040 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Accumulated depreciation | | | | |
| At 31 December 2010 | 52,606 | 62,511 | - | 115,117 |
| Charge for year | 3,668 | 7,334 | - | 11,002 |
| Write off of fully depreciated assets | (34,153) | (12,896) | - | (47,049) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2011 | 22,121 | 56,949 | - | 79,070 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book amounts | | | | |
| At 31 December 2011 | 14,561 | 4,909 | 47,500 | 66,969 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2010 | 18,229 | 6,200 | - | 24,429 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

During the year, an exercise was undertaken to revalue certain paintings and other artwork held by the Society to which no value had previously been attributed in the financial statements. A revaluation adjustment has been reflected to recognise the valuation estimate of €47,500 which was determined by professional valuers, the Oriel Gallery.

Irish Co-Operative Organisation Society Limited

Notes (continued)

| 5 Debtors and prepayments | 2011 | 2010 |
|--|---------------|-------------|
| | € | € |
| Trade debtors | 29,592 | 17,217 |
| Prepayments and other debtors | 5,065 | 64,103 |
| VAT | - | 3,815 |
| Other debtors | 394 | 153 |
| <i>Amounts due from related parties:</i> | | |
| ICOS Skillnet project | 24,645 | 4,000 |
| Golden Jubilee Trust Fund | 259 | 62,864 |
| Irish Co-operative Organisation Society Limited Pension Fund | - | - |
| Irish Co-operative Societies Pension Scheme | 1,653 | 79,985 |
| | 61,608 | 232,137 |

| 6 Creditors due within one year | 2011 | <i>Restated</i> 2010 |
|--|------------------|--------------------------------|
| | € | € |
| Creditors and accruals | 437,389 | 724,462 |
| Bank loan (note 7) | 142,167 | 142,928 |
| PAYE and PRSI | 3,556 | 24,281 |
| Corporation tax | - | (2,764) |
| VAT | 31,259 | - |
| <i>Amounts due to related parties:</i> | | |
| ICOS Services Co-Operative Society Limited | 119,015 | 146,259 |
| Golden Jubilee Trust Fund | 790,000 | 735,396 |
| | 1,523,386 | 1,770,562 |

7 Bank loans

The Society's Bank loan is repayable as follows:

| | Total | < 1 year | 2-5 years |
|----------------------------------|----------------|--------------------|------------------|
| | € | € | € |
| Payable within one year | 142,167 | 142,167 | - |
| Payable after more than one year | 416,310 | - | 416,310 |
| | 558,477 | 142,167 | 416,310 |

The loan is repayable by monthly instalments and currently re-prices on a quarterly basis. The bank loan is secured by assignment of a Deposit Account of the Society for €500,000.

Irish Co-Operative Organisation Society Limited

Notes (continued)

8 Loan from the Golden Jubilee Trust Fund

This loan is interest free and carries no fixed repayment terms. Further disclosures regarding the repayment of these amounts are set out in the basis of preparation note.

9 Retirement benefits

The employer decided to exercise its right to cease contributing to the ICOS Staff Pension Scheme (the scheme) on the 24 February 2010 and the scheme has been wound up. The assets and liabilities of the Scheme were derecognised in the prior year and a settlement gain of €1,996,313 was reported in the prior year financial statements. A residual pension related liability was incorrectly omitted from those financial statements. The recognition of this liability as a prior year adjustment has reduced the gain by €186,554. The related liability is included within accruals.

The Society's contributions to PRSA's are charged to the Income and Expenditure Accounts as incurred and amounted to €65,006 (2010: €54,334) in this year.

| 10 Share capital | Number | € |
|---|-------------|------------------|
| At 31 December 2011 | 134 | 134 |
| During the year, there were one new affiliation and no disaffiliations. | | |
| 11 General revenue account deficit | 2011 | Restated 2010 |
| | € | € |
| Deficit at the beginning of the year as originally reported | (1,290,735) | (1,349,543) |
| Prior year adjustment (note 9) | (186,554) | - |
| Deficit at the beginning of the year as restated | (1,477,289) | (1,349,543) |
| Surplus for the year (2010 as restated) | 53,147 | 431,254 |
| Actuarial loss for the year | - | (539,000) |
| Deficit at end of the year (as restated) | (1,424,142) | (1,477,289) |

Irish Co-Operative Organisation Society Limited

Notes (continued)

| | | |
|---|--------------------|-----------------|
| 12 Revaluation reserve | 2011 | 2010 |
| | € | € |
| Arising on artwork in the year (note 4) | 47,500 | - |
| | <hr/> | <hr/> |
| 13 Reconciliation of movements in shareholders' deficit | | <i>Restated</i> |
| | 2011 | 2010 |
| | € | € |
| Shareholders deficit at beginning of year as originally reported | (1,290,601) | (1,349,410) |
| Prior year adjustment (note 9) | (186,554) | - |
| | <hr/> | <hr/> |
| Shareholders' deficit at beginning of the year | (1,477,155) | (1,349,410) |
| Total recognised gains and losses for the year (2010 as restated) | 100,647 | (127,746) |
| Share capital new affiliations | - | 1 |
| | <hr/> | <hr/> |
| | (1,376,508) | (1,477,155) |
| | <hr/> | <hr/> |

14 Related parties

The Society, ICOS Services Co-Operative Society Limited, Golden Jubilee Trust Fund, Irish Foundation for Co-Operative Development Limited, Dairy Executive Pension Scheme and Irish Co-operative Society Pension Scheme are related parties under Financial Reporting Standard No. 8 – "Related party disclosures". Amounts owed to ICOS at 31 December 2011 were as follows: the Golden Jubilee Trust Fund €259, Irish Co-operative Societies Pension Scheme €1,653 and ICOS Skillnet project €24,645. Amounts owed by ICOS at 31 December 2011 are ICOS Services Co-Operative Society Limited €119,015 and the Golden Jubilee Trust Fund €990,000.

15 Approval of financial statements

The Board approved the financial statements on the 8 June 2012.

Co-operative Statistics

Dairy Co-operative Statistics

| Dairy Co-operative Societies 2010 | | | | | | | Balance sheet €'000 | | | | | |
|-----------------------------------|---------|----------------------------|---------------------------|---------|--------------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------|---|----------|---------------------|
| | | | Trading performance €'000 | | | | Assets employed | | Financed by | | | |
| Society | Members | Employees (inc part/ time) | Total sales | EBITDA | Net profit / (loss) before tax | Net profit / (loss) as a % sales | Tangible fixed assets | Total assets less current liabilities | Shareholders / Members Funds | Bank overdraft / loans & finance leases | Other | Debt / equity ratio |
| 1.Arrabawn | 5,657 | 299 | 169,104 | 5,325 | 1,870 | 1.11% | 27,420 | 40,648 | 30,633 | 14,030 | -4,015 | 45.80% |
| 2.Bandon | 690 | 88 | 85,274 | 3,509 | 2,393 | 2.81% | 9,529 | 60,630 | 53,954 | 3,225 | 3,451 | 5.98% |
| 3.Barryroe | 668 | 179 | 88,851 | 5,006 | 3,275 | 3.69% | 33,351 | 75,092 | 59,797 | 13,337 | 1,958 | 22.30% |
| 4.Boherbue | 160 | 53 | 14,579 | 243 | -69 | -0.47% | 3,050 | 7,297 | 7,289 | 0 | 8 | 0.00% |
| 5.Callan | 140 | 30 | 12,728 | 625 | 368 | 2.89% | 2,007 | 5,489 | 5,470 | 0 | 19 | 0.00% |
| 6.Centenary Thurles | 1,276 | 127 | 66,176 | 2,652 | 440 | 0.66% | 15,298 | 34,125 | 31,933 | 0 | 2,192 | 0.00% |
| 7.Connacht Gold | 14,100 | 560 | 300,287 | 12,238 | 5,010 | 1.67% | 33,35 | 61,686 | 35,461 | 17,207 | 9,018 | 48.52% |
| 8.Corcaghan | 290 | 47 | 3,058 | 52 | -18 | -0.59% | 1,466 | 2,929 | 2,413 | 134 | 382 | 5.55% |
| 9.Dairygold | 8,994 | 934 | 693,559 | 38,646 | 18,285 | 2.64% | 119,718 | 276,847 | 241,289 | 50,285 | -14,727 | 20.84% |
| 10.Doapey | 90 | 3 | 2,649 | -5 | -11 | -0.42% | 29 | 1,074 | 1,074 | 0 | 0 | 0.00% |
| 11.Donegal | 1,963 | 304 | 126,189 | 5,976 | 2,666 | 2.11% | 49,147 | 72,617 | 60,729 | 16,817 | -4,929 | 27.69% |
| 12.Drinagh | 2,513 | 191 | 81,274 | 5,006 | 3,845 | 4.73% | 20,967 | 87,010 | 76,689 | 9,916 | 405 | 12.93% |
| 13.Drombane | 181 | 5 | 5,482 | 187 | 156 | 2.85% | 46 | 1,881 | 1,881 | 0 | 0 | 0.00% |
| 14.Fealesbridge | 346 | 8 | 6,838 | -379 | -390 | -5.70% | 396 | 3,331 | 2,991 | 0 | 340 | 0.00% |
| 15.Glanbia | 17,837 | 3,418 | 2,166,695 | 203,109 | 134,718 | 6.22% | 369,346 | 1,299,497 | 417,512 | 408,122 | 403,863 | 97.75% |
| 16.Irish Dairy Board | 50 | 3,820 | 1,927,525 | 48,106 | 16,195 | 0.84% | 129,557 | 488,362 | 402,895 | 123,342 | -37,875 | 30.61% |
| 17.Kerry Group | 9,700 | 21,997 | 4,960,003 | 617,952 | 392,835 | 7.92% | 1,107,164 | 1,159,476 | 1,284,055 | 1,159,476 | -816,580 | 90.30% |
| 18.Lakeland Dairies | 4,126 | 600 | 411,401 | 16,084 | 4,510 | 1.10% | 50,141 | 105,243 | 76,697 | 29,404 | -858 | 38.34% |
| 19.Lee Strand | 280 | 66 | 21,662 | 1,805 | 244 | 1.13% | 22,249 | 17,170 | 14,885 | 23,418 | -21,133 | 157.33% |
| 20.Lisavaird | 1,109 | 86 | 52,325 | 2,860 | 1,759 | 3.36% | 11,203 | 56,703 | 51,927 | 5,111 | -335 | 9.84% |
| 21.Maudabawn | 190 | 7 | 5,912 | 108 | 100 | 1.69% | 237 | 1,267 | 1,267 | 0 | 0 | 0.00% |
| 22.Mullinahone | 62 | 77 | 20,449 | 778 | 317 | 1.55% | 3,824 | 6,110 | 5,472 | 239 | 399 | 4.37% |
| 23.Newtownsandes | 180 | 12 | 10,258 | -186 | -208 | -2.03% | 61 | 4,144 | 4,144 | 0 | 0 | 0.00% |
| 24.North Cork | 550 | 44 | 39,215 | 1,126 | 683 | 1.74% | 1,903 | 8,914 | 8,863 | 463 | -412 | 5.22% |
| 25.Tipperary | 1,829 | 129 | 146,401 | 3,590 | 784 | 0.54% | 19,147 | 31,202 | 25,387 | 12,662 | -6,847 | 49.88% |
| 26.Town of Monaghan | 1,500 | 120 | 174,690 | 3169 | 2,069 | 1.18% | 3,446 | 35,228 | 34,982 | 0 | 246 | 0.00% |
| 27.Wexford | 397 | 2 | 57,655 | 5,707 | 5,077 | 8.81% | 8,171 | 22,674 | 8,801 | 7,714 | 6,159 | 87.65% |
| Total | 74,878 | 33,206 | 11,650,239 | 983,289 | 596,903 | 5.12% | 2,041,908 | 4,364,121 | 2,948,490 | 1,894,902 | -479,271 | 64.27% |

Not applicable
N/A Not Available
EBITDA Earnings before interest, tax, depreciation & amortisation

Mart Co-operative Statistics

| Mart Co-operative Societies 2010 | | | | | | | Balance sheet €'000 | | | | | |
|----------------------------------|---------------|----------------------------|---------------------------|--------------|--------------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------|---|----------------|---------------------|
| | | | Trading performance €'000 | | | | Assets employed | | Financed by | | | |
| Society | Members | Employees (inc part/ time) | Total sales | EBITDA | Net profit / (loss) before tax | Net profit / (loss) as a % sales | Tangible fixed assets | Total assets less current liabilities | Shareholders / Members Funds | Bank overdraft / loans & finance leases | Other | Debt / equity ratio |
| 1.Athenry | 1,200 | 17 | 669 | 168 | 111 | 16.59% | 705 | 3,324 | 3,270 | 0 | 54 | 0.00% |
| 2.Ballyjamesduff | 441 | 40 | 23,685 | 300 | 208 | 0.88% | 810 | 3,314 | 3,304 | 0 | 10 | 0.00% |
| 3.Castleisland | 312 | 23 | 28,950 | 134 | 63 | 0.22% | 1,069 | 3,061 | 2,876 | 0 | 185 | 0.00% |
| 4.Castlerea | 700 | 29 | 23,060 | 213 | 160 | 0.69% | 824 | 1,718 | 1,718 | 0 | 0 | 0.00% |
| 5.Central Auctions | 1,500 | 30 | 1,252 | 306 | 174 | 13.90% | 1,443 | 4,353 | 4,207 | 0 | 146 | 0.00% |
| 6.Clare | 2,450 | 39 | 1,867 | 389 | 251 | 13.44% | 2,705 | 7,085 | 6,538 | 0 | 547 | 0.00% |
| 7.Cork Marts | 10,500 | 100 | 9,704 | 1,431 | 699 | 7.20% | 42,227 | 37,947 | 20,541 | 19,677 | -2,271 | 95.71% |
| 8.East Donegal | 283 | 21 | 447 | 36 | 5 | 1.12% | 500 | 1,073 | 1,073 | 0 | 0 | 0.00% |
| 9.Iveragh | 400 | 10 | 188 | 33 | 8 | 4.26% | 403 | 440 | 232 | 9 | 199 | 3.88% |
| 10.Kanturk | 169 | 21 | 393 | 95 | 62 | 15.78% | 1,663 | 365 | 1,927 | 22 | -1,584 | 1.14% |
| 11.Kenmare | 380 | 17 | 385 | 98 | 82 | 21.30% | 504 | 768 | 763 | 651 | -646 | 85.32% |
| 12.Kilkenny | 1,200 | 30 | 1,480 | 849 | -166 | -11.22% | 21,657 | 12,570 | 10,016 | 8,911 | -6,357 | 88.97% |
| 13.Kingdom | 727 | 10 | 354 | 98 | 5 | 1.41% | 1,152 | 2,508 | 1,132 | 1,519 | -143 | 134.19% |
| 14.Mayo Sligo | 785 | 20 | 622 | 225 | 178 | 28.62% | 673 | 3,838 | 3,838 | 0 | 0 | 0.00% |
| 15.Mid Tipperary | 700 | 26 | 579 | 64 | 22 | 3.80% | 300 | 1,342 | 1,304 | 0 | 38 | 0.00% |
| 16.Roscommon | 484 | 36 | 778 | 104 | 101 | 12.98% | 3,013 | 3,485 | 1,807 | 1,130 | 548 | 62.53% |
| 17.Templemore | N/A | N/A | 6,788 | 28 | 19 | 0.28% | 222 | 557 | 557 | 0 | 0 | 0.00% |
| 18.Tuam | 1,300 | 15 | 3,647 | 320 | 271 | 7.43% | 955 | 1,606 | 1,582 | 0 | 24 | 0.00% |
| 19.Waterford/Ross | 1,155 | 17 | 298 | 44 | 24 | 8.05% | 736 | 620 | 475 | 606 | -461 | 127.58% |
| 20.Wexford Farmers | 3,500 | 181 | 65,362 | 753 | -495 | -0.76% | 23,807 | 37,423 | 30,200 | 11,890 | -4,667 | 39.37% |
| Total | 28,186 | 682 | 170,508 | 5,688 | -1,782 | 1.05% | 105,368 | 127,397 | 97,360 | 44,415 | -14,378 | 45.62% |

Not Listed
Leinster
Mid Kerry

N/A Not Available
EBITDA Earnings before interest, tax, depreciation & amortisation

Other Co-operative Statistics

| Other Co-operative Societies 2010 | | | | | | | Balance sheet €'000 | | | | | |
|---|---------------|---------------------------|---------------------------|--------------|--------------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------|---|--------------|---------------------|
| | | | Trading performance €'000 | | | | Assets employed | | Financed by | | | |
| Society | Members | Employees (inc part-time) | Total sales | EBITDA | Net profit / (loss) before tax | Net profit / (loss) as a % sales | Tangible fixed assets | Total assets less current liabilities | Shareholders / Members Funds | Bank overdraft / loans & finance leases | Other | Debt / equity ratio |
| CATTLE BREEDING SOCIETIES | | | | | | | | | | | | |
| 1.SECBS | 30,447 | 54 | 4,207 | -81 | -195 | -4.64% | 6,488 | 8,426 | 7,647 | 578 | 201 | 7.56% |
| STORE SOCIETIES | | | | | | | | | | | | |
| 2.Oldcastle | 500 | 12 | 5,811 | 154 | 82 | 1.41% | 1,280 | 2,043 | 1,312 | 662 | 69 | 50.46% |
| 3.Templercrone | 1,407 | 116 | 13,340 | 359 | -93 | -0.70% | 8,716 | 648 | 9,676 | 644 | -9,672 | 6.66% |
| 4.Inishowen | 2,500 | 65 | 15,604 | 457 | 158 | 1.01% | 3,971 | 9,778 | 7,466 | 0 | 2,312 | 0.00% |
| SPECIALIST BREEDING SOCIETIES | | | | | | | | | | | | |
| 5.Irish Angus Cattle | 1,147 | 2 | 248 | 62 | 58 | 23.39% | 168 | 685 | 685 | 0 | 0 | 0.00% |
| 6.Irish Charolais Cattle | 6,141 | 4 | 751 | 26 | 18 | 2.40% | 17 | 1,847 | 1,847 | 0 | 0 | 0.00% |
| 7.Irish Limousin | 2,450 | 5 | 637 | 84 | 72 | 11.30% | 307 | 867 | 867 | 0 | 0 | 0.00% |
| MISCELLANEOUS SOCIETIES | | | | | | | | | | | | |
| 8.Commercial Mushroom Producers Co-op Society | 108 | 11 | 139,008 | 1,486 | 480 | 0.35% | 9,981 | 11,056 | 1,884 | 6,500 | 2,672 | 345.01% |
| 9.County Markets | 1,000 | 1 | 2,087 | -30 | -30 | -1.44% | 16 | 262 | 262 | 0 | 0 | 0.00% |
| 10.IFAC | 15,946 | 123 | 12,080 | 3,315 | 3009 | 24.91% | 3,617 | 16,069 | 16,069 | 0 | 0 | 0.00% |
| 11.Irish Horse Board | 22,207 | 0 | 192 | 3 | 3 | 1.56% | 0 | 129 | 129 | 0 | 0 | 0.00% |
| 12.FDC | 489 | 0 | 229 | 174 | 125 | 54.59% | 2,383 | 2,608 | 2,608 | 0 | 0 | 0.00% |
| 13.Nat Co-op Farm Relief | 10 | 11 | 4,161 | 43 | 12 | 0.29% | 183 | 1,926 | 1,926 | 0 | 0 | 0.00% |
| 14.NFGWS | 391 | 10 | 900 | 142 | 126 | 14.00% | 25 | 706 | 706 | 0 | 0 | 0.00% |
| 15.Irish Co-op Society# | N/A | N/A | 13 | -123 | -722 | -5553.85% | 4,044 | 3,641 | 2,295 | 2,039 | -693 | 88.85% |
| Total | 84,743 | 414 | 199,268 | 6,071 | 3,103 | 1.56% | 41,196 | 60,691 | 55,379 | 10,423 | -5,11 | 18.82% |

Not Listed

Store Societies

Clonleigh

Pig Societies

Roughy Valley

Specialist Breeding Societies

Irish Blonde D'Aquitaine Breed

Irish Simmental

Miscellaneous Societies

Killasnett

N/A Not Available

Prior year figure

EBITDA Earnings before interest, tax, depreciation & amortisation

Fishing Co-operative Statistics

| | | | Trading performance €'000 | | | | Assets employed | | Financed by | | | |
|------------------|-----------|----------------------------|---------------------------|------------|--------------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------|---|---------------|---------------------|
| Society | Members | Employees (inc part/ time) | Total sales | EBITDA | Net profit / (loss) before tax | Net profit / (loss) as a % sales | Tangible fixed assets | Total assets less current liabilities | Shareholders / Members Funds | Bank overdraft / loans & finance leases | Other | Debt / equity ratio |
| 1.Castletownbere | 85 | 44 | 31,560 | 519 | 278 | 0.88% | 3,275 | 5,047 | 2,985 | 3,481 | -1,419 | 116.62% |
| 2.Galway & Aran | N/A | 8 | 6,588 | -28 | -67 | -1.02% | 722 | 924 | 554 | 185 | 185 | 33.39% |
| 3.Clogherhead | N/A | 7 | 8,522 | 91 | 81 | 0.95% | 26 | 521 | 521 | 56 | -56 | 10.75% |
| Total | 85 | 59 | 45,670 | 582 | 292 | 0.63% | 4,023 | 6,495 | 4,060 | 3,722 | -1,290 | 91.67% |

Not Listed

Burtonport
Donegal
Foyle

EBITDA Earnings before interest, tax, depreciation & amortisation

N/A Not Available

Summary of Co-operative Statistics

| | Total | Dairies | Marts | Fishing | Others |
|---------------------|---------|---------|--------|---------|--------|
| Number of Societies | 65 | 27 | 20 | 3 | 15 |
| Members | 187,892 | 74,878 | 28,186 | 85 | 84,743 |
| Employees | 34,361 | 33,206 | 682 | 59 | 414 |

| Trading Performance (€'000) | | | | | |
|-------------------------------------|------------|------------|---------|--------|---------|
| Total Sales | 12,066,685 | 11,650,239 | 170,508 | 46,670 | 199,268 |
| Net profit / (loss) before tax | 602,080 | 596,903 | 1,782 | 292 | 3,103 |
| Net Profit / (Loss) as a % of Sales | 4.99% | 5.12% | 1.05% | 0.63% | 1.56% |

| Balance Sheet (€'000) | | | | | |
|---|-----------|-----------|---------|--------|--------|
| Tangible fixed assets | 2,192,495 | 2,041,908 | 105,368 | 4,023 | 41,196 |
| Total assets less current liabilities | 4,558,701 | 4,364,121 | 127,397 | 6,492 | 60,691 |
| Shareholders / Members Funds | 3,105,289 | 2,948,490 | 97,360 | 4,060 | 55,379 |
| Bank overdraft / loans & finance leases | 1,953,462 | 1,894,902 | 44,415 | 3,722 | 10,423 |
| Other | -500,050 | -479,271 | -14,378 | -1,290 | -5,111 |
| Debt / equity ratio | 62.91% | 64.27% | 45.62% | 91.67% | 18.82% |

Contact

Head Office

The Plunkett House, 84 Merrion Square,
Dublin 2

Tel: +353 (1) 6764783 / Fax: +353 (1) 6624502

Email: info@icos.ie / Website: www.icos.ie

Cork Office

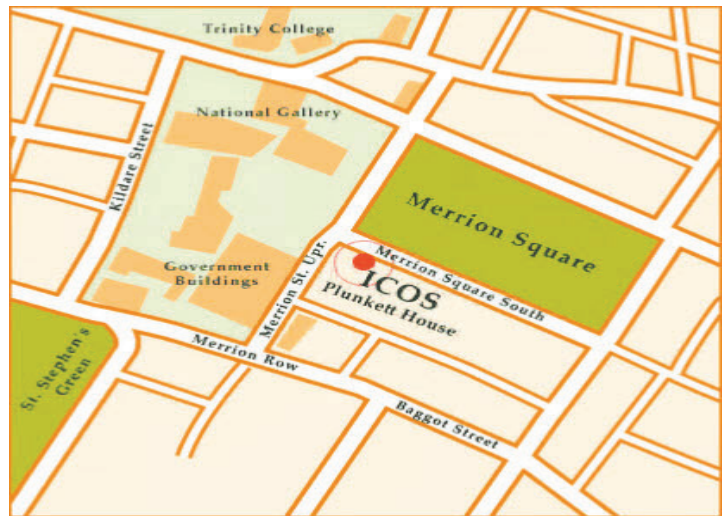
Sheraton Court, Glasheen Road, Cork

Tel: +353 (21) 4840566 / Fax: +353 (21)
4967842

Brussels Office

Rue de Treves 61, 1040 Brussels, Belgium

Tel: +32 2 2310685 / Fax: +32 2 2310698



Find us on LinkedIn:

**Irish Cooperative
Organisation
Society**



Follow us on Twitter:

ICOS_BXL