



ICOS I Irish Co-operative Organisation Society Ltd.



114th Annual Report & Accounts 2008

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Head Office

The Plunkett House, 84 Merrion Square, Dublin 2
Tel: +353 (1) 676 4783 / Fax: +353 (1) 662 4502
E-mail: info@icos.ie / Website: www.icos.ie

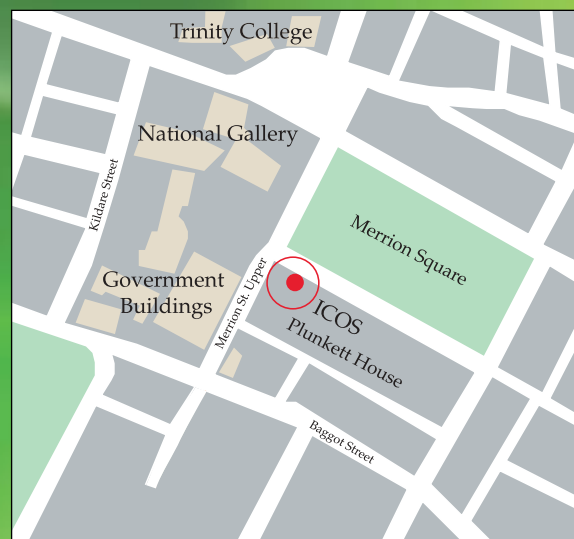
Cork Office

Sheraton Court, Glasheen Road, Cork
Tel: +353 (21) 4840566 / Fax: +353 (21) 4967824

Brussels Office

Rue de Trèves, 61, 1040 Brussels, Belgium
Tel: +32 2 231 0685 / Fax: +32 2 231 0698
E-mail: mail@icosbrussels.be

Auditors: Duignan Carthy O'Neill
Bankers: Bank of Ireland / Allied Irish Bank
Solicitors: Arthur Cox



President's Statement

The year 2008 was a very challenging one for co-ops and their members. Agricultural product prices began the year at a high level, following the historic highs of 2007. However, prices steadily fell during the year. Dairy co-ops cushioned farmers from the full effect of the market fall for dairy products, and for much of the year paid milk prices, which were significantly above the market return.

The change in market conditions occurred because of a fall in demand, which was a response to the record high prices for agricultural commodities in 2007. It was also due to an increase in supply, as a response to higher prices. There was also the general slowdown in the global economy due to the financial and banking crisis.

While it is very difficult to predict the future, I would expect that, we will experience much greater volatility of agricultural commodity prices than in the past. This is because of the changes to the CAP support structure, globalisation, knock-on effects of weather or disease on supply and also currency movements. Many of these factors are outside our control, so we need to focus for the future on what we can control.

Our ambition in ICOS is to be the catalyst to encourage our co-ops to achieve rationalisation to create a stronger dairy, livestock and agri-service sector which will be competitive, provides value and opportunity to its members and is entrepreneurial. In this regard, ICOS has had consultations with dairy and marts societies urging them to take the necessary steps.

During the year ICOS consulted with each of the dairy co-ops involved in milk processing, with a view to finding a way to maximise the value and potential of the Irish milk production. We presented our ideas on how this could be achieved, to the Chairmen and Vice Chairmen of the Dairy co-ops at a number of meetings. I am pleased with the willingness of co-ops to work together to achieve this objective. There is an urgency to find a solution, in light of the current very low milk price returns.

There is a need to face up to the reality of the future challenges and opportunities for our Dairy sector. Our competitors in Denmark, Holland and elsewhere are consolidating in order to achieve market strength and operational efficiency. This is how they believe that they will provide better returns and expansion options to their members.



**Pat McLoughlin, President,
ICOS Ltd.**

ICOS will continue to play an active role in developing a dairy industry in Ireland which fully uses our advantages, is competitive, offers good returns and prospects to dairy farmers and is controlled by the milk supplying members.

During 2008, ICOS initiated a feasibility study on centralised milk testing. This assessed what

advantages could be gained if a number of co-ops combine their milk testing facilities into a jointly operated, accredited laboratory. I am pleased with the positive response. ICOS has progressed this suggestion into a viable proposal for a number of co-ops. I expect this to be implemented before the end of 2009.

Our Livestock mart co-ops had a successful year of trading. They are facing the cost of complying with increasing levels of regulation. The approval of grant aid for a number of projects was welcome during the year. However, we were disappointed with the cap on grant aid, because it penalised marts which need to rationalise sales into larger centres.

I want to take this opportunity to thank all co-ops, for their support since my election as President. I want to thank you for your suggestions, collaboration and hospitality during the year. I also want to thank the Board, Expert Committees and staff for their consistent and valued support.

Towards the end of year, Michael O'Dwyer died. He was President of ICOS from 1995-1999. I want to pay a tribute to Michael's many years of active involvement and commitment to Irish Co-ops and particularly the livestock marts. May he rest in peace.

Introduction to ICOS

ICOS is the representative organisation for co-operatives in the food, agribusiness and rural sectors in Ireland. ICOS provides a range of services to its member co-operatives and represents them on national and international organisations.

ICOS is one of the Social Partners and has been party to the National Social Partnership negotiations, which have led to each of the National Partnership Agreements since 1987.

Over 150 co-operatives are members of ICOS. These co-operatives have a combined individual membership of over 150,000 people. The combined turnover of the co-operatives, their subsidiaries and associated businesses is €10 billion.

ICOS has a staff of 14 who are located at the Head Office in Dublin, in the Regional office in Cork and the Brussels office.

The mission statement of ICOS is

‘To lead, represent & support the Irish Co-operative agribusiness sector in achieving its business objectives.’

Services provided

In order to fulfil this mission, ICOS provides the following services to its member co-operatives:

Policy and Analysis

- Adopts policy positions on many issues which affect the sector and pursues these issues with the Department of Agriculture, Fisheries and Food and EU Commission.
- Provides analysis on Dairy, Livestock, Trading, Environmental and Regulatory issues.

Strategy

- Strategy support for the dairy and livestock sectors.
- Business advisory service, e.g. consultancy, business reviews and strategy development.

Information

- Provides information, advises and lobbies on dairy, livestock and business matters.
- Identifies needs and provides support on grant aid schemes for capital investment, which are relevant to co-operatives.
- Provides information to co-operatives on EU issues.
- Administers multi-employer pension schemes and provides advice to co-operatives.

Training & Development and Governance

- ICOS provides Training & Development programmes and Training Solutions to co-operatives for their staff members.
- Organises Director Training Programmes for co-op directors.
- Advises on co-operative legislation, co-op rules amendments and reviews, procedures, representation and governance.
- Organises conferences on matters relevant to co-operatives.

Representation on national and international organisations

- Represents co-operatives on national and international organisations, such as Teagasc, National Dairy Council, National Economic and Social Council, Irish Dairy Board, COGECA (General Confederation of Agricultural Co-operatives in the EU), Structural Fund Monitoring Committees and a number of other expert groups.

Director General's Report

Throughout 2008, the effects of the global financial crisis gradually began to impact and became much more dramatic in the final quarter of the year. This affected co-operatives and their members because the demand for dairy and other products fell in European and world markets. In addition, the economic downturn meant that finance and liquidity became more of an issue and co-op business had to be more aware of the credit worthiness of their customers. Severe currency fluctuations for the dollar and sterling against the euro meant that there were major changes in competitiveness for EU exporters.

This was the backdrop against which ICOS and its member co-operatives operated for much of 2008. In addition, at national level, there was a rapid deterioration of the Exchequer finances, which accelerated as the year went on. Therefore the forecasts and plans for the economy and for co-operatives had to be extensively revised.

During the year the work of ICOS on behalf of its member co-ops covered policy, strategic, information and governance issues which affect their businesses.

CAP Health Check

The EU Agriculture Council approved a 2% quota increase from 1st April 2008 at its meeting in March in response to increased demand on EU and world markets.

Through most of 2008, there was debate, analysis and positions taken on the EU Commission's proposals for the Health Check of the CAP. It was clear from an early point that the Commission and a significant number of Member States were strongly of the view that the milk quota system would not be extended beyond 2015. This reality meant that the dairy sector needed the EU Agriculture Council and Commission to set out the process to achieve the end of quotas, which provides producers, processors and marketers with policy certainty, so that they can plan and prepare for the future. ICOS consulted co-ops and briefed them regularly on the policy options and analysis. The Board and Dairy Committee adopted and supported a policy of:

- Gradual increase in milk quotas leading up to 2015,
- Retaining market support measures to counter volatility in the transition period,
- Removal of the butterfat coefficient,
- No increase in compulsory modulation.



John Tyrrell, Director General, ICOS Ltd.

This policy position was submitted to the Minister for Agriculture, Fisheries and Food and to the EU Commission. ICOS initiated a joint approach by the Irish, Danish and Dutch dairy co-operatives on the CAP Health Check to the Commission and met Commissioner Mariann Fischer Boel in May 2008.

ICOS participated in two Consultative Committees on the Health Check, which were formed by the Department of Agriculture to formulate the Irish position. The debate on the Health Check continued until it was adopted by the Council of Ministers in November.

The final agreement provided for:

- 1% increase in quota each year 2009 – 2013,
- Butterfat coefficient for superlevy, reduced by half,
- Retain some and abolish other market support measures,
- Those retained measures can be operated on a Commission proposal,
- Review of effect of these measures in 2010 in light of market developments,
- Measures allowing Member States to use part of their direct payments for environment and quality improvement measures,
- Modulated funds can now be used in the dairy sector.

WTO

Each year there has been a push to try and conclude The Doha Round of WTO talks, 2008 was no different. ICOS closely monitored and analysed the various updated positions. A Ministerial meeting was convened in Geneva in July, which was a serious attempt to conclude the Doha Round. ICOS voiced its concerns to the Government negotiators and met with Minister for Trade, John McGuinness in advance of the Trade talks.

The negotiations went on for almost two weeks, and ICOS was in Geneva to monitor developments, brief the Irish negotiators on the co-ops position and relay information back to co-ops. The talks came close to agreement, but in the end they broke down because of differences between the US and India/China over a 'special safeguard mechanism' designed to protect farmers in the developing world against temporary surges in cut price imports of cotton and rice. This disagreement arose despite significant progress on reductions of domestic supports and large tariff cuts.



ICOS meeting Minister for Trade & Commerce in advance of the Trade talks. From left to right: John McGuinness TD, Minister for Trade & Commerce and John Tyrrell, Director General, ICOS Ltd.

Lisbon Treaty

At its January meeting, the Board of ICOS took the position to support the adoption of the Lisbon Treaty in the Referendum campaign. ICOS played an active part in the YES campaign, and maintained this support right up to the Referendum date. A presentation and submission was made to the Oireachtas Committee on European Affairs in January. This submission set out the reasons for ICOS support for the Lisbon Treaty.

ICOS National Conference – Streamlining of the Dairy Industry

The 35th ICOS National Co-operative Conference with opening remarks by the Minister for Agriculture, Fisheries and Food, Brendan Smith TD, was held on 3rd November in Citywest, Dublin.

The conference entitled 'Co-operative Business – Ready for 2015 and Beyond' had two international speakers - Kees Wantenaar, Chairman of Campina Co-op in Holland and Blue Read, Chairman of Fonterra Shareholders Council, New Zealand - who have spearheaded ground breaking campaigns within the co-operative movements in their own countries.

Pat McLoughlin, ICOS President called on the boards of co-ops to commit to working with ICOS to achieve a streamlining of the dairy processing and marketing sector in order to meet the challenges of the current turbulent market and be in a position to compete with international competitors.

Other speakers were Tom O'Mahony, CEO, Origin Enterprises, John Tyrrell and Ray Doyle from ICOS Ltd.

Milk Ireland – Preparing for the Future

Developments in the European and global dairy industry mean that the Irish dairy sector must take urgent steps to ensure that our industry will grow and compete in the future. Decisions on phasing-out quotas and declining market supports have been taken, competitors are consolidating and creating international alliances and the retail sector is concentrated and demanding more from product suppliers.

In light of these changes, ICOS initiated a fresh initiative 'Milk Ireland' to get the dairy processing sector to create a new structure to prepare for the future. In consultation with the dairy co-op Chairmen and Vice Chairmen, ICOS put forward a model structure for the dairy processing sector. This aimed to get best use of our most efficient processing factories, best use of facilities off-peak, avoid duplication of investment, use factories to make products giving the best return and stimulate investment in product development. It would also incorporate the activities of the Irish Dairy Board to create closer links with the customer and the strongest marketing presence.

ICOS put forward the Milk Ireland model to illustrate how the industry could achieve these objectives. This is being actively promoted by ICOS in further discussions with co-ops and producers.

Director General's Report

Energy / Climate Change

There was agreement in December 2008 by the European Council and European Parliament on an Energy and Climate Change package. Overall emissions are to be cut from 1990 levels by 20% by 2020. This will have major significance for Irish agriculture in the future, because effort-sharing sectors including agriculture, transport, waste (i.e. those not covered by the Emissions Trading scheme (ETS) in Ireland), face the highest reduction. Agriculture represents approximately 40% of the non-regulated emissions in the effort sharing sectors in Ireland and almost 27% of Ireland's total GHG emissions.

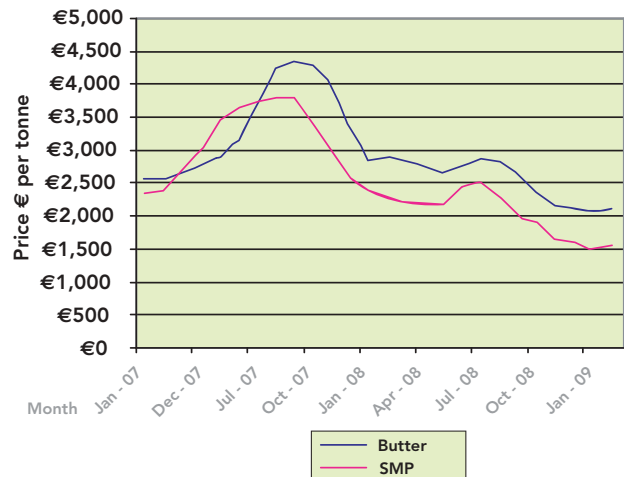
ICOS has briefed the European Parliament and Departments of Agriculture and Environment on the concerns of the sector and the steps which should be taken to reduce the negative effects on agriculture.

Ray Doyle, ICOS Livestock & Environmental Services Executive has informed co-op Boards about the impact of the climate change proposals. There is a growing awareness of the potential impact, but this issue is not receiving the attention that it should due to other business and policy challenges facing the sector.

Dairy Markets

During 2008 dairy markets continued the fall which began late in 2007. The extent of the market fall was that the return from commodities, before processing costs, fell from 34c/litre in January 2008 to just over 22c per litre by December 2008. The Markets have continued to fall well into 2009, with no significant strengthening predicted until towards the end of the season. There is a view that the high prices experienced in 2007 damaged consumer demand for dairy products, with both domestic and food processing customers moving to cheaper alternatives. In the meantime, the additional production prompted by the higher prices, resulted in increased stocks and lower demand. Efforts to move these stocks further exacerbated what was to become a price collapse, as both buyers and sellers struggled to cope with a global liquidity crisis, and falling consumer demand.

Dairy Commodity Prices 2007 to Date



Meanwhile, Irish processors strongly supported farmer milk prices by paying significantly more than market returns. While co-ops try to shelter their members from market volatility, the cost of this support to the industry in 2008 was enormous, and ICOS estimates that for butter production alone, the industry subsidised milk prices to the tune of over €120 million. This does not include losses on cheddar cheese while it is maturing.

Centralised Milk Laboratory

In early 2008, ICOS undertook a feasibility study on centralising Milk Payment Testing in Ireland. There is an opportunity to make best use of sophisticated testing equipment, avoid duplication of labour and investment, test for a wider range of parameters and offer higher testing standards and accreditation.

In addition, the numbers of milk suppliers to all co-ops are declining, and the unit cost of testing will increase over time. In order to manage these costs, ICOS feels that it is important to develop, on a commercial basis, additional suites of testing, which will be of benefit to farmers and the industry generally. In order to have the scale to justify the capital investment, testing must be more centralised.

ICOS has made presentations to Co-op boards, giving them the opportunity to join a centralised milk laboratory, and there has been a positive response. ICOS now plans to establish a centralised laboratory catering for up to half the country's milk suppliers. As well as being a sound investment for the parties involved, it also represents a good example of what can be achieved by co-operation within the industry.

Milk Quota Trading Scheme – Collapse in demand

Three years of Milk Quota Trading Schemes have now been completed. The second stage of the 2009/2010 Scheme witnessed a collapse in demand for quota. There were only 1,071 buyers as opposed to 2,596 in the first phase and 4,257 in the corresponding phase of the 2008/2009 Scheme.

Many factors are contributing to the downturn in the level of demand, such as the fall in milk price and price prospects for 2009/2010, the quota increases of 2% for 2008/2009, the annual quota increase leading to the end of quotas in 2015 and butterfat adjustment in the Health Check. ICOS worked closely with co-ops and the Department of Agriculture to ensure that the scheme was reviewed and adjusted to ensure its effectiveness.

Other relevant figures are as follows:

	2008/2009		2009/2010	
	1st	2nd	1st	2nd
Total Quantity Offered (m lts)	79.6	56.8	37.2	44.3
Number of Sellers	626	473	326	375
Total Traded @ Market Clearing Price (m lts)	49	42.5	23.3	11
Total Sold @ Priority Price (m lts)	16.9	13	9.1	10.4
% Traded in Total	82.9	97.6	87.2	48.3
Volume Sought (m lts)	224	180.4	119.4	48
Number of Buyers	5348	4257	2596	1064
Weighted Average Traded Price cent per litre	22.8	27	27.7	15.4
Highest Price (cent per litre)	45	45	40	25
Lowest Price (cent per litre)	12	14	10	10
Milk Purchasers who Traded (sold) Quota	24	27	21	27



ICOS National Conference

From left to right: Brendan Smith TD, Minister for Agriculture, Fisheries and Food and Michael Spellman, Chairman of Marts Expert Committee, ICOS Ltd.

Director General's Report

National Position

Following two under quota years in 2005/2006 and 2006/2007, the country was 39 million litres over quota in 2007/2008 and a superlevy bill of €11 million was paid. With the 2% extra quota available from 1st April 2008, poor weather, and, declining milk prices, the country is likely to be 2-3% under quota on 31st March 2009.

Milk Quality – Irish Milk Quality Co-operative Society (IMQCS)

During the past year Irish Milk Quality Co-operative Society Ltd. drew up two important publications aimed at increasing awareness of the importance of milk quality. Working closely with the IMQCS, Teagasc published a Milk Quality Handbook, which was circulated via co-operatives to all dairy farmers. In addition, IMQCS published a manual for Milking Machine Technicians on the recommendations for installation and testing of milking machines and has planned a number of seminars aimed at dairy producers, advisory and laboratory staff.

Livestock Marts

Trading activity for the year was much improved for ICOS Co-op marts, with income and profitability up on 2007. However, ICOS continues to see worrying signs of difficulties in the future regarding cattle and sheep numbers, as the number of animals sold through marts remained static.

The National Co-op Marts Committee met on five occasions and under the revised ICOS rules and with the full implementation of the revised ICOS rules, Michael Spellman, Roscommon Co-operative Livestock Mart Ltd. was elected as Chairman of the new Marts Expert Committee. ICOS Marts Expert Committee also held its inaugural Marts Conference in Cork Marts new facility at Corrin near Fermoy in October.

Trade Levels

The fall in cattle throughput during 2007 was halted but Cattle numbers were only 0.5% ahead of 2007. This was disappointing, because the first three quarters of 2008 were almost 6% ahead of 2007. A very slow last quarter meant little change for the year. The increase in average values contributed to the increase of commission incomes, but this varied widely across the regions and from mart to mart.

Regional breakdown of cattle sold in 2008 compared to 2007:

Ulster	+ 1.0%
Munster	- 2.0%
Leinster	+ 2.3%
Connaught	+ 2.0%

2008 saw the return of heavier cattle to the marts as more farmers realised the mart could deliver better returns than selling directly from the farm.

The decline in sheep numbers continued in 2008, with numbers sold through marts declining even further and several ICOS marts discontinuing sheep sales altogether. Most ICOS marts are now selling only 50% of what they did 10 years ago. The compulsory introduction of Electronic Identification on 1st January 2010 will further decimate an already depressed sector.

Animal Identification and Movement System

During 2008, ICOS was heavily involved in the final implementation of the Animal Identification and Movement system (or AIM as it is to be known) in marts. The Department of Agriculture and software suppliers addressed a number of technical difficulties, which arose throughout 2008. The new system is now working efficiently in all marts. The Department had planned that this system would be adopted by all marts on 1st January 2008, but it was not until 21st July that the system was fully implemented.

We expect that future additions to the AIM system will open up possibilities for further automation of mart processes, and thereby reduce operating costs. One current benefit of the AIM is the removal of the need for paper export certificates to accompany passports at mart sales. The linkage between AIM and the AHCS (Animal Health Computer System) has allowed the mart to verify that cattle have been TB tested to the export standard within the previous 30 days. This data is fed automatically to the electronic display. The data is now also available to the Department vet at the export lairage, thus eliminating the necessity to pay for paper export certificates.

ICOS has made the case that, during 2009, the Department should permit marts to process farm to farm movements also.

Grant Aid of Livestock Marts

The ICOS National Co-op Marts Committee continued to put pressure on the Department of Agriculture for a grant aid scheme for the marts. Several marts had to upgrade their facilities in order to comply with the Nitrates Directive and the handling of effluent. This necessary work however is expensive and could only be undertaken with grant aid.

The Minister for Agriculture announced this grant scheme, on 16th December 2007. Unfortunately, the amount of grant aid allocation was not confirmed until 21st December 2008. ICOS marts were allocated a total grant of over €2 million. The Government's decision to cap the amount of grant aid payable at €400,000 per centre was regrettable, as it penalised those marts wishing to rationalise sales into larger centres.

European Association of Livestock Marts (AEMB)

The 2008 AGM and General Assembly of the AEMB were held in Leewarden, Holland in May. A number of Irish co-op marts were part of the ICOS delegation, and visited several research centres and veal fattening units. The 2009 AGM will take place in Cillin Hill, Kilkenny Marts new premises in May.

Bluetongue remains a major livestock issue for most of the continental members of the AEMB. Although Ireland remains Bluetongue free, ICOS marts' membership in the AEMB will enable them to draw on the experience of the continental marts in dealing with this disease in the event of Bluetongue outbreak in Ireland.

Irish Foundation for Co-operative Development

The Irish Foundation for Co-operative Development continues its links with Uganda, Tanzania and Kenya.

The Kenyan project in the Meru District has been grant aided by Irish Aid, but local difficulties in Kenya resulted in a deferment of the project. The Board of the IFCD decided, that owing to the delay in activating the contract, it was thought prudent to send an expert to the Meru District and receive an updated report. This work was carried out in December 2008 and currently the IFCD are in negotiation with Irish Aid to reactivate the project.

In Tanzania, the group supported is the Community Grassroots Initiative Association (COAS), which provides training and technical assistance to savings

and credit co-ops, producer marketing and income generating activities groups. In addition, one Local Government Authority engaged COAS to carry out local training programmes.

In Uganda, the Community Enterprise Development Organisation (CEDO) is an indigenous non-government organisation established in 2000 by the former staff of the Irish Foundation for Co-operative Development. In 2008, CEDO implemented various training programmes in appropriate agricultural practices, marketing and post harvest handling technologies.

Training & Development

ICOS provides Training & Development programmes and Training Solutions to the Co-operatives.

ICOS Skillnet Project 2008 – 2009

The ICOS Skillnet Project is based on the need to invest in up-skilling and enhancing the skills of Co-Op staff & management through structured training in order to ensure that Co-ops retain their competitiveness.

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

The network offers a wide range of uncertified courses and an ever increasing number of certified programmes such as DIT CPD Diploma in Retail Management and UCC Diploma in Corporate Direction (Food Business).



ICOS Skillnet Launch

From left to right: Eamon Healy, Centenary Thurles Co-operative Society Ltd., Alan Nuzum, CEO, Skillnets Ltd., Jana Sirotkova, ICOS Skillnet Project Manager, ICOS Ltd., Mary Coughlan TD, Tánaiste and Minister for Enterprise, Trade and Employment and John Tyrrell, Director General, ICOS Ltd.

Director General's Report

The actual activity for 2008 dramatically surpassed all the contractual targets. Over 630 people were trained in 2008 compared with the target of 261. A total of 108 events were run. As a result, ICOS Skillnet retained all of its grant for 2008.

Diploma in Corporate Direction (Food Business)

This innovative programme has been developed by ICOS and University College Cork and is designed to address the special needs of Co-operative Board members and Senior Management in a rapidly changing business environment. The programme saw 72 Co-op director participants in period 2001 – 2006. The current 2008 – 2009 programme, organised under the umbrella of ICOS Skillnet, started in December 2008 and has 17 participants from 11 different co-operatives. The Diploma is at Level 7 (Special Purpose) on the National Framework of Qualifications.

The key aim of the course is to improve the capabilities of directors and senior management in positively influencing the strategic direction and corporate governance of food companies in Ireland. Participants build on existing skills and develop new management capabilities in a highly interactive learning environment stimulated by academics and industry presenters.



ICOS National Conference

From left to right: Kees Wantenaar, Chairman, Campina Co-operative, Holland, Pat McLoughlin, President, ICOS Ltd., Brendan Smith TD, Minister for Agriculture, Fisheries and Food and Blue Read, Chairman of the Fonterra Shareholders' Council, New Zealand

In-house Director Training & Leadership Training

ICOS organises and delivers training programmes on co-operative business and leaders on request to affiliated co-operatives seeking such services. In 2008, eight programmes were organised for Boards and or Advisory Committees (Dairygold Co-operative Society Ltd., IFAC Ltd., Commerical Mushroom Producers Ltd., Connacht Gold Co-operative Society Ltd., Oldcastle Co-operative Society Ltd., Farm Development Co-operative Ltd. and Craft Mark Group Ltd., Drinagh Co-operative Ltd.).

Údarás Na Gaeltachta

In the year under review, Údarás Na Gaeltachta commissioned ICOS to engage in consultancy work on the developmental and governance aspects of Gaeltacht Community Co-operatives. This work resulted in the development of a Training Manual for Directors of Gaeltacht Co-operatives, the production of a guidance handbook for directors, both of which have been translated into Irish by Údarás and are available to gaeltacht co-operatives. ICOS also conducted a number of pilot training programmes for directors and managers arising from this work. In addition, ICOS developed a new set of model rules for Gaeltacht Community Development Co-operatives. The published material was launched in Cork in November.

Training Programme for Managers - National Federation of Group Water Schemes

ICOS has been commissioned by the National Federation of Group Water Scheme Co-operatives Ltd. to design and write a Manual for Managers of Co-operative Group Water Schemes and to present a series of pilot 'Train the Trainers' programmes using the manual. Work on this project is underway and it will be completed by May 2009.

Co-operative Sector Activity

Registration of New Societies

Twenty-two new societies were registered in 2008. Thirteen of these societies were group water schemes, three were community co-operatives, one egg producer co-operative, one breed society, two forestry co-operatives, one child care co-operative and one co-operative for actors.

Amalgamations & Conversions

In 2008, ICOS was involved in the facilitation and registration of four amalgamations and two conversions of companies into societies. The process of consolidation of farm relief service societies continued with two further societies deciding to amalgamate with FRS Network Amalgamated Societies Ltd. Similarly, consolidation in the co-operative group water sector continued apace with three further amalgamations and two conversions of companies to co-operatives. Two of the group water scheme amalgamations each involved the merger of three group water schemes into one new society.

Amendments of Rules

Five societies had their rules completely amended by ICOS and nineteen societies were assisted in partially amending their rules.

Governance Issues

During 2008, ICOS assisted in examining governance issues in relation to control and representation structures or processes in a number of its affiliated co-operatives. Work in this area was completed or is ongoing on behalf of Tuam Co-operative Livestock Mart Ltd., East Donegal Livestock Marts Ltd., South East Shell Fish Co-operative Ltd., Templecrone Co-operative Society Ltd., Galway Taxi Co-operative Society Ltd., Irish Simmental Cattle Society Ltd., Credit Union Services Co-operative Society Ltd., Comhar Chumann Sliog Eisc Chonamara, Comhar Chumann Inis Mean Teo, FRS Network Amalgamated Societies Ltd., Commercial Mushroom Producers Society Ltd., Roscommon Mart Ltd., Castlerea Co-operative Livestock Mart Society Ltd. and Drinagh Co-operative Ltd.

Statistics

An aggregate summary of the 2007 trading results for the Irish Co-operative sector is shown on pages 28 to 31. Total sectoral turnover for 2007 has increased to €12.6 billion as compared to €11.6 billion in 2006. The Dairy sector turnover has increased to €11.7 billion in 2007 as compared to €10.9 billion in 2006. The Mart

sector turnover has increased to €554 million in 2007 as compared to €530 million in 2006. The Fishing sector turnover has fallen to €49 million in 2007 as compared to €72 million in 2006. All Other Irish Co-operative sectors turnover has increased to €247 million in 2007 as compared to €103 million in 2006.

New ICOS Members in 2008

Holywell Group Water Scheme Co-operative Society Ltd.
Leitrim Organic Farmers Co-operative Society Ltd.
Meuse Rhine Issel Cattle Society of Ireland Ltd.

Plunkett Award for Co-operative Endeavour

The winner of the 2008 Plunkett Award for Co-operative Endeavour was Sean Murray, who was nominated by Tipperary Co-operative Creamery Ltd.



Plunkett Award for Co-operative Endeavour 2008
From left to right: *Padraig Gibbons, President, ICOS Ltd.*
and *Plunkett Award winner, Sean Murray, Tipperary Co-operative Creamery Ltd.*

Industrial and Provident Societies Act 1893 – 1978

The Co-operative Legislation Unit within the Department of Enterprise, Trade and Employment began a review of the Industrial & Provident Societies Act 1893-1978 in 2008. The review process may lead to the preparation of proposals in regard to a Bill or Bills resulting in a complete or partial amendment to the Act and to the status, powers, duties, and functions of the Registry. The Department is finalising an initial consultation paper. ICOS consultations with the Department would suggest that the public part of this consultation process will begin in 2009.

Forum for the Co-operative Movement in Ireland

The Forum for the Co-operative Movement in Ireland conducted a seminar on co-operative law in ICOS in February and was also involved in a major conference on the role of co-operatives organised by the Co-operative Forum in Northern Ireland in May 2008. The aim of the Forum is to facilitate greater communication and co-operation between the co-operative sectors in Ireland.

National Economic and Social Council (NESC)

The current NESC work programme will run for three-year period 2007 – 2010.

The production of NESC's first major analysis 'The Irish Economy in the Early 21st Century' in mid 2008, focussed on issues such as the challenge of raising productivity, the significance of innovation, the role of research and development, and the improvement of marketing and management skills. Many of the recommendations in the report were relevant to the co-operative sector, but were overtaken by the emerging global and domestic economic crises and the urgent task of finding and implementing a response to those crises. A second draft report 'Ireland's Economic Crisis – a Framework for stabilisation, solidarity and reform' produced in late 2008, attempted to achieve consensus from the NESC Council on some key policy options and actions. ICOS continues to use its membership on the Council of NESC to ensure that these reports take account of the particular needs of the co-operative sector.

ICOS Financial Services

ICOS Trading Results

The 2008 ICOS accounts showed a surplus after taxation of €342,191. This surplus was converted to a retained loss for the year of (€1,603,809) after an actuarial loss of (€1,946,000) was recognised in respect of the ICOS Staff Pension Scheme.

Turnover for the year amounted to €1,913,092 which was an increase of 8% on the previous year. Turnover comprised of Affiliation membership income of €1,486,794, Other income of €255,170, Seminars, training and education income of €71,128 and Grant income from the Golden Jubilee Trust of €100,000. All income due was collected on a timely basis during the year.

The overall expenditure for the year increased by 7% to €1,562,162 in 2008 (2007: €1,459,383). Payroll costs increased by 5% to €899,373 in 2008. Travel and services costs increased by 16% to €342,601 in 2008. The majority of the increase related to an increase in public relations, education & training, and printing & stationary costs. Overheads & finance costs increased by 4% to €320,188 in 2008. The majority of the increase related to the write off of bad debts and repairs & maintenance costs.

State grant income was consistent with the previous year at €13,000 in 2008.

Statistical Analysis

ICOS undertakes the statistical analysis of the Dairy, Mart and other sectors. The analysis is included in this report. Throughout the year, information is provided to financial controllers in co-operatives on taxation, legislation, accounting standards, pensions and other relevant issues.

Pensions

ICOS continues to administer the two industry wide pension schemes:

- Dairy Executives' Pension Scheme
- Irish Co-operative Societies Pension Scheme

A triennial actuarial review of the Irish Co-operative Societies Pension Scheme was carried as at 1st July 2008 and the Scheme met the minimum funding standard at that date. However, the funding position of the Scheme has deteriorated since then as a result of the global economic crisis. The actuary has taken account of this in the most recent report and will carry out a further annual review on 1st July 2009.

An annual review of the Dairy Executives' Pension Scheme as at 31st March 2008 also showed it would have been able to meet the minimum funding standard at that date. However, the actuary noted that experience since that date has been adverse and this and other relevant factors will be considered formally in the next annual review which will have an effective rate of 31st March 2009.

In both Schemes, discretionary benefits have been suspended and transfer values for early leavers have been reduced in order to protect the Schemes for all members.

Board and Committees

The Board at its meeting on 26th June, elected Pat McLoughlin, Arrabawn Co-operative Society Ltd. as President and Bertie O'Leary, Dairygold Co-operative Society Ltd. as Vice-President.

During 2008 the Council of ICOS met on two occasions and the Board met on six occasions. The registration of new ICOS rules in January 2008 led to a number of changes in the ICOS control and representation structure.

The Council of ICOS held its last meeting in May 2008 before being formally dissolved as provided for in the new rules. One of the last functions of the Council was to begin the process of establishing three new Expert Committees that would report to the Board of ICOS on policy matters. The Expert Committees which were established are the Dairy Committee, the Marts Committee and the Rural Business Committee. Under the new rules, the Dairy Expert Committee has a membership of fifteen persons, the Marts Expert Committee and the Rural Business Expert Committee each have a membership of twelve persons. The inaugural members of each of these Expert Committees were elected / appointed in 2008.

Dairy Expert Committee

Direct Appointments: Liam Herlihy, Glanbia Co-operative Society Ltd., Pat Flahive, Kerry Co-operative Creameries Ltd., Bertie O'Leary, Dairygold Co-operative Society Ltd., Tom Corcoran, Irish Dairy Board Co-operative Ltd.

Non-Processors Group: Lexie Tinney, Glenveagh Agricultural Co-operative Society Ltd., Jim Russell, Centenary Thurles Co-operative Society Ltd., Dermot O'Leary, Bandon Co-operative Agricultural and Dairy Society Ltd., John O'Brien, Barryroe Co-operative Ltd., Jim Croke, Callan Co-operative Agricultural and Dairy Society Ltd. (retired during 2008 and replaced by Danny Collins, Boherbue Co-operative Ltd).

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

Marts Expert Committee

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

Elected Members: Tom Doyle, Wexford Farmers Co-operative Society Ltd., Michael O'Dwyer, Templemore Co-operative Livestock Mart Ltd., Michael Parsons, Kilkenny Co-operative Livestock Market Ltd., Charlie Doherty, Inishowen Mart, Jimmy Roche, Castleisland Co-operative Livestock Mart Ltd., Dermot McCarthy, Kanturk Mart Ltd., Michael Spellman, Roscommon Co-operative Livestock Mart Ltd., Sean Brannelly, Athenry Co-operative Livestock Mart Ltd.

Rural Business Expert Committee

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

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

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



*ICOS Annual General Meeting May 2008
From left to right:
Liam McQuaid, Duignan Carthy O'Neill, Shane Dolan, Financial Controller, ICOS Ltd., Padraig Gibbons, President, ICOS Ltd., John Tyrrell, Director General, ICOS Ltd. and Seamus O'Donohoe, Secretary, ICOS Ltd.*

Chairmen of Expert Committees

Dairy	Lexie Tinney
Marts	Michael Spellman
Rural Business	Vacant

At their Board meeting in July 2008, the Board of ICOS made the following appointments to the bodies listed below.

ICOS Services

Pat McLoughlin, President, ICOS Ltd., Bertie O'Leary, Vice President, ICOS Ltd., John Tyrrell, Director General, ICOS Ltd., Seamus O'Donohoe, Secretary, ICOS Ltd.

IFCD

Michael O'Dwyer, Templemore Co-operative Livestock Mart Ltd., John Tyrrell, ICOS Ltd., Donal Cashman, Irish Farm Accounts Co-operative Society Ltd., Pat Flahive Kerry Co-operative Creameries Ltd.

IMQCS

Pat McLoughlin, Arrabawn Co-operative Ltd.

Golden Jubilee Trust

Pat McLoughlin (President), Bertie O'Leary (Vice-President), John Tyrrell (Director General), Seamus O'Donohoe (Secretary)

Irish Co-operative Society Pension Scheme

Padraig Gibbons (ICOS Board), Matt Quinlan (ICOS Board), Bertie O'Leary (ICOS Board) and John Tyrrell (Director General)

Representation of ICOS on Other Bodies

Irish Dairy Board	Tom Corcoran
Teagasc	Padraig Gibbons
IFAC	Donal Cashman
NDC	Tom Corcoran
NESC	Seamus O'Donohoe
Dairy Research Trust Board	Tom Corcoran, Mike Magan, Sean Sweeney
Milk Quota Appeals Tribunal	John Tyrrell
Milk Quota Review Group	George Kearns
AEMB	Ray Doyle
WTO Consultation Committee	John Tyrrell
COGECA Presidium	Pat McLoughlin, John Tyrrell

Structural Funding Monitoring Committee

CSF	John Tyrrell
Productive Sector Food Monitoring Committee CSF	John Tyrrell
CSO Agricultural Statistics	Seamus O'Donohoe

ICOS Representatives on Brussels Based Committees

<i>Representation Topic</i>	<i>COGECA</i>	<i>EU Standing Committees</i>
Cogeca Presidium	Pat McLoughlin, John Tyrrell	
CAP		John Tyrrell
Milk & Dairy Products	TJ Flanagan	TJ Flanagan
Beef	Ray Doyle	Ray Doyle
European Association of Livestock Marts	Tom Doyle, Ray Doyle	
Agricultural Structures & Rural Development	Carol McGinley	Carol McGinley
Environment	Carol McGinley	Ray Doyle
Veterinary Questions	TJ Flanagan	TJ Flanagan
Legal Questions	Seamus O'Donohoe	
Quality & Health	Carol McGinley	
Promotion of Agricultural Products	Carol McGinley	Carol McGinley
European Network on Rural Development	Carol McGinley	Aidan McCabe
Feeds	Carol McGinley	

Staff Changes

In February, Jana Sirotkova joined the ICOS Executive team as Training & Development Manager. Shane Dolan left his position of Financial Controller at the end of June and was replaced by David Finegan in August.



ICOS Board 2008

Members	Appointed by
Patrick McLoughlin	Arrabawn Co-operative Society Ltd.
Bertie O'Leary	Dairygold Co-operative Society Ltd.,
Padraig Gibbons	Connacht Gold Co-operative Society Ltd.
John Ahern	North Cork Co-operative Creameries Ltd.
Donal Cashman	Irish Farm Accounts Co-operative Society Ltd.
Tom Corcoran	Irish Dairy Board Co-operative Ltd.
Tom Doyle	Wexford Farmers Co-operative Society Ltd.
Patrick Flahive	Kerry Co-operative Creameries Ltd.
Liam Herlihy	Glanbia Co-operative Society Ltd.
Michael O'Dwyer	Templemore Co-operative Livestock Mart Ltd.
Matt Quinlan	Tipperary Co-operative Creamery Ltd.
Lexie Tinney	Glenveagh Agricultural Co-operative Society Ltd.





Statement of the Society's and the Board's Responsibilities

The Board is responsible for causing to be prepared 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 the Institute of Chartered Accountants in 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; and
- 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 Society 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

Director General: John Tyrrell

Secretary: Seamus O'Donohoe

Dated: 24th March 2009

Independent auditor's report to the members of Irish Co-Operative Organisation Society Ltd

We have audited the financial statements on pages 5 to 14. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 5.

Respective responsibilities of the Board and auditors

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 The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of the Society's Board's 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). This report, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 13 of the Industrial and Provident Societies Act, 1893 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 2008 and of its surplus for the year then ended.

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.

84, Northumberland Road
Ballsbridge
Dublin 4

Duignan Carthy O'Neill,
Chartered Accountants
Registered Auditors

Date: 25th March 2009

Accounting Policies

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

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Industrial Provident Societies Acts, 1893 to 1978. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Societies' contributions

Contributions from societies are taken to 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.

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.

Depreciation is calculated in order to write off the cost of the fixed assets over their estimated useful lives by equal annual instalments.

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 profit and loss 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.

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

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.

Income and Expenditure Account

Year ended 31 December 2008

	Notes	2008 €	2007 €
Income			
Societies' contributions received		1,486,794	1,368,596
Other income		255,170	330,985
Seminars, training and education		71,128	68,162
Grants received from The Golden Jubilee Trust Fund		100,000	-
		<u>1,913,092</u>	<u>1,767,743</u>
Expenditure			
Payroll			
Salaries and state insurance, less recoveries		814,689	786,677
Pension cost – current service		84,684	68,608
		<u>899,373</u>	<u>855,285</u>
Travel and services			
Travel expenses		202,845	200,770
Public relations, education and training		72,484	39,968
Postage and telephone		43,027	36,764
Printing and stationery		24,245	17,420
		<u>342,601</u>	<u>294,922</u>
Overheads			
Rent, rates, light, insurance and household expenses		195,293	194,720
Subscriptions		50,817	55,758
Professional fees		58,480	76,992
Maintenance and repairs		34,090	24,575
Depreciation of fixed assets		16,560	20,136
Miscellaneous expenses		11,495	530
		<u>366,735</u>	<u>372,711</u>
Finance costs			
Finance income – pensions	6	(47,000)	(63,535)
Interest and bank charges		453	-
		<u>(46,547)</u>	<u>(63,535)</u>
		<u>1,562,162</u>	<u>1,459,383</u>
Surplus for the year before state grant and taxation		<u>350,930</u>	<u>308,360</u>

On behalf of the Board:

President: Pat McLoughlin **Director General:** John Tyrrell **Secretary:** Seamus O'Donohoe

Date: 25th March 2008

General Revenue Account and Statement of Total recognised Gains and Losses

Year ended 31 December 2008

	Notes	2008 €	2007 €
Surplus for the year before state grant and taxation		350,930	308,360
State Grant		13,000	13,000
Surplus on ordinary activities before taxation		363,930	321,360
Taxation	1	(21,739)	(1,081)
Surplus for the year		342,191	320,279
Actuarial loss in respect of pension scheme		(1,946,000)	(168,000)
Total recognised gains and losses relating to the year		(1,603,809)	152,279
Total recognised gains and losses since the last financial statement		(1,603,809)	152,279

All income and expenditure arises solely from continuing operations.

On behalf of the Board:

President: *Pat McLoughlin* Director General: *John Tyrrell* Secretary: *Seamus O'Donohoe*

Balance Sheet

Year ended 31 December 2008

	Notes	2008 €	2007 €
Current assets			
Bank balances and cash		674,553	397,436
Debtors and prepayments	2	592,437	724,145
		1,266,990	1,121,581
Fixed assets			
	3	34,458	37,408
		1,301,448	1,158,989
Creditors due within one year			
Creditors and accruals	4	864,317	858,050
Loan from the Golden Jubilee Trust Fund	5	209,507	209,507
Pension liability	6	2,283,313	543,313
Capital employed			
Share capital	7	135	134
General Revenue account deficit	8	(2,055,824)	(452,015)
Shareholders deficit	9	(2,055,689)	(451,881)
		1,301,448	1,158,989

On behalf of the Board:

President: *Pat McLoughlin* Director General: *John Tyrrell* Secretary: *Seamus O'Donohoe*

Notes to the Financial Statements

1. Taxation

	2008 €	2007 €
Current tax:		
Irish corporation tax charge on surplus for the year	21,769	1,081
Prior Years	(30)	-
Current tax charge for the year	<u>21,739</u>	<u>1,081</u>

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:

	2008 €	2007 €
Surplus on ordinary activities before taxation	363,930	321,360
Surplus for year multiplied by the average rate of Irish corporation tax for the year of 12 1/2%	45,491	40,170

Effect of:

Pension contribution relief in excess of pension cost charge	(25,750)	(33,334)
Depreciation in excess of capital allowances	410	1,070
Tax on Higher rates	1,618	-
Tax on prior year adjustment	(30)	-
Utilisation of tax losses forward	-	(6,825)
Current tax for the year	<u>21,739</u>	<u>1,081</u>

2. Debtors and prepayments

	2008 €	2007 €
Trade debtors	65,906	44,899
Prepayments and other debtors	47,357	131,281
Amounts due from related parties:		
ICOS Skillnet project	15,404	40,193
ICOS Staff Pension Scheme	332,825	337,727
Other Debtors	130,945	170,045
	<u>592,437</u>	<u>724,145</u>

Notes to the Financial Statements – continued...

3. Fixed assets

	Furniture, fittings & equipment €	Computer equipment €	Motor vehicles €	Total €
Cost				
At 31 December 2007	59,167	49,664	24,190	133,021
Additions	10,520	3,090	-	13,610
Write down	-	-	-	-
At 31 December 2008	69,687	52,754	24,190	146,631
Accumulated depreciation				
At 31 December 2007	40,908	40,192	14,513	95,613
Charge for year	3,507	8,215	4,838	16,560
Write back	-	-	-	-
At 31 December 2008	44,415	48,407	19,351	112,173
Net book amounts				
At 31 December 2008	25,272	4,347	4,839	34,458
At 31 December 2007	18,259	9,472	9,677	37,408

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

4. Creditors due within one year

	2008 €	2007 €
Creditors and accruals	136,917	221,621
Taxation	71,020	23,459
Corporation tax	17,813	1,113

Amounts due to related parties:

ICOS Services Co-Operative Society Limited	254,908	254,907
Golden Jubilee Trust Fund	383,659	356,950
At 31 December 2008	864,317	858,050

5. Loan from the Golden Jubilee Trust Fund

This loan is interest free and carries no fixed repayment terms.

6. Retirement benefits

The Society's contributions to PRSA's are charged to the Income and Expenditure Accounts as incurred and amounted to €14,150 (2007: €12,602) in this year.

The Society operates a defined benefit pension scheme with assets held in a separately administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Society. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 December 2006 and is available for inspection by the scheme members but not for public inspection.

An actuarial valuation, on which the amounts recognised in the financial statements are based, was carried out at 31 December 2008 and the main financial assumptions used were:

	2008	2007	2006
Rate of increase in salaries	2.00%	2.50%	2.25%
Rate of increase in pensions in payment	3.00%	3.00%	3.00%
Discount rate	5.70%	5.50%	4.70%
Inflation assumption	2.00%	2.50%	2.25%

The assets in the scheme and the expected rate of return were:

	Long-term rate Expected at 31/12/2008	Market Value at 31/12/2008 €'000	Long-term rate Expected at 31/12/2007	Market Value at 31/12/2007 €'000	Long-term rate Expected at 31/12/2006	Market Value at 31/12/2006 €'000
Equity	8.50%	1,917	7.70%	3,653	7.40%	3,914
Bonds	3.75%	607	4.40%	482	3.90%	495
Property/Other	6.00%	328	5.70%	496	4.10%	287
Total market Value of assets		2,852		4,631		4,696
Present value of scheme liabilities		(5,135)		(5,174)		(5,308)
Net pension liability		(2,283)		(543)		(612)

	2008 €'000	2007 €'000
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(543)	(612)
Movement in the year:		
Income	47	64
Current service cost	(67)	(87)
Contributions	226	260
Actuarial gain/(loss)	(1,946)	(168)
Deficit in scheme at the end of the year	(2,283)	(543)

Notes to the Financial Statements – continued...

The pension scheme trustees have implemented changes in the scheme benefits from the 1st March 2006, including a reduction in benefits and an employee contribution. The impact of these changes on the scheme deficit has been assessed by the actuary and is reflected in the 2008 financial statements.

The following amounts have been recognised in respect of the defined benefit pension scheme:

	2008 €'000	2007 €'000
Charged to operating profit		
Current service cost	67	87
	<u>67</u>	<u>87</u>

Charged to other finance expense

Expected return on pension scheme assets	334	317
Interest on pension liabilities	(287)	(253)
Net return	<u>47</u>	<u>64</u>

Analysis of amount recognised in statement of total recognised gains and losses

Actual return less expected return on assets	(2,287)	(594)
Experience gains and losses on liabilities	(25)	(19)
Changes in assumptions	366	445
Actuarial gain/(loss)	<u>(1,946)</u>	<u>(168)</u>

	31/12/2008 €'000	31/12/2007 €'000	31/12/2006 €'000	31/12/2005 €'000
History of experience gains and losses				
Difference between experience and actual return on scheme assets				
- amount (€)	(2,287)	(594)	336	409
- percentage of the present value of the scheme assets	(80.2%)	(12.8%)	7%	10%

Experience gains and losses on scheme liabilities:

- amount (€)	(25)	(19)	(117)	33
- percentage of the present value of the scheme liabilities	(0.5%)	(0.4%)	(2%)	1%

Total amount recognised in statement of total recognised gains and losses:

- amount (€)	(1,946)	(168)	503	(684)
- percentage of the present value of the scheme assets	(68.2%)	(3.2%)	9%	(12%)

7. Share capital

	Number	€
At 31 December 2008	135	135

During the year there were four new affiliations and three disaffiliations.

8. General revenue account deficit

	2008 €	2007 €
At the beginning of the year	(452,015)	(604,294)
Total recognised gains and losses related to the year	(1,603,809)	152,279
At the end of the year	(2,055,824)	(452,015)

9. Reconciliation of movements in shareholders' deficit

	2008 €'000	2007 €'000
Surplus for the year	342,191	320,279
	342,191	320,279
Other recognised gains and losses relating to the year	(1,946,000)	(168,000)
Net reduction in shareholders' surplus/(deficit)	(1,603,809)	152,279
Shareholders' deficit at beginning of the year	(451,881)	(604,202)
Renominalisation of Share Capital	-	42
Share Capital new affiliations	4	-
Share Capital disaffiliations	(3)	-
	(2,055,689)	(451,881)

10. 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 owing at the year end 31 December 2008 are Dairy Executive Pension Scheme €26,303, Irish Co-operative Society Pension Scheme €104,643, ICOS Skillnet project €15,404 and the ICOS Staff Pension Scheme €332,825. Amounts owed by ICOS at 31 December 2008 are ICOS Services Co-Operative Society Limited €254,908 and the Golden Jubilee Trust Fund €383,659.

11. Approval of financial statements

The Board approved the financial statements on the 24th March 2009.

Dairy Co-operative Statistics

Dairy Co-operative Societies 2007						Balance sheet €'000					
			Trading performance €'000			Assets employed		Financed by			
Society	Members	Employees (Incl. part-time)	Total sales	Net profit	Net profit as a % sales	Tangible fixed assets	Total assets	Members	Bank & finance leases	Other	Debt/ equity ratio
1 Arrabawn	5,500	250	€178,186	€3,918	2.20%	€20,870	€62,810	€30,554	€12,795	€19,461	41.88%
2 Bandon	714	101	€59,379	€2,720	4.58%	€6,410	€55,524	€41,682	€696	€13,146	1.67%
3 Barryroe	745	138	€76,144	€4,019	5.28%	€30,739	€78,666	€46,985	€14,596	€17,085	31.07%
4 Boherbue	180 #	54 #	€16,438	€638	3.88%	€3,365	€9,734	€7,956	€0	€1,778	0.00%
5 Callan	173	29	€12,128	€158	1.30%	€2,082	€5,706	€4,969	€0	€737	0.00%
6 Centenary Thurles	1,260 #	148	€73,348	€3,396	4.63%	€16,131	€35,984	€30,625	€213	€5,146	0.70%
7 Connacht Gold	14,100	563	€320,094	€6,352	1.98%	€42,246	€118,902	€42,251	€30,108	€46,543	71.26%
8 Corcaghan	288 #	4 #	€2,590	€165	6.37%	€656	€4,432	€2,800	€1,234	€398	44.07%
9 Dairy Gold	10,916 #	824 #	€625,100	€10,060	1.61%	€118,627	€393,887	€248,641	€43,093	€102,153	17.33%
10 Doapey	100 #	3	€3,140	€33	1.05%	€22	€1,228	€1,046	€0	€182	0.00%
11 Donegal	1,653 #	68	€125,621	€10,875	8.66%	€52,521	€114,244	€66,166	€20,843	€27,235	31.50%
12 Drinagh	2,671 #	183 #	€84,609	€4,774	5.64%	€22,180	€94,105	€60,975	€9,850	€23,280	16.15%
13 Drombane	195 #	8 #	€5,413	€63	1.16%	€99	€1,977	€1,586	€0	€391	0.00%
14 Fealesbridge	399 #	8 #	€7,537	€30	0.40%	€266	€5,890	€5,238	€0	€652	0.00%
15 Glanbia	18,663 #	4,900	€2,206,567	€60,240	2.73%	€298,771	€1,176,292	€227,535	€379,994	€568,763	167.00%
16 Irish Dairy Board	70 #	3,788 #	€2,111,148	€26,101	1.24%	€109,666	€850,200	€395,687	€166,065	€288,448	41.97%
17 Kerry Group	9,700 #	22,398 #	€4,787,766	246,118	5.14%	€990,747	€3,969,536	€1,229,287	€1,465,106	€1,275,143	119.18%
18 Kilsannett	281 #	14	€4,139	€86	2.08%	€843	€2,403	€1,569	€0	€834	0.00%
19 Lakeland Dairies	4,675 #	667 #	€454,851	€4,661	1.02%	€41,420	€197,193	€79,092	€27,675	€90,426	34.99%
20 Lee Strand	361 #	62 #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21 Lisavaird	1,150 #	73 #	€47,752	€2,609	5.46%	€10,410	€60,408	€43,034	€4,195	€13,179	9.75%
22 Maudabawn	221 #	6 #	€6,079	€61	1.00%	€174	€1,524	€1,125	€0	€399	0.00%
23 Mullinahone	82 #	87	€22,931	€336	1.47%	€4,594	€9,971	€4,658	€1,079	€4,234	23.16%
24 Newmarket	720 #	124	€65,980	€1,396	2.12%	€9,289	€28,059	€17,610	€636	€9,813	3.61%
25 Newtownsandes	261 #	12	€10,258	€49	0.48%	€140	€4,986	€4,888	€0	€98	0.00%
26 North Cork	540 #	42 #	€26,322	€298	1.13%	€2,144	€12,768	€9,152	€678	€2,938	7.41%
27 Oldcastle	N/A #	13	€9,123	-€66	-0.72%	€2,405	€4,606	€2,554	€1,090	€962	42.68%
28 Tipperary	1,847	250	€169,442	€2,138	1.26%	€21,579	€64,330	€28,927	€12,147	€23,256	41.99%
29 Town of Monaghan	1,500 #	120 #	€191,938	€3,323	1.73%	€2,540	€72,818	€42,442	€3,543	€26,833	8.35%
30 Wexford	681 #	2 #	29,346	33	0.11%	28	6,019	1,175	0	4,844	0.00%
TOTAL	79,646	34,939	€11,733,369	€394,584	3.36%	€1,810,964	€7,444,202	€2,680,209	€2,195,636	€2,568,357	81.92%

N/A Not Available

Prior Year Figure

Mart Co-operative Statistics

Mart Co-operative Societies 2007									Balance sheet €'000					
			Trading performance €'000						Assets employed		Financed by			
Society	Members	Employees (Incl. part-time)	Sales (inc livestock sales)	Commission and entry fees	Deposit Interest	Net profit	Commission & entry as a % of sales	Net profits as a % of C&E Fees	Fixed assets	Total assets	Members	Banks & finance leases	Other	Debt/equity ratio
1 Athenry	1,100 #	20	€15,964 **	€447	€95	-€69	2.80%	-0.43%	€6,078	€8,526	€8,258	€174	€94	2.11%
2 Ballyjamesduff	437	42	€19,473	€433	€27	€143	2.22%	0.73%	€788	€4,294	€2,990	€338	€966	11.30%
3 Castleisland	313 #	23	€29,179	€913	€22	€187	3.13%	0.64%	€1,068	€3,204	€2,749	€277	€178	10.08%
4 Castlerea	952 #	23 #	€20,906	€751	€11	€120	3.59%	0.57%	€919	€1,440	€1,362	€19	€59	1.40%
5 Central Auctions	1,100 #	32	€40,427	€1,199	€29	€140	2.97%	0.35%	€1,325	€4,311	€4,057	€72	€182	1.77%
6 Clare	2,570	37	€55,406	€1,744	€3	€166	3.15%	0.30%	€3,021	€7,302	€6,551	€0	€751	0.00%
7 Cork Marts	15,100 #	152 #	€80,001	€3,853	€176	€558	4.82%	0.70%	€77,465	€79,310	€52,123	€22,858	€4,329	43.85%
8 Dingle	270 #	16	€4,321 **	€121	€0	-€78	2.80%	-1.80%	€486	€1,769	€101	€1,142	€526	1130.69%
9 East Donegal	283 #	21 #	€19,212	€452	€39	€145	2.35%	0.75%	€382	€1,604	€1,021	€564	€19	55.24%
10 Iveragh	450 #	6	€4,286 **	€120	€0	€30	2.80%	0.70%	€196	€459	€240	€18	€201	7.50%
11 Kanturk	240 #	20	€15,071 **	€422	€0	€17	2.80%	0.11%	€1,690	€2,230	€2,060	€154	€16	7.48%
12 Kenmare	600 #	13 #	€8,821 **	€247	€2	€41	2.80%	0.46%	€434	€1,015	€613	€346	€56	56.44%
13 Kilkenny	985	80	€31,750 **	€889	€21	-€533	2.80%	-1.68%	€21,277	€29,020	€14,992	€10,169	€3,859	67.83%
14 Kingdom	710 #	10	€7,214 **	€202	€0	€10	2.80%	0.14%	€1,243	€2,857	€1,129	€1,669	€59	147.83%
15 Leinster	1,026 #	12	€13,607 **	€381	€0	-€22	2.80%	-0.16%	€2,185	€2,381	€1,950	€399	€32	20.46%
16 Mayo Sligo	980 #	24	€21,250 **	€595	€0	-€18	2.80%	-0.08%	€780	€4,418	€3,552	€847	€19	23.85%
17 Mid Kerry	446 #	10	€7,643 **	€214	€7	€1	2.80%	0.01%	€557	€825	€725	€25	€75	3.45%
18 Mid Tipperary	962 #	17 #	€25,077	€653	€12	€102	2.60%	0.41%	€258	€1,695	€1,617	€0	€78	0.00%
19 Roscommon	484	35	€21,643 **	€606	€64	€131	2.80%	0.61%	€595	€1,868	€1,842	€0	€26	0.00%
20 Templemore	950 #	12 #	€7,288	€195	€2	€42	2.68%	0.58%	€222	€466	€447	€0	€19	0.00%
21 Tuam	1,300 #	19	€17,429 **	€488	€3	€124	2.80%	0.71%	€1,070	€1,858	€858	€652	€348	75.99%
22 Waterford / Ross	1,164 #	9 #	€9,214 **	€258	€0	€35	2.80%	0.38%	€703	€850	€411	€360	€79	87.59%
23 Wexford Farmers	4,205 #	237	€79,058	N/A	€0	€4,882	N/A	6.18%	€14,766	€35,394	€20,250	€3,156	€11,988	15.59%
TOTAL	36,627	870	€554,241	€15,183	€513	€6,154	2.74%	1.11%	€137,508	€197,096	€129,898	€43,239	€23,959	33.29%

N/A Not Available

Prior Year Figure

** Assumed Turnover Using Average C&E Fees of 2.8%

Other Co-operative Statistics

Other Co-operative Societies 2007						Balance sheet €'000					
Society	Members	Employees (Incl. part-time)	Trading performance '000			Assets employed		Financed by			Debt/ equity ratio
			Total sales	Net profit	Net profit as % Sales	Tangible fixed assets	Total assets	Members	Banks & finance leases	Other	
CATTLE BREEDING SOCIETIES											
1 SECBS	10 #	44	€3,191	€229	7.18%	€6,514	€8,487	€7,027	€183	€1,277	2.60%
STORE SOCIETIES											
2 Clonleigh	650 #	N/A	€13,820	€180	1.30%	€1,201	€4,858	€3,061	€0	€1,797	0.00%
3 Templercrone	N/A	N/A	€15,016	€2,749	18.31%	€5,489	€12,365	€9,412	€0	€2,953	0.00%
4 Inishowen	1,900 #	69	€21,837	€842	3.86%	€4,309	€12,271	€6,573	€2,529	€3,169	38.48%
PIG SOCIETIES											
5 Glen of Aherlow	173 #	18 #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 Roughty Valley	20 #	9 #	€1,840	€25	1.36%	€889	€1,437	€827	€412	€198	49.82%
SPECIALIST BREEDING SOCIETIES											
7 Irish Angus Cattle	N/A	N/A	€311	€95	30.55%	€184	€548	€542	€0	€6	0.00%
8 Irish Charolais Cattle	2,671 #	4	€876	€191	21.80%	€25	€1,706	€1,637	€0	€69	0.00%
9 Irish Limousin	1,100 #	4	€626	€89	14.22%	€313	€765	€728	€3	€34	0.41%
10 Irish Simmental	8 #	1 #	€227	€25	11.01%	€7	€324	€295	€0	€29	0.00%
MISCELLANEOUS SOCIETIES											
11 Commercial Mushroom Producers Co-op Society	N/A	10	€155,188	€24	0.02%	€3,220	€13,825	€188	€2,643	€10,994	1405.85%
12 County Markets	13,331 #	1	€2,330	€15	0.64%	€17	€362	€306	€13	€43	4.25%
13 IFAC	14,434 #	110 #	€11,726	€1,396	11.91%	€2,466	€18,854	€13,841	€0	€5,013	0.00%
14 Irish Horse Board	9,800 #	12 #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15 FDC	N/A	N/A	€204	€417	204.41%	€1,987	€2,629	€2,551	€0	€78	0.00%
16 Nat Co-op Farm Relief	20,000 #	117 #	€948	€85	8.97%	€160	€1,596	€916	€0	€680	0.00%
17 NFGWS	N/A	10	€956	€204	21.34%	€53	€539	€506	€0	€33	0.00%
18 Irish Co-op Society	29 #	110	€17,472	-€453	-2.59%	€8,199	€12,956	€5,866	€2,401	€4,689	40.93%
TOTAL	64,126	519	€246,568	€6,113	2.48%	€35,033	€93,522	€54,276	€8,184	€31,062	15.08%

N/A Not Available

Prior Year Figure

Fishing Co-operative Statistics

Fishing Co-operative Societies 2007						Balance sheet €'000					
Society	Members	Employees (Incl. part-time)	Trading performance '000			Assets employed		Financed by			
			Total sales	Net profit	Net profit as % Sales	Tangible fixed assets	Total assets	Members	Banks & finance leases	Other	Debt/equity ratio
1 Burtonport	352 #	114 #	€4,539	-€185	-4.08%	€502	€1,229	799	€214	€216	26.78%
2 Castletownbere	59 #	58	€31,029	€92	0.30%	€3,476	€6,813	2,580	€3,164	€1,069	122.64%
3 Donegal	82 #	10 #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4 Dunmore East	32 #	13	€3,950	€206	5.22%	€305	€938	453	€338	€147	74.61%
5 Foyle	18 #	8 #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 Galway & Aran	61 #	26 #	€9,780	€10,226	104.56%	€741	€1,675	700	€193	€782	27.57%
7 South East Shellfish	N/A	2	€31	-€238	-767.74%	€63	€230	-101	€239	€92	-236.63%
TOTAL	604	231	€49,329	€10,101	20.48%	€5,087	€10,885	4,431	€4,148	€2,306	93.61%

N/A Not Available
Prior Year Figure

Summary of Co-operative Statistics

Summary of Statistics 2007					
	Total	Dairies	Marts	Fishing	Others
Number of Societies	78	30	23	7	18
Members	181,003	79,646	36,627	604	64,126
Employees	36,559	34,939	870	231	519
Trading Performance (€'000)					
Total Sales	12,583,507	11,733,369	554,241	49,329	246,568
Net Profit / (Loss)	416,952	394,584	6,154	10,101	6,113
Net Profit / (Loss) as a % of Sales	3.31%	3.36%	1.11%	20.48%	2.48%
Balance Sheet (€'000)					
Fixed Assets	1,988,592	1,810,964	137,508	5,087	35,033
Total Assets	7,745,705	7,444,202	197,096	10,885	93,522
Members Funds	2,868,814	2,680,209	129,898	4,431	54,276
Bank & Finance Lease Debt	2,251,207	2,195,636	43,239	4,148	8,184
Other	2,625,684	2,568,357	23,959	2,306	31,062
% Debt / Equity	78.47%	81.92%	33.29%	93.61%	15.08%

ICOS Annual Report & Accounts 2008



Irish Co-operative Organisation Society Ltd.

The Plunkett House, 84 Merrion Square, Dublin 2.

Telephone: (01) 6764783 / 6764786 Fax: (01) 6624502 E mail: info@icos.ie Web: www.icos.ie