Irish Dairy Board

ANNUAL REPORT 2011

Celebrating 50
1961-2011
YEARS OF ACHIEVEMENT

Kerrygold

The Irish Dairy Board Co-operative Limited (IDB or the Group) operates in a wide variety of markets, covering every continent. Group subsidiaries in the UK, Continental Europe and the United States, market a wide selection of branded consumer products, dairy ingredients, specialised grocery, delicatessen and gourmet food items of both Irish and non-Irish origin.

IDB Global Business

Algeria
Angola
Australia
Austria
Bahamas
Bahrain
Barbados
Belguim
Bermuda
Benin
Burkina Faso
Bulgaria
Canada
Canary Islands
Cameroon
Chile
China
Congo
Congo-Democratic Republic
Costa Rica
Cyprus
Czech Rep.
Denmark
Dominican Republic
Egypt
Finland
France
Gambia
Georgia
Germany
Gilbraltar
Greece
Guinea
Hong Kong
India
Indonesia
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Korea (Rep of)
Kuwait
Luxemburg
Malawi
Mali
Malta
Mauritania
Maurtius
Malysia
Mexico
Morocco
Netherlands
Nigeria
Oman
Peru
Philippines
Poland
Portugal
Romania
Russia
Saudi Arabia
Senegal
Seychelles
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Tanzania
Thailand
Trinidad & Tobago
Tunisia
Turkey
Un. Arab Emirates
United Kingdom
U.S.A
Venezuela
Virgin Isles of U.S.
Zambia

The IDB is an International Business with a significant route to Market Network spanning the Globe

Contents

About Us

Our Business

The IDB is Ireland's largest exporter of premium dairy products and a leading international food company with a global footprint that extends to over 80 countries.

The IDB has annualised sales in the region of €2bn. Headquartered in Dublin, Ireland, the business employs over 3,200 people globally. Over the past 50 years, the IDB has established vital routes to market for Irish dairy produce and is a leader in product innovation.

The IDB owns the internationally renowned Kerrygold brand, the Irish dairy industry's most important marketing asset, along with other brands including Pilgrims Choice and Beo. The IDB's food ingredients arm develops bespoke food ingredient solutions for many of the world's major food manufacturing corporations.

A co-operative enterprise, the IDB is owned by Irish dairy processing co-operatives and dairy companies and, through them, by Irish dairy farmers. The IDB's business is structured on three core platforms; Consumer Foods, Dairy Trading & Ingredients and DPI, a specialty food distribution company in the USA.

Group subsidiaries in the UK, mainland Europe and the USA pack, distribute and market a wide selection of branded products, dairy ingredients, specialty grocery, delicatessen and gourmet food items of both Irish and non-Irish origin.

2011 marks the Golden Jubilee Year of the IDB. The creation of An Bord Bainne back in 1961 signalled the beginning of Ireland's 50 year trajectory to becoming the world class dairy exporter we are today.

Celebrating 50 1961-2011 YEARS OF ACHIEVEMENT

The IDB pioneered the development of markets for Irish dairy products in culturally diverse regions around the world and blazed a trail which Irish companies have since followed.

The Group's success has undoubtedly contributed to the growth and development of the Irish dairy industry as we know it. However, it was the creation of the Kerrygold brand in 1962, and its success in overseas markets, which helped create the sense of pride and confidence that exists in Irish food today.

With the Irish dairy industry formulating plans for substantially increased output, the IDB looks forward to embarking on the next phase of its development as it strives to achieve its ambitious expansion plans on behalf of all its members.

Our Vision

The IDB will become a leading global dairy organisation, rewarding our customers, consumers and shareholders by delivering value through; Superior Customer Service; Customised Innovation; World Class Brands; an International Market Presence; and Outstanding People.

Our People and Entrepreneurial Attitude Will Deliver This Vision

The IDB Growth Map

Recognising that this decade will be a transformational period for the industry the IDB has developed strategic plans to reposition the Group for the future growth that is planned for the Irish Dairy Industry. The IDB has developed a Strategic Growth Plan to align the Group to the exciting new opportunities and to refocus and transform the business to meet the requirements of its members in the future. In addition, the Group has mapped out an ambitious International Growth Strategy with its members to deliver on its vision and on building markets for the forecasted growth in Irish milk output.

Strategic Growth Plan
Refocusing the business for growth

GROWTH PLATFORMS

- Focus on core dairy
- Expansion & development of our brands
- Develop new routes and channels to market
- Consumer focused innovation & investment
- Customer driven ingredient solution selling
- Acquisitions

STRUCTURES

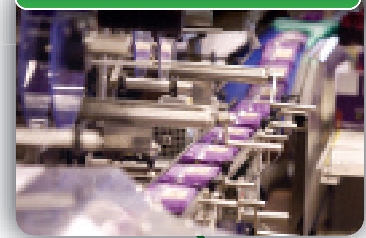
- Management capability development
- Performance culture drive
- Cost reduction & efficiency drive
- Address unperforming and non-core assets
- Reconfigure operational & management structures

FINANCIAL

- Re-financing
- Funding for expansion
- International growth strategy
- Delivery of financial targets

International Growth Strategy

OPERATIONAL EXCELLENCE



VALUE ADDED GROWTH

MARKET EXPANSION

TALENT PLACEMENT & DEVELOPMENT

Vincent Buckley / Chairman

Chairman's Statement

2011 was a good year for Irish dairying. Dairy markets were strong generally, with prices reaching levels not seen since 2008. This positive market situation also benefited the IDB, as it marked its 50th anniversary. Strong demand in key consumer markets, combined with a very solid performance in our Dairy Trading & Ingredients business, contributed to an overall positive performance in 2011 for these two divisions. The IDB consolidated its position as the key route to market for Irish dairy products, building further on its Kerrygold branded sales and continuing to deliver competitive returns to its members, while at the same time investing for the future.

Dairy Trading & Ingredients revenue increased by 21%, while revenue from the continuing operations of the Consumer Foods Division increased by 10%. IDB Deutschland returned yet another record year of Kerrygold sales and IDB Inc. experienced double digit growth.

Challenging trading conditions impacted on the Group's US specialty food distribution business, DPI Inc. This business underwent significant restructuring in 2011 to address margin compression issues and to align its cost base to a new business environment. Adams Food Limited also had a challenging year and had to make some difficult decisions but is responding proactively to deliver an improved performance in 2012.

As can happen in a volatile market, the first quarter of 2012 has seen a marked softening of commodity prices from the highs of 2011. This is due, in the main, to strong output growth globally on the back of higher milk prices, increased cow numbers and feed availability and, good climatic conditions. A more recent development has been the weakening of demand sentiment. Despite the more negative market situation, we remain confident of the longer term future of dairying in Ireland. Global demand for dairy products, in particular in emerging markets, is on a long-term positive growth trend, and provided we remain competitive, there will be a market for our quality products.

The IDB last year launched a five year strategic plan with a focus on building routes to market for Irish milk and routes to value to enhance profitability. This plan crucially sets the foundations for the IDB's contribution to the Irish dairy sector up to and beyond 2015. Important steps in the implementation of this strategy have already been taken. In 2011, the IDB opened a new marketing and sales representative office in Algeria and strengthened its in-market presence in Italy, Spain and South Africa. A new €12.7m powder plant in Adams Food Ingredients (AFI), Leek was also completed, marking the successful delivery of a €65m (£56m) capital development programme in Britain over the past five years. In addition, the IDB acquired Thiel Cheese & Ingredients LLC (Thiel) based in Hilbert, Wisconsin. Thiel custom formulates and produces cheese-based ingredient solutions and will complement and add value to the existing US ingredients business and will accelerate the IDB's growth in line with its strategic plans. The IDB will continue to implement its growth strategy through 2012-2015, with further investments in its operations and its people, as well as in acquisitions and product innovation.

An important development at the end of the year was the agreement reached on new funding arrangements to facilitate the IDB's ambitious growth agenda, while at the same time ensuring that funding is available for our members' own working capital requirements. All of this work is, of course, part of the IDB's commitment to the future expansion of the Irish dairy industry and is being undertaken with the requirements of our most important stakeholders in mind; our farmers.

The transition from the quota regime to a new reality of unrestricted expansion of production from 2015 will not be an easy one for farmers or the industry to manage. There will apparently be no ‘soft landing’ and a measured approach will be necessary but we can provide mutual support to ensure that the expansion of the industry is the success we believe it can be, a success in which we can all share.

Together with my fellow board colleagues, I look forward with enthusiasm to the contribution we can make to that success, by guiding the IDB towards the realisation of its ambitious objectives. I thank my board colleagues for their support in this regard, and for the strong commitment they have consistently shown me, and the organisation. A special note of thanks must go to my Vice Chairman, Jackie Cahill.

In 2011, the IDB celebrated its 50th anniversary. Established as a semi-state organisation in 1961, the IDB has become a truly global dairy Co-operative with sales in over 80 countries. It has a turnover of close to €2 billion and is the owner of Ireland’s iconic dairy brand, Kerrygold, which is sold in over 50 markets around the world. On behalf of the board of the IDB, I would like to acknowledge the contribution of the previous members of the board, the Chairmen and Chief Executives, and of all those who have worked for and with the IDB over the past five decades. I have no doubt, as we enter a new era, that the IDB will contribute significantly to the future growth and success of the Irish dairy industry.

In looking to the future, we must acknowledge the valuable input of Government in helping to shape a vision for the sector in 2020. The Department of Agriculture, Food and the Marine is a committed partner in the development of our industry for which we are grateful. I would particularly like to thank the Minister for his enthusiastic championing of and commitment to the dairy industry during his first year in office. The Minister and his Department have given much practical support over the course of the year, helping to build relationships that will open new markets for Irish dairy produce around the world. These initiatives will pay dividends for Irish agribusiness in the months and years to come.

The management and staff of the IDB globally, under the leadership of the Chief Executive Officer, Mr Kevin Lane, are working assiduously to maximise the Group’s sustainable profitability and the return for the high quality output of our farmers and processors. I thank them for this and I particularly thank Kevin Lane for his leadership of the business and implementation of board policy.

Most importantly, I would like to conclude by thanking our farmers and members for producing the world class products which make our business a success. I firmly believe that by working together, we will realise even greater success in the future.

Vincent Buckley
Chairman

Kevin Lane / Chief Executive

Chief Executive's Report

2011 was a year of significant change and continuing progress for the IDB. Coinciding with our 50th year supporting the Irish dairy industry implementation of our three year Strategic Growth Plan commenced in earnest. Our aim is to deliver a world class business that is optimally positioned for future growth.
Despite challenging global trading conditions in 2011, our journey to reposition the Group, aligned to the needs of an evolving global dairy market, have gained good traction. The organisation is achieving greater operational efficiencies across all business units and our stated vision of leveraging our iconic brands and building new routes to markets continued apace.

Business Performance

The Group's underlying performance was impacted by difficult trading conditions for our US specialty distribution business, in common with the broader market, and by the effect of increased raw material prices which were difficult to recover at a retail level in some of our consumer foods markets.

These challenges were offset by very positive international growth in our branded dairy business with Kerrygold delivering a year of record sales. New consumer markets in North Africa, the Middle East and China reported solid increases in sales and encouraging signs of growth.
Our Dairy Trading & Ingredients business recorded a good performance driven by strong contributions from the Irish division and our international value added cheese ingredients operations. The business successfully commissioned a new state-of-the-art value added dairy ingredients facility in the UK and in the USA acquired Thiel Cheese & Ingredients LLC., a leading cheese ingredients solutions company. These developments accelerate the IDB's growth strategy in value added dairy ingredients and strengthen the Group's technology platforms.

Progress on Strategic Growth Plan

The IDB advanced its Strategic Growth Plan across its core pillars as follows:

- New product development is core to the business. Highlights in 2011 included:
  - IDB Dairy Innovation Centre established with Teagasc Moorepark, Co. Cork; and
  - Brought over 40 new products to market in 2011.

- Successfully completed the refinancing of the Group. With a unique facility which meets the working capital requirements of IDB's members and the international growth requirements of the IDB.

- Reinvigorated the iconic Kerrygold brand with new brand design and packaging in preparation for its Golden Jubilee this year.

- Divested non-core businesses and invested the proceeds into two strategic acquisitions in the USA which complements the Group's dairy ingredients strategy.

- Continued to reduce the Group's cost base and streamline its operations.
  - The lean manufacturing programme continued;
  - Consolidation of UK Consumer Foods production footprint; and
  - Commenced merging of Dairy Ingredients businesses in the UK.

- Reconfigured business models in both Consumer Foods and Dairy Trading & Ingredients.

- In market developments:
  - Commissioned new state-of-the-art customised Dairy Ingredients facility and innovation centre in Leek, UK;
  - Established marketing and sales representative office in Algeria; and
  - Deployed additional resources to a number of key development markets.

International Expansion

The pillars of our International Growth Strategy are: market expansion, operational excellence and added value growth. Underpinning this is IDB's people with the recruitment of key executives, talent development and placement central to the delivery of this strategy. In line with a relentless focus on developing markets, additional "feet on the street" resources will be deployed in both existing and new emerging markets. Increased investment in marketing and new product development will also be pivotal.

The premium quality and reputation of Irish dairy products globally gives the IDB and its brands a differentiated edge in the international marketplace.

Capital structure

At the end of its 50th year of trading Irish dairy products, the Group is in a strong financial position. Net assets stood at €408.5m and the Group's balance sheet is strong. The IDB's new financing model allows the Group to facilitate growth in the seasonal working capital requirements of members and, with them, to vigorously develop the IDB's International Growth Strategy.

In 2011 the IDB paid out €12.9m, up 9% on the previous year, comprising €7.9m in redeemable loan stock and declared a cash bonus to members of €5m. In addition, a further €4m was allocated to the annual bonus fund for redemption in 2016 which is paid out to all of our Co-operative members.

Evolution

The Group has and will continue to undergo significant change as it creates the necessary structures, with the support of its members, to deliver truly innovative Irish dairy products to international markets. We have mapped our course to global dairy expansion and we are fully committed to achieving our ambitious expansion plans in the years ahead.

Within the context of a testing international trading environment, we are confident the Group's dairy business is optimally positioned to deliver on its growth plans in 2012.

I would like to thank the Board of Directors, the executive team, management and staff for their support.

Kevin Lane
Chief Executive

Consumer Foods

The Consumer Foods division has responsibility for the international marketing and sales of the IDB's consumer products portfolio including Kerrygold, Pilgrims Choice and Beo brands. Markets are served by wholly owned subsidiaries in the UK, Belgium, Germany and the USA, and by sales teams and distributors in other markets.

The division reported a satisfactory performance in the period, though consumer confidence remained fragile. Consumers continue to focus on value propositions and shopping on promotions continues to be a feature.

The division reported sales of €768.3m, up 9.7% on the previous period, from continuing operations.
This represented 38.8% of the Group's total sales by value.

Within consumer sales, combined branded sales rose by 17% in value and 3% in volume due to like for like sales growth and the opening up of new and strategically important markets.

The division reported strong performances in Germany and the USA but trading conditions in the UK market remained challenging. New markets in North Africa, the Middle East and China showed encouraging growth in 2011.

The sale of Nikita, a Belgian Salad business was finalised in the period.

OUTLOOK 2012

The IDB is cautiously optimistic on sales growth in Consumer Foods despite testing international trading conditions. The focus in 2012 will be on developing international markets and the Group's branded portfolio, with additional resources being deployed to accelerate growth.

IDB Deutschland GmbH.

Kerrygold had another strong year in Germany with sales up 19.7%, out-performing the sector which saw the total butter market in Germany grow by 14.9% in value (AC Nielsen). Kerrygold continued to establish brand leadership, in the face of intensified competition and remains the clear No. 1 butter in Germany with a market share of 14.1% in value. Successful product launches and range extensions continue to boost market share growth.

The positive sales momentum that has been achieved by Kerrygold Extra, a spreadable butter product which is a blend of Irish creamery butter and rapeseed oil, continued and it achieved excellent growth during the period. The product has won numerous awards since its launch and in 2011 Lebensmittelpraxisit named it Product of the Year in the "Margarine, Oils, Fats and Butter" category.

The IDB continues to invest in its facilities in Germany with an additional 700 square metres of storage capacity added in 2011.

Adams Foods Limited

Adams Foods Limited is the largest supplier of pre-pack hard cheese in the UK market and its portfolio includes the Kerrygold and Pilgrims Choice brands and an unrivalled private label range. 2011 proved to be a difficult trading year in the UK market. Higher global dairy prices resulted in an increased cost of raw materials. The main challenge in this market was recovering higher raw material costs in a price resistant market environment.

Pilgrims Choice finished the period as the No. 3 UK cheddar brand market both in value and volume terms. Of particular note in 2011 was the successful introduction of Pilgrims Choice lighter mature cheese. 2012 will see a major re-launch of the brand with a commitment to strong consumer advertising.

The business also introduced a new cheese brand called "MU" targeted at young families. Sales have been very strong since the launch in October 2011.

Kerrygold launched a number of new and innovative products during 2011 including its unsalted lighter butter and spreadable butter with olive oil. The brand maintained its No. 4 position in the UK butter category. A major new marketing campaign is planned for 2012.

Retail private label had a steady year with sliced, grated and healthy cheese options showing good growth.
A vigorous business efficiency programme has been undertaken which included consolidating its cheese packing at the Group's larger state-of-the-art Leek facility.

Irish Dairy Board Inc.

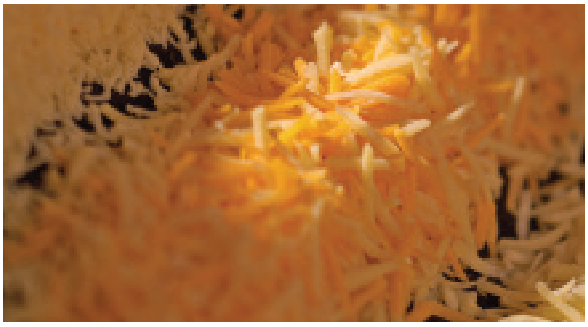
IDB Inc reported an excellent performance with double digit sales growth in both volume and value in 2011. The brand continued to grow its market share and is now a top ten butter brand in the USA and is ranked the No. 1 imported butter.

New product development played a significant role with successful launches for Kerrygold softer butter and reduced fat softer tub formats extending the premium butter range while Kerrygold Cashel Blue was added to deepen the premium range of Irish cheeses available on the market.

The business secured new listings in a number of national retailers including Target, Sam's Club and Starbucks. The Pilgrims Choice brand was re-launched in the US market in late 2011 which resulted in encouraging sales growth.

The Kerrygold range is listed in both the dairy and deli category of the US retail stores and enjoys national listings throughout. The brand is sold in the top 20 US retail accounts and throughout the market in smaller independents.

Kerrygold products enjoyed the benefit of being classified by consumers as an affordable everyday luxury in a market where luxury goods saw a dramatic downturn. Specialty cheese, where Kerrygold is positioned, accounts for 63.2% of the deli cheese sales in the US market and this continues to trend upwards.



IDB Belgium N.V.

IDB Belgium N.V. is a leading European packer of hard and semi-hard cheeses. It holds significant market positions in Belgium, France, Spain, the Netherlands, UK and Ireland and is expanding into a number of other European countries.

IDB Belgium primarily sells its product range, under private label, direct to key European retailers. It has co-packing arrangements with international brands as well as key food service customers and a range of food producers.

The business reported a satisfactory performance, against the backdrop of a competitive trading environment. It has responded to customer and consumer trends with a shift into increasingly convenient product formats and expanding the range of cheese beyond some of the more traditional cheese types.

International Markets

The international markets division achieved good growth despite the difficult trading conditions in some markets. Cost recovery proved challenging in some markets which impacted on butter sales. However this was offset by strong sales in the branded milk powder category with Kerrygold and Beo continuing to record positive growth. Kerrygold cheese volumes were stable with a favourable mix development to more added value product lines and increasing market share in some key markets.

The Middle East region saw a continuation of the strong performance achieved in recent years with volume growth in excess of 30% for both Kerrygold butter and cheddar. Market share in UAE and Saudi Arabia continues to grow as distribution expands and the Kerrygold brand becomes increasingly recognised as the premium alternative to established competition. Operations in Egypt were restructured in the period and have showed encouraging growth and this positive momentum is set to accelerate in 2012.

Sales to sub-Saharan Africa performed well, especially for the milk powder / nutrition category which saw a volume increase of 13%. This increase is largely attributable to the continued strong growth of Beo Milk, boosted by expanded distribution and increased marketing spend in 2011.

Despite the depressed state of the Greek market, Kerrygold achieved growth through a focused marketing programme though margins were impacted.

The Emerging Business Areas (EBA) cluster performed well with good year on year growth in key markets such as Algeria and China.

In Algeria the IDB continue to benefit from the distribution model developed in 2010 and 2011 saw the official opening of a representative office and an in-market packing solution for milk powder.

Sales in China doubled, from a modest base in 2010, as the Group expanded its distribution network to trade across more provinces and deployed additional sales resources. Trading conditions remained tough in Russia but growth is set to accelerate in 2012 with a new strategy and additional resources in place.

Overall, a strong new product development pipeline is in place across the main product categories for international markets. This will enhance the development of a favourable product mix which, combined with increased advertising and promotion investment and an ambitious new market development agenda, will allow the international markets division to continue to extend its market reach and presence.


Dairy Trading & Ingredients

The Dairy Trading & Ingredients division is responsible for the procurement of Irish and non-Irish dairy products and the sale of dairy ingredients to end users. The division is focused on the efficient trading of dairy commodities and the supply of innovative solutions to key ingredient customers. It markets a range of dairy ingredients on behalf of its members, while at its facilities in the UK and the USA, it develops a range of solutions designed to address the specific requirements of its customers.

The acquisition of Thiel Cheese & Ingredients LLC., in the USA accelerates the IDB's growth strategy in value added dairy ingredients and strengthened the Group's technology platforms in cheese ingredients.

The division reported a strong performance in 2011, driven by strong contributions from the Group's Irish and international added value cheese ingredients operations.

It reported sales of €566.5m, up 21.2% on the previous year. The division accounts for 28.6% of the Group's total sales by value.

The Group reported increased sales, up 13% in its Dublin based ingredients business with strong demand, increased sales of value added dairy products and increased pricing generally. Purchases from members were in line with expectations. The division continued to develop significant positions with key, blue chip customers.

The Group rolled out innovative ingredients solutions of particular note was the launch and commercialisation of a number of added value ingredient products. The innovation pipeline shows great promise and a number of new, customer led, innovations are planned in 2012.

The Dairy Trading business made significant progress in planning for the increased volumes post 2015 and in strengthening the Group's position in key export markets.

Commentary on Global Dairy Markets

Dairy stocks began 2011 in balance and with strong demand, product and milk prices rose in early 2011. The combination of higher milk prices, favourable weather and feed availability pushed up global milk output by 2.7%. Against a background of higher prices, economic uncertainty and regional political unrest, demand growth slowed as the year progressed while stock replenished and built from the end of quarter three. Consequently product prices weakened from early autumn.

OUTLOOK FOR 2012

Global dairy markets remain weak due to current supply demand balance, and there is a need for supply constraint to prevent further declines. The objectives for 2012 are to increase efficiency further in the division's supply chain, with a continued focus on customer led innovation and to further strengthen the Group's position in key identified export markets. In addition the Group will integrate its acquisitions and consolidate its UK businesses.

Adams Food Ingredients Limited

Adams Food Ingredients Limited (AFI) reported increased sales in 2011 and continued to develop its value added dairy technologies in the period. A €12.7m capital investment was made to replace the IDB's existing facility in Leek with a new 65,000 square foot state-of-the-art facility which was successfully commissioned in late 2011. The new facility includes an innovation centre which is dedicated to developing customised dairy ingredient solutions, aimed at customers in the UK and other export markets.

This investment further strengthens AFI's market position as a leading powder blending specialist of dairy-based food formulations by:

- Doubling capacity to over 20,000 tonnes per annum in a modern efficient facility;
- Providing a purpose built innovation centre;
- Applying the most advanced technology in specialist dairy applications;
- Offering customers a wider range of formulations and customised premix solutions; and
- Giving greater flexibility to produce a range of packaging formats to meet specific customer needs.

The Meadow Cheese Company Limited

The Meadow Cheese Company Limited (Meadow Cheese) is dedicated to the manufacture and supply of cheese and dairy based ingredients to food manufacturers and foodservice companies in the UK and worldwide.

Meadow Cheese reported strong growth in the period driven by successful new product applications; in particular within the processed cheese and dessert sector. It increased its national presence in the British foodservice sector and completed an investment in new technology which further expands the businesses end use applications in sauces and desserts.

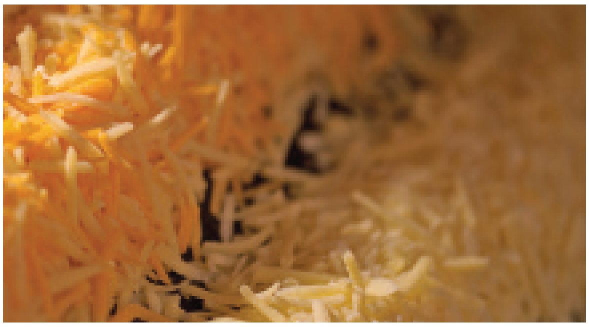
The business also built on its success at the Nantwich International Cheese Show achieving 13 awards including five gold medals.

Recognising the need for sustainability, cost reduction and continued efficiency, Meadow Cheese rolled out a lean manufacturing programme with excellent results achieved to date.

During the year, the business was awarded with a top rating of 5 stars by the British Safety Council for its Health and Safety Management System.

Dairy Ingredients UK

Dairy Ingredients (UK) Ltd, (DIUK), a butter trading operation, reported increased volumes of product traded in the period. It continues to be an important route to market for Irish butter to the British food manufacturing sector.



Meadow Ingredients USA LLC.

Meadow Ingredients USA LLC (Meadow Ingredients) achieved strong growth in the period, benefitting from the successful launch of new innovative solutions. IDB now own 100% of the company having acquired the remaining shares held by the other co-founding partners in August.

Thiel Cheese & Ingredients LLC.

In November the IDB extended its US customer footprint in functional cheese ingredients through the acquisition of Thiel Cheese & Ingredients LLC (Thiel) based in Hilbert, Wisconsin. The acquisition is delivering in line with expectations.

Thiel is a well established and leading cheese ingredients solutions company which custom formulates and produces cheese based ingredient solutions primarily for sale to US based food manufacturers and food service companies.

The acquisition is an excellent fit as part of the IDB's ingredients growth strategy which will:

- Complement and strengthen the IDB's existing added value cheese ingredients business;
- Help to achieve greater scale in the value added cheese ingredients market;
- Add new customer relationships; and
- Provide further technology, innovation and new product applications.

DPI Specialty Foods

Business conditions continued to be difficult for specialty food distributors in the United States. Downward pressure on margin continued. This manifested itself through increased competitive bidding on new blocks of business and the renewal of existing business at lower margins.

Retailers continued to seek lower cost methods of doing business which resulted in lower levels of service provided by distributors. One of the largest national retailers and a key customer led this change by converting from a full service programme to a no service programme as effective in-store execution was traded for a lower cost of goods. As a consequence sales in 2011 were impacted.

DPI responded to this challenge by implementing a number of strategic initiatives aimed at decreasing operating expenses, improving overall business efficiency and right sizing the business to the new demands of the market. DPI created a single division (Inter Mountain West) through the consolidation of its Rocky Mountain and Northwest divisions. DPI West consolidated its four operating sites into two adjacent sites which decreased operating expenses and improved operational throughput. A third major initiative involved consolidating the two Mid Atlantic Division operating sites into one main Mid Atlantic facility.

In spite of the challenges related to downward margin pressure, many new business wins were realised in 2011. The first was the awarding of the Kroger Cincinnati Division grocery business in July. That was followed by the awarding of the Kroger QFC business in Seattle and also the awarding of the Starbucks Wisconsin Division which both began in early 2012.

Key customers also continued to show strong gains. Fresh & Easy, the US Tesco operation, grew significantly in 2011. The larger Kroger divisions also continued to demonstrate healthy growth with Fred Meyer leading the way with double digit sales increase for the fifth consecutive year.

Early indications are that 2012 will see additional new business gains. While general market conditions will continue to be challenging, the Group is confident that, with the improved cost base and efficiency, DPI will be well positioned to take advantage of future opportunities in the Specialty Food Distribution sector.

Reinvigorating the Kerrygold brand for the future

2011 saw the successful roll-out of the redesigned iconic Kerrygold brand and pack design. The new look premium range of Irish dairy products debuted in Belgium and have since been launched in over 50 markets involving 30 global Kerrygold production and packaging sites.

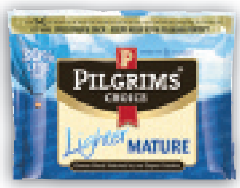
New Products

In 2011 the IDB made significant progress in its new product development strategy.

The key highlights were:

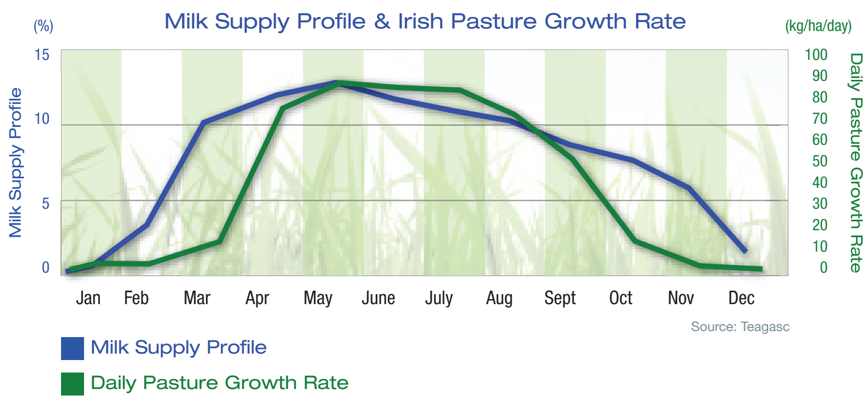
- Established the new IDB Dairy Innovation Centre in partnership with Teagasc.
- Commissioned a new state-of-the-art innovation centre as part of the new Adams Food Ingredients Facility in the UK.
- Acquired Thiel Cheese Ingredients which adds new technology, innovation and product applications.

During the period the IDB brought over 40 new products to market. Pictured are some of the new exciting consumer products which were added in 2011 as the IDB grows its dairy category.

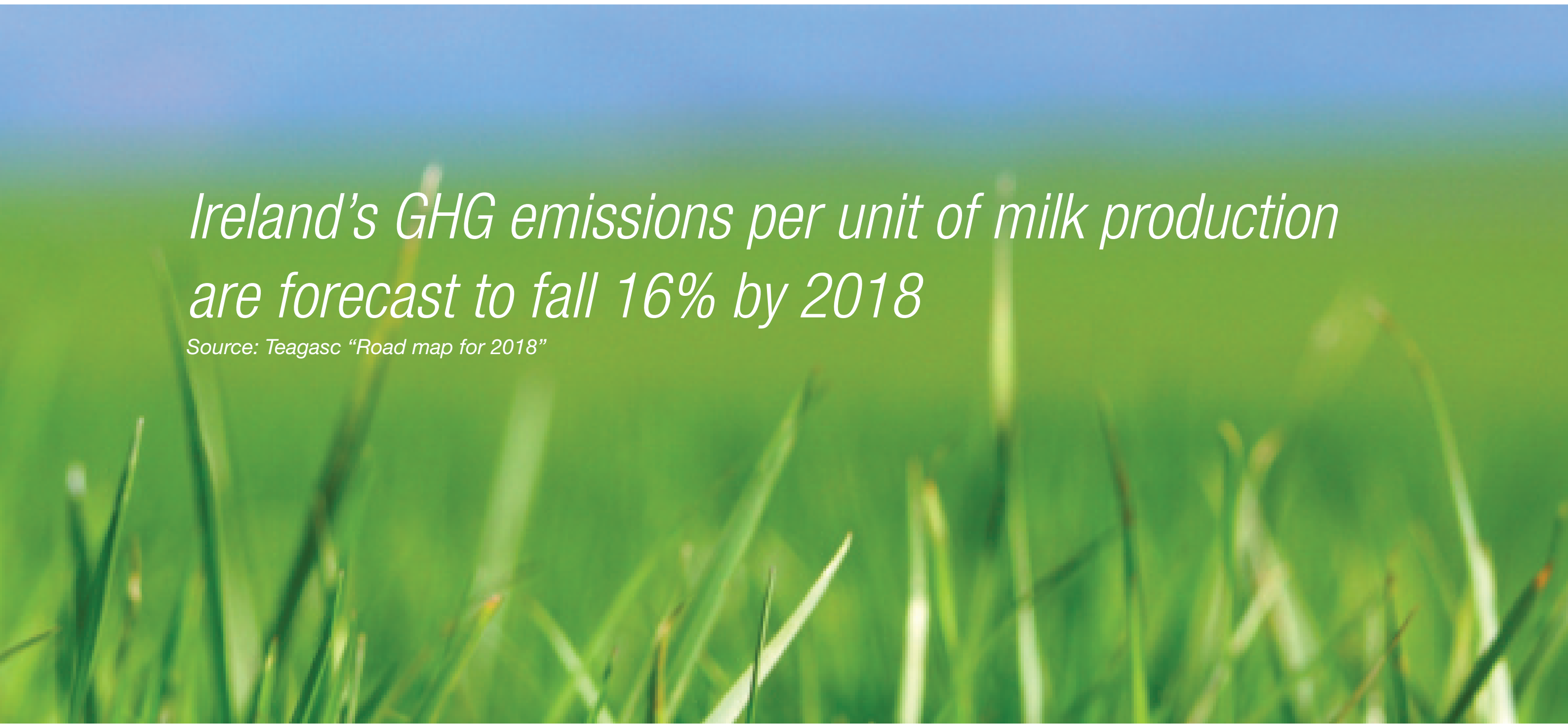


Irish Dairy Board Sustainability Policy

As the leading supplier of Irish dairy products, the Irish Dairy Board (IDB) takes a leadership role in promoting environmentally sustainable dairy products.
We are committed to growing our business in a sustainable way. We take pride in the inherent sustainability attributes of the products we supply to our customers throughout the world and we are working across the entire IDB Group, and with our suppliers and farmers, to build further on our sustainability credentials in a systematic and measurable way.



In Harmony with Nature



Ireland's GHG emissions per unit of milk production are forecast to fall 16% by 2018

Source: Teagasc "Road map for 2018"

In order to grow our business with minimal impact on the environment, our sustainability initiatives are focused on 4 key areas:

Our farms:

Ireland's extensive outdoor grazing milk production system is already the lowest carbon emitting system in Europe and we are committed to developing further the sustainability attributes of Irish dairy farms, particularly in the areas of on-farm emission reduction, milk quality, animal welfare and biodiversity.

Our people and supply chain:

Encouraging awareness by employees of the importance of sustainability is essential to the success of IDB's sustainability policy, as is driving change throughout the IDB's supply chain.

Our subsidiaries:

Our subsidiary operations, human resource management and food and work place safety performances are benchmarked against best practice and emission reduction targets have been set for waste, energy, water and packaging.

Our customers and consumers:

We are meeting the sustainability goals of our customers and our consumers by providing them with dairy products with proven sustainability credentials.

Ireland's grass based milk production system:

- ✔ *Has low GHG emissions*
- ✔ *Is natural*
- ✔ *Has beneficial animal welfare standards*
- ✔ *Requires minimal supplementary feeding*
- ✔ *Does not require irrigation*
- ✔ *Promotes diversity*

Ireland is the most carbon efficient milk producer in the EU – *source: the European Commission*

Ireland's grass-based milk production system

Some of the best conditions in the world for growing grass are in Ireland. Agriculture accounts for two-thirds of land use and grass is grown on 80% of this agricultural land. Thanks to our temperate climate, we also have one of the longest grass-growing seasons in the world and our cows can graze outdoors on grass, **in harmony with nature**, for more than 10 months of the year.

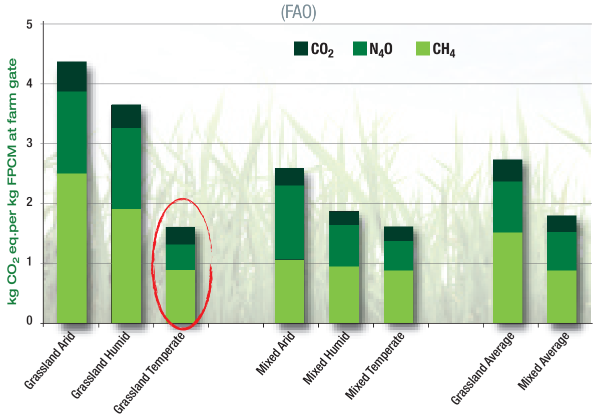
Ireland's grass-based milk production system not only delivers unique dairy products, it also makes them inherently sustainable. Temperate grassland milk production systems are the most efficient milk production systems in the world, producing the lowest levels of Greenhouse Gas (GHG) emissions. Ireland, a temperate grassland country, is the most carbon efficient milk producer in the EU and one of the most efficient in the world.

Even though Ireland is starting from a good sustainability position we believe we can do even better, particularly by improving efficiencies on farm as 85% of the global dairy sector's environmental impact occurs at farm level.

The IDB is working with its suppliers on sustainable farming practices not only to lower on-farm GHG emissions, which we believe can be reduced **by a minimum of 16% per unit of milk production by 2018**, but also to ensure that the highest standards are met in the areas of **animal health and welfare, milk quality, traceability** and **environmental practices**.

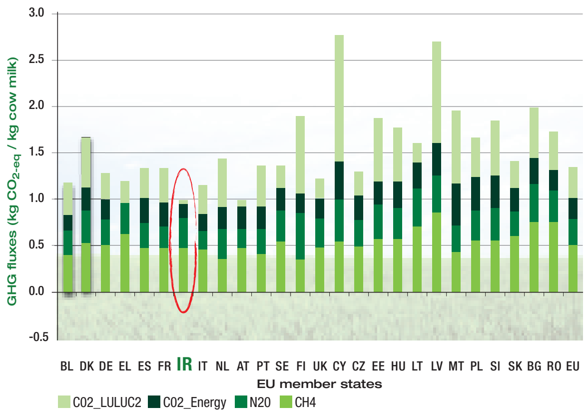
Temperate Grasslands - the most emission efficient milk production system globally

(FAO)



Ireland's Dairy System - Lowest CO_2 emissions in the EU.

(European Commission)



Our people and supply chain

Employee initiatives

A key driver of the IDB's sustainability policy is its employee involvement and awareness. Staff commitment is essential in driving any company's sustainability initiatives.

The IDB's Head Office initiatives are coordinated by an active "Green Group" who work as a team on building awareness of sustainability amongst staff and in assessing how things can be done in a more sustainable way. In 2011 alone, the following was achieved :

- 16% reduction in the Head Office carbon footprint by switching to a 100% renewable source of electricity
- Introduction of segregated communal recycling bins
- Roll-out of a virtual PC IT platform
- More sustainable LED lighting
- Promotion of a "bike to work" scheme for employees
- More systematic monitoring of utilities and emissions generation

✔16% reduction in Carbon Footprint
✔100% renewable energy source

Supply chain – transport and logistics

A comprehensive review of the IDB's transport and logistics supply chain was carried out in 2011. A thorough insight was gained of our transport and logistics operations and the review confirmed the efficiency of our dairy products' supply chain.

The exercise measured the IDB's carbon footprint and mapped out an optimum network plan to deliver, over two years, a **13% reduction in the local road haulage footprint** and a **3% reduction in the Group's total supply chain carbon footprint**. This plan is currently being implemented.

◎ 13% reduction in road haulage footprint
◎ 3% reduction in supply chain footprint

Our subsidiaries and manufacturing operations

Significant work was undertaken during the period to benchmark our standards and accreditations against global best practice.

The success of the IDB depends on the expertise, skill and dedication of its staff, built-up over many years. The IDB strives at all times to ensure that its employees are treated fairly and respectfully. A culture of dedicated and cooperative endeavour is promoted where achievement is recognised and rewarded and all staff are encouraged to reach their maximum potential.

In 2011 a new Code of Business Ethics and a Corporate Fraud Policy were introduced setting out the standards of integrity insisted upon by the IDB in the conduct of business.

Standards and accreditation

All of our sites are managed and operated to the highest standards of hygiene, food safety and work place safety. Our European plants all have BRC Grade A accreditation. Meadow Cheese in the UK achieved 5 star OHSAS accreditation in 2011 and the IDB Deutschland facility is both ISO14001 and IFS certified.

Food safety is our priority. Our subsidiary operations are regularly audited by the appropriate regulatory authorities and by our blue chip customers and all adhere to the strict principles of **HACCP** and **GMP** on site. Updated formal staff training on food safety issues is carried out annually.

Five Star Health & Safety Management System Audit
★★★★★ Awarded 2011
BRITISH SAFETY COUNCIL
international food standard IFS
HACCP
food BRC certificated

Our plants also meet stringent operational efficiency standards. New ways of working through the adoption of "LEAN" manufacturing principles have been introduced across our manufacturing facilities, ensuring greater sustainability and lower carbon emissions.

Sustainability Leadership Team

In parallel with LEAN manufacturing, a group–wide sustainability leadership team was established in 2011 to implement IDB's sustainability policy, to increase monitoring and to set and report on Group-wide carbon emission reduction targets.

Waste "Z to L"

A Zero to Landfill (Z to L) target has been set for the IDB's manufacturing sites in Europe. This journey started in 2011 and **50% - 70% reductions in waste to landfill** have been achieved to date.

Energy

The IDB Head Office's electricity supply was switched to **100% renewable** in 2011. A target also has been set for all sites to have at least **10% of their total energy needs provided from renewable sources by 2013**.

Water

As water is a precious resource we are committed to responsible water usage at all of our sites, including rainwater harvesting.

Meadow Cheese Co in the UK has reduced its water usage **by 7%** and aims to **lower its water usage by a further 20%** through the implementation of new water saving technology.

At farm level, water usage is also carefully managed, however with plentiful rainfall generated from prevailing winds blowing off the Atlantic Ocean, Ireland's grass plains are naturally rain fed without the need for irrigation.

Packaging

The IDB is committed to improving its packaging methods and materials to limit excess usage and waste. Corporate stationary is from **sustainable forestry resources** and bulk corrugate packaging is manufactured from recyclable materials and is **100% recycled**.

A new liquid fat bulk tank was installed in one of our UK subsidiaries which has eliminated the cardboard and packaging waste generated from previously boxed product.

Sustainable building initiatives

The majority of the IDB's operational plants are less than seven years old and new builds afford the greatest opportunity for step change efficiency improvements and new sustainability initiatives.

The Adams Foods Ltd (AFL) factory in Leek, constructed in 2009, **reduced its carbon footprint by 15%**. It won the Sustainable Manufacturer of the Year award and is one of the most efficient and environmentally friendly facilities of its kind. Its sister company, Adams Food Ingredients (AFI), opened its new state-of-the-art facility on an adjoining site in Leek in October 2011 and incorporated many of the green technologies and sustainability facets of the AFL facility, including efficient air handling/heat recovery units, rain water harvesting, sun tunnels and PIR activated lighting, CIP systems for efficient water and chemical consumption, improved waste stream recovery and photovoltaic cells.

Meeting the needs of our customers and consumers

IDB is striving to meet the sustainability needs of its customers and consumers so that they too can meet their own sustainability obligations and live their lives in a sustainable manner.

Our sustainability values are predicated on ensuring:
- the long-term viability of the Irish Dairy Industry
- a safe supply of nutritious food to the world, and
- a minimal impact on the environment, mindful of the generations coming after us.

As a leading exporter of quality dairy products, we take seriously our responsibility to guaranteeing the quality of the products we supply and to supporting development initiatives.

The IDB will be co-sponsoring the **NDC and Kerrygold Quality Milk Awards** in 2012. The awards recognise excellence and will showcase the world class quality and sustainable attributes of Irish dairy products.

The IDB, either directly or through staff initiative, has always supported third world charitable projects, most particularly in Africa. In 2011, the IDB, together with its supplier members, donated milk powder to a charity in Malawi manufacturing a range of nutrient dense fortified pastes for the prevention and treatment of malnourished children in Africa.

The IDB is proud of the fact that its flagship brand, **Kerrygold**, throughout the last 50 years has enshrined many of the key principles of sustainability. Produced from the milk of **cows grazing 24/7 on traditional family farms**, the IDB's Irish dairy product offering symbolizes all that is good from meadow milk;

- low emissions
- environmentally friendly
- quality focused
- safety assured
- biodiversity and animal welfare enhancing.

Our pledge is to develop these attributes and through NPD, green technologies, more efficient processes and greater awareness, we aim to lower our emissions even further, in tandem with our regulatory obligations,
our international obligations and our obligations to the consumer and future generations.

In Harmony with Nature

Directors' Report

for the period ended 31 December 2011

The directors submit their report together with the audited financial statements for the period ended 31 December 2011.

Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Group and of its results for the period under review. In preparing the financial statements the directors are required to select suitable accounting policies and apply them consistently and to make judgements and estimates that are reasonable and prudent.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the relevant legislation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Books of Account

The directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with the Group's obligation to keep proper books of account. The books of the Company are kept at the registered office of the Parent Society.

Going Concern

The directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Principal Activities

The Group is engaged in the purchase, marketing and sale of consumer dairy products and dairy food ingredients worldwide through its subsidiaries and extensive network of agents and distributors. Consumer dairy products are marketed primarily under the Kerrygold brand and the Consumer division activities are supported by cheese packing facilities in the UK and Belgium and butter packing in Germany. The Dairy Trading and Ingredients division trades products across the globe and it's facilities include powder blending and packing in the UK and ingredient cheese processing in the UK and US. The Group owns a speciality food distribution network in the US offering refrigerated, frozen and dry food distribution to both local and national food retailers. The network consists of four operating divisions each with their own marketing, sales, warehousing and distribution facilities.

Review of the Business

The underlying Group performance in 2011 was impacted by a very challenging environment in the US distribution business and margin pressure in the UK and International Consumer markets. These challenging conditions were offset by strong performances in the German and US Consumer markets where the Group successfully recovered all raw material price increases while still achieving strong volume growth. The Dairy Trading and Ingredients division had a strong year with good performance in both the Irish and subsidiary businesses.

Global markets performed well during 2011. The first six months saw increased production being absorbed by strong demand and replenisment of lower stock levels. Overall international supply of dairy products grew as the year progressed, buoyed by favourable weather conditions and no significant supply shocks. This resulted in global production reaching record levels in 2011. Demand softened towards the end of the year, with prices weakening from early Autumn.

The Consumer Foods business delivered a satisfactory performance in 2011, but profitability was impacted as higher input costs in some markets were not fully recovered.
The division recorded excellent performances in the US and Germany and achieved increased volume and profitability growth. The Kerrygold brand had a very positive year in these markets, with significant volume and revenue growth. Trading conditions in the UK market continued to be challenging with price increases difficult to achieve due to resistance to strong inflationary pressures.

The Dairy Trading & Ingredients division delivered a very good performance during the period with positive volume and earnings growth. In the UK, the Group completed its capital investment programme and moved to a new state-of-the-art facility dedicated to developing customised dairy ingredient solutions, for customers in Britain and export markets. The division also successfully acquired Thiel Cheese & Ingredients based in Wisconsin, USA, a well established and leading cheese ingredients solutions company which will complement and strengthen the IDB's existing added value cheese ingredients business.

In the US Distribution division, the challenging and competitive trading conditions continued into 2011.
The performance was adversely impacted by weak consumer spending in speciality food products and intensified competition. A significant restructuring of the business was carried out during the period to align the cost base to the new business environment.

Operational Activities

The Group made good progress in delivering on its Strategic Growth Plan. The key highlights are as follows:

- Completed the refinancing of the Group with a new three year committed facility;
- Reinvigorated the Kerrygold brand identity through the successful international roll-out of the redesigned brand and packaging;
- IDB and Teagasc jointly created the IDB Dairy Innovation Centre based in Moorepark, Cork, to develop market led product concepts, which can by manufactured by IDB members and marketed internationally;
- Commissioned state-of-the-art customised dairy powder ingredient solutions facility, including innovation centre, in the UK;
- Restructured the UK business by integrating the cheese packing operations into one site; and
- Continued focus on lean manufacturing across the Group's European operations.

Future Developments

The Group is focused on developing its core dairy businesses, across its established platforms of Consumer Foods and Food Ingredients. It will continue to develop its core Consumer Foods business in the UK, Germany, Africa and US while setting ambitious growth targets for identified emerging markets. In the Ingredients Division, the Group will continue to streamline and expand its established supply chain as a route to market for Irish dairy products around the globe in preparation for 2015. There will be an increased focus on adding value to ingredients through innovation.

Research and Development

The Group is placing increased emphasis on innovation across its Consumer and Ingredients businesses. Its focus is to continue to provide value added routes to market.

Health and Safety

It is the policy of the Group to ensure the safety, health and welfare of its staff, contractors and members of the public by ensuring that each Group site operates in full conformance with local legislative requirements and that appropriate policies and practices are in place to ensure safety in the workplace.

Subsidiary Undertakings

A list of the significant trading subsidiary companies is included in Note 34 to the financial statements.

Directors' and Secretary's Shareholdings

The directors and secretary and their families had no interests in the shares of the Co-operative or any other Group company at any time during the period.

Post Balance Sheet Events

There have been no events since the period end which require disclosure in the financial statements.

Directors' Report (continued)

for the period ended 31 December 2011

The names of the persons who are or were directors are set out below.
Except where indicated they served for the entire period.

Board Members		Representing
Vincent Buckley (i) (ii) (iii) (iv)	Chairman	Dairygold Co-operative Society Ltd.
Jackie Cahill (i) (ii) (iii) (iv)	Vice Chairman	Irish Creamery Milk Suppliers Association
Aaron Forde (i) (iv)	Chairman Audit Sub-Committee	Connacht Gold Co-operative Society Ltd.
Vincent Gilhawley (i) (iv)		Electoral Area A
Michael Hanley (iii)		Electoral Area D
Liam Herlihy (i)		Glanbia Co-operative Society Ltd.
Kevin Kiersey (iv)		Irish Farmers Association
John Moloney (iii) (iv)		Glanbia Co-operative Society Ltd.
Dan MacSweeney (ii) (iv)		Carbery Milk Products Ltd.
Sean McAuliffe (ii) (iii)		Electoral Area B
Ted O'Connor (ii)		Tipperary Co-operative Society Ltd.
John O'Brien (i)		Electoral Area B
Conor Ryan (i)		Arrabawn Co-operative Society Ltd.
Jim Russell (ii)		Irish Co-operative Society Ltd.
Jim Woulfe (iv)		Dairygold Co-operative Society Ltd.

Note:

(i) Member of Audit Sub-Committee
(ii) Member of the Rules Sub-Committee
(iii) Member of the Personnel and Remuneration Sub-Committee
(iv) Member of the Acquisitions and Investment Sub-Committee

On behalf of the Board of Directors
Vincent Buckley
Chairman

Aaron Forde
Director

08 March 2012

Independent Auditor's Report

To the members of Irish Dairy Board Co-operative Limited

We have audited the Irish Dairy Board Co-operative Limited ("the Society") group financial statements ("the financial statements") for the period ended 31 December 2011 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, cash flow statement 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. Our audit work has been undertaken so that we might state to the Society's members, as a body, those matters 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 or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

The directors are responsible for preparing the Annual Report and the Society's financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), as set out in the statement of directors' responsibilities on page 26.

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

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 and have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1893 to 1978. We also report to you whether, in our opinion, proper books of account have been kept by the Society and whether the information given in the Annual Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Society's financial statements are in agreement with the books of account.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Chief Executive's Report, IDB Global Business Reports and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 considered 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 as at 31 December 2011 and of the Society's surplus and cash flows for the period then ended; and

- the financial statements have been properly prepared inaccordance with the Industrial and Provident Societies Acts, 1893 to 1978.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Society. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

In accordance with Section 13 of the Industrial and Provident Societies Acts, 1893 to 1978, we now sign the same as found to be correct, duly vouched and in accordance with law.

Roger Gillespie
For and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St Stephen's Green
Dublin 2

08 March 2012

Group Profit & Loss Account

for the period ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Turnover			
Continuing operations	2	1,977,647	1,880,678
Discontinued operations	2	3,479	46,847
		1,981,126	1,927,525
Cost of sales	3	1,720,829	1,646,128
Gross surplus	3	260,297	281,397
Selling and distribution expenses	3	194,791	213,864
Administration expenses	3	41,342	40,644
Goodwill amortisation	3	3,879	2,574
Operating surplus			
Continuing operations		20,202	22,032
Discontinued operations		83	2,283
		20,285	24,315
Exceptional items			
Exceptional items continuing operations	6	(2,521)	(840)
Profit / (loss) on disposal of subsidiary undertaking	12	7,997	(2,181)
Surplus on ordinary activities before financing		25,761	21,294
Other finance costs (net)	31	(201)	(177)
Interest payable (net)	7	(4,658)	(4,922)
Surplus on ordinary activities before taxation	4	20,902	16,195
Taxation	8	2,877	4,804
Surplus on ordinary activities after taxation		18,025	11,391
Attributable to minority	26	173	(92)
Retained surplus for the period		17,852	11,483
Revenue reserves at beginning of period		371,234	358,489
Actuarial (loss) / gain on post retirement liability		(13,983)	2,896
Goodwill transfer from reserves	10	4,274	366
Transfer to annual bonus fund	9	(4,000)	(2,000)
Revenue reserves at end of period		**375,377**	**371,234**

There is no significant difference in the surplus as disclosed in these accounts and the profit as calculated on a pure historic cost basis.

The notes on pages 36 to 57 form part of these financial statements.

On behalf of the Board of Directors

Vincent Buckley
Chairman

Aaron Forde
Director

08 March 2012

Group Balance Sheet
at 31 December 2011

	Notes	2011 €'000	2011 €'000	2010 €'000	2010 €'000
Fixed assets					
Goodwill	10		39,744		17,964
Tangible assets	11		136,872		129,557
Financial assets	14		283		283
Current assets					
Stock	15	454,363		423,529	
Debtors	16	259,996		255,316	
Other financial assets	29	16,588		16,155	
Cash and bank balances		39,312		17,417	
		770,259		712,417	
Creditors: amounts falling due within one year	17	506,423		371,859	
Net current assets			263,836		340,558
Total assets less current liabilities			440,735		488,362
Creditors: amounts falling due after one year	20		12,258		77,612
Provision for liabilities	21		1,280		2,294
Net assets before post retirement liabilities			427,197		408,456
Post retirement liability	31		(18,661)		(5,561)
Net assets			**408,536**		**402,895**
Capital and reserves					
Called up share capital	22	19,438		19,418	
Revenue reserves		375,377		371,234	
Other reserves	23	(18,851)		(23,753)	
Capital levy account	24	256		256	
Members' equity interest (before annual bonus fund and redeemable loan stock)			376,220		367,155
Annual bonus fund	9		4,000		2,000
Redeemable loan stock	9		27,926		33,866
Members' funds	25		408,146		403,021
Minority equity interest	26		390		(126)
			408,536		**402,895**

The notes on pages 36 to 57 form part of these financial statements.

On behalf of the Board of Directors

Vincent Buckley
Chairman

Aaron Forde
Director

08 March 2012

Group Cash Flow Statement

for the period ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Net cash inflow / (outflow) from operating activities	27	24,169	(67,032)
Return on investments and servicing of finance			
Interest paid		(6,570)	(7,062)
Interest received		1,912	2,140
		(4,658)	(4,922)
Taxation		(2,466)	(5,376)
Capital expenditure and disposals			
Purchase of tangible assets		(21,128)	(19,835)
Acquisition of subsidiary undertaking		(30,986)	–
Sale of tangible assets		6,062	285
Proceeds from sale of subsidiary company	12	16,541	3,024
		(29,511)	(16,526)
Cash outflow before management of liquid resources and financing		(12,465)	(93,856)
Management of liquid resources			
Change in deposits		(13,700)	21,000
Financing			
Increase in debt		45,145	55,082
Payments in respect of loan stock redeemed		(7,920)	(7,845)
(Increase) / decrease in restricted cash	29	(433)	2,524
		36,792	49,761
Increase / (decrease) in cash in the period		**10,626**	**(23,095)**

	Notes	2011 €'000	2010 €'000
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the period		10,626	(23,095)
Increase / (decrease) in liquid resources		13,700	(21,000)
Increase in debt financing		(45,145)	(55,082)
Movement in net debt resulting from cash flows	28	(20,819)	(99,177)
Exchange difference		412	2,033
Net debt at beginning of period		(123,342)	(26,198)
Net debt at end of period	**28**	**(143,749)**	**(123,342)**

On behalf of the Board of Directors

Vincent Buckley
Chairman

Aaron Forde
Director

08 March 2012

Statement of Total Recognised Gains and Losses

for the period ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Surplus on ordinary activities after taxation		18,025	11,391
Actuarial (loss) / gain on post retirement liability gross of taxation	31	(16,421)	4,153
Deferred tax movement on actuarial (loss) / gain on post retirement liability		2,438	(1,257)
Goodwill transfer from reserves		4,274	366
Currency translation gain on intercompany loans	23	5,155	501
Currency translation (loss) / gain on foreign currency net investments	23	(253)	11,155
Total recognised gains and losses for the period		**13,218**	**26,309**

Attributable to:

	2011 €'000	2010 €'000
Equity holders of the Parent	13,045	26,401
Minority Interest	173	(92)
	13,218	**26,309**

On behalf of the Board of Directors

Vincent Buckley
Chairman

Aaron Forde
Director

08 March 2012

Notes to the Financial Statements

01 Statement of accounting policies

(a) Basis of Preparation

The Group prepares its financial statements under the historical cost convention as modified by the revaluation of investment properties. The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland, which are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

(b) Trading Policy

In general it is the Parent Society's trading policy to provide a return to supplying members equivalent to net proceeds realised in each product group. Accordingly the Parent Society's purchase prices are subject to regular revision to reflect average market realisations. Arising from this policy, provision is made in the accounts for any amounts due to or from members.

(c) Basis of Consolidation

The Group financial statements include the accounts of the Parent Society and its subsidiary companies, all of which are made up to 31 December 2011. The results of subsidiary companies are consolidated from their effective date of acquisition. Goodwill which arose on acquisitions prior to 01 January 1999 has been written off against reserves on acquisition. Goodwill arising on acquisitions since that date is capitalised and amortised over its expected useful economic life.

(d) Foreign Currencies

Transactions in foreign currencies are translated to Euro at their contracted values. At the balance sheet date foreign currency debtors, creditors and loans are translated to the Euro at their net contracted values and as a result currency profits or losses do not arise.

The Parent Society's net investment in overseas subsidiaries is translated at the rate ruling at the Balance Sheet date. The profits and losses of subsidiaries are translated at the average rates for the period. Exchange differences resulting from the translation of the opening net assets of overseas subsidiaries at closing rates together with the differences on the translation of the results for the period are dealt with through reserves and reflected in the Statement of Total Recognised Gains and Losses. Where net investments are matched in whole or in part by foreign currency borrowings, the exchange differences arising on the retranslation of such borrowings are also recorded as reserve movements and reflected in the Statement of Total Recognised Gains and Losses.

Rates used for translation of results and net assets into Euro:

	Average Rates		Period end Rates	
€1 =	**2011**	**2010**	**2011**	**2010**
US$	1.3925	1.3265	1.2915	1.3353
GB£	0.8681	0.8582	0.8385	0.8632

(e) Financial Instruments

The Parent Society uses financial instruments to hedge exposures to foreign exchange fluctuations in its normal course of business and in accordance with the Group's risk management policies. The Group's policy is to use forward contracts to manage its exposures to foreign exchange risk. Exposure is transactional in nature and relates to sales contracts. The gains/losses on such instruments are recognised at the same time as the gains/losses are realised on the underlying hedged transaction.

(f) Turnover

Turnover represents the fair value of goods and services supplied to external customers exclusive of trade discounts and value added tax. Goods are deemed to have been delivered and related revenue recognised when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in these benefits. It includes EU sales support which is taken into account when the related produce is sold and excludes inter-group sales. Services are deemed to have been delivered on the rendering of the related service.

(g) Private Storage Aid Income

The Parent Society places stock in an EU scheme called Private Storage Aid during certain months of the year. The income earned from the EU on this stock is accounted for as it is earned. The financing element of the income earned is included as interest receivable in the financial statements, all other elements of the income are included in turnover.

01 Statement of accounting policies (continued)

(h) Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is not provided on freehold land. Depreciation on other tangible fixed assets is provided on a straight line or reducing balance basis as appropriate, the principal annual rates being as follows :

Freehold building	2% to 10%
Leasehold land and buildings:	written off over the term of the lease or its estimated useful life, whichever is the lower
Plant and equipment:	5% to 33%
Motor vehicles:	10% to 33%

Provision is made for any permanent impairment.

(i) Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the acquisition cost is negative goodwill.

Purchased goodwill arising on acquisitions prior to 1 January 1999 was eliminated against reserves on acquisition and negative goodwill arising on such acquisitions was credited directly to reserves as a matter of accounting policy. On the disposal of a business, any goodwill so treated is included in determining the profit or loss on sale of the business.

Purchased goodwill arising on acquisitions after 1 January 1999 is capitalised in the Balance Sheet and written off on a straight line basis over its useful economic life, subject to a maximum of 15 years.

Goodwill arising on the acquisition of subsidiaries is shown separately on the Balance Sheet. Goodwill arising on the investment in foreign currency subsidiaries is included at the historic cost to the Group.

(j) Impairment

The carrying amounts of the Group's goodwill and tangible assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount of the asset, or the cash generating units to which it relates, is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

The recoverable amount of such assets or cash generating units is the greater of their value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(k) Financial Assets

Financial fixed assets are shown at cost less provisions for any permanent impairment.

(l) Redeemable Loan Stock

Redeemable loan stock is included in equity until redemption. On redemption the amount redeemed is moved from equity to liabilities.

(m) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises of invoiced price from suppliers and inward freight costs. Net realisable value is based on contracted or estimated selling prices adjusted for EU sales support, less selling and distribution expenses and administration overheads.

(n) Debtors

Debtors are included in the balance sheet based on outstanding amounts receivable at the period end from debtors, less any provisions for doubtful debts.

Notes to the Financial Statements

01 Statement of accounting policies (continued)

(o) Taxation

Current taxation represents the amount expected to be paid or recovered in respect of taxable profit for the period and is calculated using the taxation rates that have been enacted or substantially enacted at the balance sheet date.

Timing differences are differences between profit as computed for taxation purposes and profit 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.

Deferred tax assets are recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred taxation is measured on an undiscounted basis at the taxation rates that are anticipated to apply in the periods in which the timing differences reverse, based on taxation rates and legislation which are enacted or substantially enacted at the balance sheet date.

(p) Grants

Capital based grants are accounted for in the period they are received and are treated as deferred credits.
These grants are released to the profit and loss account on the same basis as the related assets are depreciated.

(q) Research and Development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

(r) Leased Assets

Operating lease rentals are charged to the profit and loss account as they are incurred.

(s) Pension

The Group operates a number of externally and internally funded pension schemes for its Irish employees and some employees overseas. The assets of the externally funded pension plans are managed by third-party investment managers and are held separately in trust. Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the plans and allow for the periodic increase of pension payments. The regular service cost of providing retirement benefits to employees during the period, together with the cost of any benefits relating to past service is charged to operating profit in the period.

A credit representing the expected return on the assets of retirement benefit schemes during the period is included within other finance income. This is based on the market value of the assets of the schemes at the start of the financial period adjusted for movements during the period.

A charge within other finance costs representing the interest cost on the liabilities of the retirement benefit schemes during the period is netted against other finance income. This arises from the liabilities of the schemes being one year closer to payment.

The difference between the bid value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

Differences between actual and expected returns on assets during the period are recognised in the statement of total recognised gains and losses in the period, together with differences arising from changes in assumptions and experience (gain) / loss on the schemes liabilities.

Contributions to defined contribution schemes are charged to the profit and loss account in the period in which the related services are received from the relevant employees.

(t) Estimation Techniques

The following accounting policies utilise estimation techniques, tangible assets, goodwill, impairment and pension.

02 Turnover

	2011	2011	2010	2010
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	€'000	€'000	€'000	€'000
(a) By activity				
Consumer Foods	768,314	3,479	700,457	46,847
Dairy Trading & Ingredients	566,536	-	467,525	-
Distribution	640,211	-	710,679	-
Other	2,586	-	2,017	-
	1,977,647	3,479	1,880,678	46,847
(b) By destination				
UK	582,010	-	528,196	-
Other EU	466,171	3,479	394,397	46,847
North America	725,765	-	772,633	-
Other	203,701	-	185,452	-
	1,977,647	3,479	1,880,678	46,847
(c) By origin				
Ireland	937,156	-	827,146	22,473
UK	248,820	-	244,017	-
Other EU	119,024	3,479	95,884	24,374
North America	672,647	-	713,631	-
	1,977,647	3,479	1,880,678	46,847

The disclosure of segmental information in respect of operating profits and net assets as required by Statement of Standard Accounting Practice 25 Segmental Reporting (SSAP 25) would, in the opinion of the directors, be prejudicial to the interests of the Group and accordingly has not been disclosed as permitted by SSAP 25.

Discontinued operations represent subsidiary undertakings disposed (note 12).

03 Analysis of continuing and discontinued operations

	2011	2011	2010	2010
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	€'000	€'000	€'000	€'000
Turnover	1,977,647	3,479	1,880,678	46,847
Cost of sales	1,717,986	2,843	1,606,179	39,949
Gross surplus	259,661	636	274,499	6,898
Selling and distribution expenses	194,377	414	210,683	3,181
Administration expenses	41,203	139	39,210	1,434
Goodwill amortisation	3,879	-	2,574	-
Operating surplus	**20,202**	**83**	**22,032**	**2,283**

Notes to the Financial Statements

04 Surplus on ordinary activities before taxation is stated after charging	2011	2010
	€'000	€'000
Depreciation	13,841	14,942
Goodwill amortisation	3,879	2,574
Operating lease rentals	7,947	7,333
Auditor's remuneration	601	591
Directors' fees	356	360

05 Employees and remuneration	2011	2010
	No.	No.
The average number of persons employed by the Group including executive directors, is analysed into the following categories:		
Production	1,107	1,206
Selling and distribution	1,823	2,166
Administration	346	361
	3,276	**3,733**

	2011	2010
	€'000	€ '000
The staff costs are comprised of :-		
Wages and salaries	117,177	130,506
Social welfare costs	19,967	23,080
Pension costs (included in operating surplus)	3,561	3,972
Staff costs included in operating surplus	**140,705**	**157,558**
Pension - other finance costs	201	177
Total charged to profit and loss account	140,906	157,735
Actuarial loss / (gain) on defined benefit pension schemes recognised in equity net of deferred taxation	13,983	(2,896)
Total aggregate payroll costs	**154,889**	**154,839**

These costs are recognised in the following line items in the profit and loss account and statement of recognised gains and losses respectively:

	2011	2010
Profit and loss account		
Cost of sales	31,145	32,884
Selling and distribution expenses	86,973	101,313
Administration expenses	22,587	23,361
Included in operating surplus	140,705	157,558
Other finance cost	201	177
Total charged to profit and loss account	140,906	157,735
Statement of total recognised gains and losses		
Actuarial loss / (gain) on pension schemes (net)	13,983	(2,896)
Total aggregate payroll costs	**154,889**	**154,839**

06 Exceptional items

	2011	2010
	€'000	€'000
Profit / (loss) on disposal of subsidiary company (i)	7,997	(2,181)
Disposal of UK building (ii)	2,988	–
UK Restructuring Costs (iii)	(3,411)	(840)
US Restructuring Costs (iv)	(2,098)	–
	5,476	**(3,021)**

Discontinued Operations

(i) In December 2010 the Group disposed of its French subsidiary Loyez Woessen S.A., a butter packing facility located in Northern France. This disposal was as a result of a strategic decision that the Group would centralise all its butter packing operations in the larger and recently constructed German facility. The disposal took place through a management buy out (note 12).
In March 2011 the Group disposed of its Belgian subsidiary IDB Benelux N.V., a salad producer (note 12).

Continuing Operations

(ii) During the period, following completion of the construction of a new powder blending and packing plant in the UK, the Group sold the land and building previously used for this purpose.

(iii) During 2010 the Group merged the activities of its two cheese packing facilities in the UK. The above costs represent the reorganisation cost of this restructuring. Following this merger a detailed strategic review was carried out in the UK, during 2011 which resulted in a decision to combine the operations of the two cheese packing facilities in the UK into one single site in Leek, UK. The costs included for 2011 above represent the costs to close the second facility.

(iv) Following the loss of a major customer in the Group's US distribution business, the group completed a major restructuring of this business. The costs above represent the reorganisation cost of this restructuring.

Notes to the Financial Statements

07 Interest payable (net)	2011	2010
	€'000	€'000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years, other than by instalments	6,570	7,062
Interest receivable:		
Interest receivable	(1,912)	(2,140)
	4,658	**4,922**

08 Taxation	2011	2010
	€'000	€'000
(a) Analysis of taxation charge in the period		
Current tax		
Irish corporation tax on the surplus for the period	982	910
Adjustments in respect of previous periods	(214)	302
	768	1,212
Foreign tax		
Foreign corporation tax on surplus for the period	1,133	3,500
Adjustments in respect of previous periods	(680)	(592)
	453	2,908
Total current tax	1,221	4,120
Deferred tax		
Origination and reversal of timing differences	1,656	684
Tax on surplus on ordinary activities	**2,877**	**4,804**
(b) Factors affecting tax charge for the period		
Surplus on ordinary activities before tax	20,902	16,195
Surplus on ordinary activities at the standard rate of corporation tax in Ireland of 12.5%	2,613	2,024
Effects of:		
Utilisation of tax losses	(199)	(1,091)
Expenses not deductible for tax purposes	1,486	807
Movement in other timing differences	(794)	905
Additional expenses deductible for tax purposes	(1,768)	(470)
Foreign rates of tax different from Irish rates	777	2,235
Adjustments in respect of prior periods	(894)	(290)
Current tax charge for the period	**1,221**	**4,120**

09 Annual Bonus Fund and Redeemable Loan Stock

The Board is empowered under the Rules of the Irish Dairy Board Cooperative Limited ("The Rules") to set up an Annual Bonus Fund and issue bonus shares and redeemable loan stock to the members based upon purchases of dairy products during the period from members. On an annual basis, an amount is transferred from Revenue Reserves to the Annual Bonus Fund in the Group's Financial Statements. The amounts allocated to redeemable loan stock (via a transfer to the Annual Bonus Fund) in 2011 is €4m (2010: €2m) and is subject to the later approval of the Board.

Following the ratification of the amount to be transferred to the Annual Bonus Fund and the calculation of each member's individual share, the Annual Bonus Fund is then applied in issuing, as fully subscribed Bonus Shares and Convertible Redeemable Loan Stock in the ratio of one share per each ninety nine units of Convertible Redeemable Loan Stock. These Bonus Shares and Convertible Redeemable Loan Stock are then issued to the holders of the A and B ordinary shares.

Members are entitled, at any time after the expiry of five years from the date of any issue of the units of Convertible Redeemable Loan Stock, to apply to the Board so as to have the loan stock redeemed. The Board has discretion as to whether, and to what extent the loan stock shall be redeemed. However, in the case of all approved redemptions they shall be paid in instalments of 50% in the first year and 10% in each of the following five years. When the redemption is ratified the value of the cash payment is reclassified as a liability.

During the period the Board decided to redeem the loan stock to the value of €7.9m issued in respect of the 2005 financial period, 50% was paid in cash and the remainder included in creditors in the balance sheet. In addition, the Board also paid out, in cash, during the period, payments in respect of prior periods' redeemed loan stock in the amount of €3,779,140.

During the period the Board also distributed redeemable loan stock and bonus shares in respect of the amount transferred to the Annual Bonus Fund in 2010 and intends to distribute redeemable loan stock and bonus shares in respect of the amount transferred to the annual bonus fund in 2011.

The movement in the Redeemable Loan Stock balance during the period was as follows:

	2011	2010
	€'000	€'000
At beginning of period	33,866	35,771
Transferred from Annual Bonus Fund	2,000	6,000
Redemption of Loan Stock	(7,920)	(7,845)
Issue of Bonus Shares	(20)	(60)
At 31 December 2011	**27,926**	**33,866**

Notes to the Financial Statements

10 Goodwill

	2011	2010
	€'000	€'000
Cost		
At beginning of period	38,609	38,609
Arising on acquisition of businesses:		
Meadow Ingredients USA, LLC	3,345	–
Thiel Cheese & Ingredients LLC	22,314	–
	64,268	38,609
Amortisation		
At beginning of period	20,645	18,071
Amortised during the period	3,879	2,574
	24,524	20,645
Net book amount		
At 31 December 2011	**39,744**	**17,964**

The cumulative amount of positive goodwill written off against reserves since 1976 relating to acquisitions made prior to the introduction of FRS 10 Goodwill and Intangible Assets is €54.6m (2010: €54.6m). On disposal of subsidiaries amounts are transferred back from reserves. In the prior period €0.4m has been transferred from reserves and charged to the profit and loss account in relation to the disposal of Loyez Woessen S.A. (note 12).
During the current period €4.3m has been transferred from reserves and charged to the profit and loss account in relation to the disposal of IDB Benelux N.V. (note 12).

The expected useful economic life of the above goodwill is 15 years.

11 Tangible assets

	Land and Buildings			Plant	
		Freehold	Leasehold	Equipment	
	Land	Buildings	Buildings	and Vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At beginning of period	10,071	128,723	139	145,745	284,678
Reclassification	(828)	828	–	–	–
Additions in the period	–	11,837	–	9,291	21,128
Acquired in business combination	132	1,718	–	1,029	2,879
Disposals in the period	(239)	(3,136)	–	(5,754)	(9,129)
Disposal of business	(643)	(3,144)	–	(7,432)	(11,219)
Translation adjustment	257	3,158	(1)	3,118	6,532
	8,750	**139,984**	**138**	**145,997**	**294,869**
Depreciation					
At beginning of period	–	51,160	94	103,867	155,121
Charge for the period	–	4,804	8	9,029	13,841
Disposals	–	(1,277)	–	(4,778)	(6,055)
Disposal of business	–	(2,676)	–	(6,053)	(8,729)
Translation adjustment	–	1,373	(18)	2,464	3,819
	–	**53,384**	**84**	**104,529**	**157,997**
Net book amount					
At 31 December 2011	**8,750**	**86,600**	**54**	**41,468**	**136,872**
At 01 January 2011	**10,071**	**77,563**	**45**	**41,878**	**129,557**

The buildings, plant, equipment and vehicles are insured at a value of €285.5m (2010: €282.2m).

12 Disposal of subsidiary company

During 2010 the Group disposed of Loyez Woessen S.A. which was registered in France.
During 2011 the Group disposed of IDB Benelux N.V. which was registered in Belgium.

	2011 €'000	2010 €'000
Details of the net assets disposed of are as follows:		
Tangible fixed assets	2,490	3,033
Stock	1,722	1,944
Debtors	3,046	4,460
Creditors	(2,988)	(4,598)
Net assets disposed of	4,270	4,839
Consideration	16,541	3,024
	12,271	(1,815)
Goodwill previously written off against reserves	(4,274)	(366)
Profit / (loss) on disposal	**7,997**	**(2,181)**

13 Acquisition of subsidiary undertaking

On 26 October 2011, the Group acquired a 100% interest in Thiel Cheese & Ingredients LLC.

	2011 €'000
Fair value of the net assets acquired at date of acquisition was as follows:	
Tangible fixed assets	2,879
Stock	3,694
Debtors	3,965
Creditors	(1,866)
Net assets acquired (excluding cash)	8,672
Goodwill arising on acquisition	22,314
Total acquired	**30,986**
Satisfied by:	
Cash consideration	30,986

On 1 August 2011, a deferred consideration payment of €3.0m was agreed to acquire the remaining 66.6% interest in Meadow Ingredients USA, LLC., not owned by the Group. This payment has been taken to goodwill as the liabilities were fully accounted in prior periods.

Net liabilities acquired	(335)
Goodwill arising on acquisition	3,345
Total acquired	**3,010**
Satisfied by:	
Deferred consideration	3,010

Notes to the Financial Statements

14 Financial assets

	2011	2010
	€'000	€'000
Trade investments - unquoted	**283**	**283**

In the opinion of the directors the fair value of trade investments is not less than the carrying value.

15 Stock

All stocks at period end consist of finished goods for consumption. There are no material differences between the replacement cost of stock and the balance sheet carrying value.

16 Debtors

	2011	2010
	€'000	€'000
Due within one year:		
Trade debtors	233,710	238,220
Prepayments	9,672	5,253
Corporation tax debtors	882	–
Other debtors	13,685	5,308
	257,949	248,781
Due after one year:		
Deferred taxation (i)	2,047	6,535
	259,996	**255,316**

	2011	2010
(i) Arising from:		
Tax losses carried forward	–	805
Other timing differences	2,047	5,730
	2,047	**6,535**
Deferred tax asset at start of period	6,535	6,613
Charge for the period	(4,829)	(471)
Exchange movements	49	357
Transfer to pension deficit	292	36
Deferred tax asset at end of period	**2,047**	**6,535**

17 Creditors : amounts falling due within one year

	2011	2010
	€'000	€'000
Trade creditors	197,529	178,664
Accruals	123,025	113,491
Taxation creditors (note 18)	2,808	4,245
Bank overdrafts (note 19)	–	2,843
Bank loans (note 19)	183,061	72,616
	506,423	**371,859**

18 Taxation creditors

	2011	2010
	€'000	€'000
Corporation tax	–	465
PAYE	1,588	1,574
PRSI	670	756
VAT	550	1,450
	2,808	**4,245**

19 Loans and overdrafts

	2011	2010
	€'000	€'000
Amounts falling due within 1 year	**183,061**	**75,459**
Amounts falling due between 1-2 years	**–**	**65,300**

In April 2009, the Group entered into a three year syndicated financing agreement with facilities available of €250m. Security over certain land and buildings, debtors, stocks and cash balances of the Group had been granted under this agreement. The Group was subject to certain financial covenants and other restrictions during the period of the agreement.

This agreement was terminated on 20 January 2012 and all security granted under this agreement was subsequently released.

In December 2011, the Group entered into a new three year syndicated financing agreement with facilities available of €160m. The Group also entered into agreements to the value of €190m to acknowledge invoices on behalf of the Parent Society's product suppliers to enable suppliers to receive early payment on invoices. This will have a positive impact going forward on the working capital of the Group as historically the Parent Society offered these early payment arrangements directly. These facilities were not drawn upon until after the period end.

All material subsidiaries of the Group entered into cross guarantees for the debts under these agreements and also are subject to a negative pledge that security will not be granted to any party during the course of the agreements.

The Group is subject to certain financial covenants and other restrictions during the period of these agreements.

Notes to the Financial Statements

20 Creditors: amounts falling due after one year

	2011	2010
	€'000	€'000
Other creditors	7,718	7,620
Deferred taxation (i)	1,530	4,692
Deferred consideration on acquisition (note 13)	3,010	–
Bank loans (note 19)	–	65,300
	12,258	**77,612**

	2011	2010
(i) Arising from:		
Accelerated capital allowances	**1,530**	**4,692**
Provision for deferred tax at start of period	4,692	4,258
(Credit) / charge for the period	(3,173)	213
Exchange movements	11	221
Provision for deferred tax at end of period	**1,530**	**4,692**

21 Provision for Liabilities

	Reorganisation Provision	Insurance Provision	Total
	€'000	€'000	€'000
At beginning of the period	331	1,963	2,294
Provided during the period	–	647	647
Utilised during the period	(149)	(1,012)	(1,161)
Amounts released unused during the period	–	(500)	(500)
At 31 December 2011	**182**	**1,098**	**1,280**

The reorganisation provision relates to employee termination costs to be paid in the future as a result of a divisional closure in Belgium in 2001. The amount utilised during the period relates to salary payments made during the period.

Insurance provision relates to reserves within the Group's insurance companies to cover claims incurred but not recorded at period end. The additional amount provided during the period reflects the period end reserves required. The amount utilised during the period is in respect of claims reported or paid during the period. The amount released during the period relates to provisions no longer required due to the commutation of liabilities under insurance policies.

22 Share capital

Authorised and Issued share capital	2011 No. of Shares	2011 €'000	2010 No. of Shares	2010 €'000
"A" Shares of €1 each	13,589	14	13,589	14
"B" Shares of €1 each	3,429	4	3,429	4
"C" Shares of €1 each	267	–	267	–
"D" Shares of €1 each	156	–	156	–
Bonus Shares of €1 each	1,502,656	1,503	1,482,656	1,483
Deferred ordinary shares of €1 each	17,916,961	17,917	17,916,961	17,917
		19,438		**19,418**

The Shareholding of the Irish Dairy Board is subdivided into a number of classes of shares.

The main classes of shares are A, B, C and D shares as well as Bonus and Deferred shares of €1 each.

The holders of "A" and "B" shares are entitled to bonus shares and convertible loan stock. They are also entitled to attend and vote at General Meetings of the Society.

Bonus Shares rank pari passu with "A" and "B" shares. Bonus shares issued during the year relate to the redemption of loan stock (note 9).

The holders of "C" and "D" shares are not entitled to bonus shares or convertible loan stock issued nor are they entitled to vote at General Meetings of the Society.

The holders of Deferred Shares do not have the right to attend or vote at the General Meetings of the Society.

23 Reconciliation of movement on other reserves

	Foreign Currency Translation Reserve €'000	Share Premium €'000	Total €'000
At beginning of period	(23,785)	32	(23,753)
Gain on translation of overseas subsidiary companies' net assets	4,902	–	4,902
At 31 December 2011	**(18,883)**	**32**	**(18,851)**

24 Capital levy account

	2011 €'000	2010 €'000
Balance at end of period	**256**	**256**

The balance on the capital levy account represents the excess of capital levy receipts for which deferred shares have not been issued.

Notes to the Financial Statements

25 Reconciliation of movements in members' funds	2011	2010
	€'000	€'000
Surplus for the period	17,852	11,483
Gain on translation of overseas subsidiary companies' net assets (note 23)	4,902	11,656
Actuarial gain on post retirement liabilities (net of deferred tax)	(13,983)	2,896
Goodwill reinstatement from reserves (note 12)	4,274	366
Redemption of loan stock (note 9)	(7,920)	(7,845)
Net addition to members' funds	5,125	18,556
Opening members' funds	403,021	384,465
Closing members' funds	**408,146**	**403,021**

26 Minority interest	2011	2010
	€'000	€'000
Opening minority interest	(126)	(17)
Profit / (loss) attributable to minority interest	173	(92)
Minority interest on acquisition of Meadow Ingredients USA, LLC	335	–
Foreign exchange movements	8	(17)
Closing minority interest	**390**	**(126)**

27 Net cash inflow from operating activities	2011	2010
	€'000	€'000
Operating surplus	20,285	24,315
Exceptional items	(2,098)	(840)
Depreciation of tangible assets	13,841	14,942
Goodwill amortised	3,879	2,574
Increase in stocks	(25,943)	(85,418)
Increase in debtors	(4,832)	(61,770)
Increase in creditors	21,411	40,376
Pension	(1,359)	(922)
Foreign currency non cash movement	(1,015)	(289)
Net cash inflow / (outflow) from operating activities	**24,169**	**(67,032)**

28 Analysis of net debt

	01 January 2011	Cash flow	Exchange movement	31 December 2011
	€'000	€'000	€'000	€'000
Net cash				
Cash at bank and in hand	17,417	21,483	412	39,312
Less: deposits treated as liquid resources	–	(13,700)	–	(13,700)
Bank overdraft	(2,843)	2,843	–	–
	14,574	10,626	412	25,612
Liquid resources				
Deposits included in cash	–	13,700	–	13,700
Debt				
Debts falling due within one year	(72,616)	(110,445)	–	(183,061)
Debts falling due after one year	(65,300)	65,300		–
Net debt	**(123,342)**	**(20,819)**	**412**	**(143,749)**

Liquid resources are deposit accounts with a maturity of less than 1 year when acquired.

29 Other financial assets

	2011	2010
	€'000	€'000
Restricted cash on deposit	**16,588**	16,155

Deposits of €11.1m (2010: €10.7m) were held at period end within the Group's insurance companies and are restricted for use by the Group other than for the purposes of insurance. Deposits of €5.5m (2010: €5.5m) were held in restricted bank accounts as cash security for the issue of certain letters of credit.

30 Capital commitments

	2011	2010
	€'000	€'000
Commitments for which contracts have been placed	**1,334**	12,285
Commitments approved but not contracted for	**9,566**	16,942

Notes to the Financial Statements

31 Pension scheme

The Group accounts for its defined benefit schemes in accordance with FRS17 - 'Retirement Benefits'.

The Parent Society and certain subsidiaries operate and contribute to defined benefit and defined contribution schemes in addition to a number of internally funded arrangements.

The total profit and loss account charge in respect to defined benefit schemes for the Group was a charge of €1.6m (2010: €1.8m) of which €1.4m (2010: €1.6m) has been charged against operating profit and €0.2m (2010 : €0.2m) has been charged within other finance costs.

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS17, are €33.4m (2010 : €20.2m) losses for the Irish scheme and €10.2m (2010: €6.4m) losses for the other schemes.

Contributions to defined contribution pension schemes in the period were €2.2m (2010: €2.3m).

The trustees of the Parent Society scheme have obtained an actuarial valuation dated 1 January 2008 using the projected unit valuation method. The trustees of the Adams Foods Limited scheme have obtained a valuation dated 31 December 2006. Valuations as at 31 December 2011 have been obtained for the internally funded schemes. These valuations, and the most recent actuarial valuations of the other post retirement schemes, have been updated by independent qualified actuaries who were employees of Mercer Limited to take account of the requirements of FRS17, in order to assess the liabilities of the schemes at 31 December 2011.

It has been agreed that an employer contribution rate of 20.6% of pensionable pay will apply in future years for the Irish scheme and the expected contributions for the coming financial period are €1.1m. For the other schemes it has been agreed that an employer contribution rate of 20% of pensionable salary plus an additional €0.4m will apply in future years and that the expected contributions for the coming financial period are €0.9m.

FRS 17 Retirement benefits

Financial assumptions

The major assumptions used by the actuaries to calculate scheme liabilities under FRS17 are:

	2011	2010	2011	2010
	Irish Scheme		Other Schemes	
	%	%	%	%
Inflation rate increase	2.00	2.00	2.40	2.80
Salary rate increase	3.00	3.00	4.25	4.65
Pension payment increases	2.00	2.00	2.40	2.80
Discount rate	5.00	5.50	4.70	5.35
Scheme assets				
Long term rate of return expected at each period end.				
Equities	7.20	6.60	4.90	6.00
Bonds	3.70	3.10	2.40	3.50
Property	6.20	5.60	4.90	6.00
Other	2.00	2.50	0.00	0.00

31 Pension scheme (continued)

In valuing the liabilities of the pension fund at 31 December 2011, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 old year to live for a number of years as follows:

	Irish Scheme		Other Schemes	
- Current pensioner aged 65	23 years male	25 years female	21 years male	24 years female
- Future retiree upon reaching 65	26 years male	27 years female	23 years male	26 years female

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Assets in schemes at period end	€'000	€'000	€'000	€'000	€'000	€'000
Equities	42,308	44,719	23,845	25,001	66,153	69,720
Bonds	8,635	8,968	11,354	8,696	19,989	17,664
Property	1,521	1,799	3,028	2,899	4,549	4,698
Other	3,122	5,411	87	100	3,209	5,511
	55,586	60,897	38,314	36,696	93,900	97,593
Actuarial value of liabilities	(72,586)	(65,177)	(43,465)	(39,291)	(116,051)	(104,468)
Recoverable deficit in schemes	(17,000)	(4,280)	(5,151)	(2,595)	(22,151)	(6,875)
Related deferred tax	2,125	535	1,365	779	3,490	1,314
Net pension liability	**(14,875)**	**(3,745)**	**(3,786)**	**(1,816)**	**(18,661)**	**(5,561)**

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Analysis of the amount charged to operating surplus during the period	€'000	€'000	€'000	€'000	€'000	€'000
Current service cost	804	1,037	590	634	1,394	1,671
Past service cost	–	–	–	–	–	–
Total operating charge	**804**	**1,037**	**590**	**634**	**1,394**	**1,671**

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Analysis of the amount (charged) / credited to other finance costs during the period	€'000	€'000	€'000	€'000	€'000	€'000
Expected return on pension scheme assets	3,442	3,644	2,014	1,849	5,456	5,493
Interest on pension scheme liabilities	(3,575)	(3,500)	(2,082)	(2,170)	(5,657)	(5,670)
Other finance costs	**(133)**	**144**	**(68)**	**(321)**	**(201)**	**(177)**

Notes to the Financial Statements

31 Pension scheme (continued)

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Actual return less expected return on pension scheme assets	(7,982)	4,006	(937)	3,090	(8,919)	7,096
Experience gains arising on the scheme liabilities	508	(3,562)	77	2,590	585	(972)
Changes in assumptions underlying the present value of scheme liabilities	(5,765)	(1,038)	(2,322)	(933)	(8,087)	(1,971)
Actuarial (loss) / gain recognised in STRGL	**(13,239)**	**(594)**	**(3,182)**	**4,747**	**(16,421)**	**4,153**

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Movement in benefit obligation during the period	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Benefit obligation at beginning of period	65,177	58,189	39,291	38,668	104,468	96,857
Current service cost	804	1,037	590	634	1,394	1,671
Interest on scheme liabilities	3,575	3,500	2,082	2,170	5,657	5,670
Plan participant's contributions	363	388	197	253	560	641
Actuarial (gain) / loss	5,257	4,600	2,245	(1,657)	7,502	2,943
Benefits paid	(2,590)	(2,537)	(1,716)	(1,687)	(4,306)	(4,224)
Exchange adjustment	–	–	777	910	777	910
Benefit obligation at end of period	**72,586**	**65,177**	**43,466**	**39,291**	**116,052**	**104,468**

	2011	2010	2011	2010	2011	2010
	Irish Scheme		Other Schemes		Total	
Movement in plan assets during the period	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Fair value of plan assets at beginning of period	60,897	53,963	36,696	31,282	97,593	85,245
Expected return on scheme assets	3,442	3,644	2,014	1,849	5,456	5,493
Actuarial gain / (loss)	(7,982)	4,006	(937)	3,090	(8,919)	7,096
Employer's Contributions	1,456	1,433	1,406	1,176	2,862	2,609
Plan participant's contributions	363	388	197	253	560	641
Benefits paid from plan	(2,590)	(2,537)	(1,716)	(1,687)	(4,306)	(4,224)
Exchange adjustment	–	–	654	733	654	733
Fair value of plan assets at end of period	**55,586**	**60,897**	**38,314**	**36,696**	**93,900**	**97,593**

	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
	Irish Scheme					Other Schemes					Total				
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
History of experience gains and losses															
Difference between the expected and actual return on scheme assets:															
Amount	(7,982)	4,006	6,089	(24,269)	(9,527)	(937)	3,090	3,674	(7,526)	(92)	(8,919)	7,096	9,763	(31,795)	(8,619)
Percentage of scheme assets	-14%	7%	11%	-57%	-14%	-2%	8%	12%	-30%	0%	-9%	7%	11%	-47%	-8%
Experience gains / (losses) on scheme liabilities:															
Amount	508	(3,562)	400	537	252	77	2,590	31	18	449	585	(972)	431	555	197
Percentage of past service scheme liabilities	1%	-6%	1%	1%	0%	0%	7%	0%	0%	1%	-1%	1%	1%	0%	0%
Total amount recognised in STRGL:															
Amount	(13,239)	(594)	5,572	(20,266)	(2,207)	(3,182)	4,747	2,172	(5,462)	2,028	(16,421)	4,153	7,744	(25,728)	(179)
Percentage of past service scheme liabilities	-24%	-1%	10%	-47%	-4%	-7%	12%	6%	-16%	0%	14%	-4%	8%	-29%	0%

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analysed, for the Group's Irish and other pension schemes, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in Assumption	Impact on Irish plan liabilities	Impact on other schemes plan liabilities
Discount Rate	Increase/decrease 0.25%	Increase/decrease by 4.3%	Increase/decrease by 4.3%
Price Inflation	Increase/decrease 0.25%	Increase/decrease by 4.1%	Increase/decrease by 3.1%
Mortality	Increase/decrease by one year	Increase/decrease by 2.2%	Increase/decrease by 2.3%

Notes to the Financial Statements

32 Financial commitments

a. Operating leases

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land and Buildings	Other	Land and Buildings	Other
	€'000	€'000	€'000	€'000
Expiring within 1 year	1,642	3,523	724	384
Expiring between 2 and 5 years	1,204	2,220	1,876	3,588
	2,846	**5,743**	**2,600**	**3,972**

b. Bank guarantees

The Group had outstanding guarantees at the period end relating to advance payments received on export refunds and other EU schemes as follows:

	2011	2010
	€'000	€'000
Bank guarantees	**4,096**	**7,492**

c. Other financial commitments

The Group had the following outstanding forward currency contracts at the period end in respect of foreign exchange risk on sales contracts entered into during the period in accordance with its foreign exchange hedging policy:

	2011	2010
	€'000	€'000
Forward foreign currency contracts	**279,540**	**193,735**

33 Related party transactions

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under FRS 8, Related Party Disclosures, pertain to transactions with members of the Parent Society entered into by subsidiaries of the Group.

Sales to members during the financial period ended 31 December 2011 amounted to €25.2m (2010: €26.9m) and purchases from members amounted to €785.3m (2010: €742.5m). Amounts receivable from and payable to members arising from the aforementioned sales and purchases transactions as at the balance sheet date are €9.8m (2010: €3.1m) and €96.3m (2010: €92.6m) respectively.

In general, the transfer pricing policy implemented by the Group across its subsidiaries is market-based. Sales to and purchases from other related parties (being members of the Parent Society) are conducted in the ordinary course of business and on terms equivalent to those that prevail in arm's-length transactions. The outstanding balances included in receivables and payables as at the balance sheet date in respect of transactions with members are unsecured and settlement arises in cash. No guarantees have been either requested or provided in relation to related party receivables and payables. In addition to the trading transactions outlined, the Group has also made a proposed transfer to the Annual Bonus fund which will be payable to the members (note 9).

There were no Director loans in existence during the period or outstanding at period end.

34 Significant subsidiary companies

	Incorporated in and operating from	% Holding	Activities
Irish Dairy Board Limited*	Ireland	100	Marketing Food Products
IDB Investment Limited*	Ireland	100	Group Financing
IDB Insurance Limited*	Ireland	100	Group Captive Insurance
IDB Reinsurance Limited*	Ireland	100	Group Reinsurance
IDB Treasury Limited	Ireland	100	Group Factoring and Financing
Salsola Limited*	Ireland	100	Group Financing
IDB Global BV	The Netherlands	100	Group Financing
Adams Foods Limited	United Kingdom	100	Manufacturing, Marketing and Distributing Dairy Products
Adams Food Ingredients Limited	United Kingdom	100	Manufacturing, Marketing and Distributing Dairy Products
Dairy Ingredients (UK) Limited	United Kingdom	91.6	Marketing and Distributing Food Products
The Meadow Cheese Company Limited	United Kingdom	100	Manufacturing, Marketing and Distributing Dairy Products
IDB Belgium N.V.*	Belgium	100	Manufacturing, Marketing and Distributing Food Products
IDB Deutschland GmbH*	Germany	100	Manufacturing, Marketing and Distributing Dairy Products
Irish Dairy Board Inc.	U.S.A.	100	Marketing Food Products
DPI Specialty Foods Mid Atlantic, Inc.	U.S.A.	100	Marketing and Distributing Food Products
DPI Specialty Foods Midwest, Inc.	U.S.A.	100	Marketing and Distributing Food Products
DPI Specialty Foods Rocky Mountain, Inc.	U.S.A.	100	Marketing and Distributing Food Products
DPI Specialty Foods West, Inc.	U.S.A.	100	Marketing and Distributing Food Products
DPI Specialty Foods Northwest, Inc.	U.S.A.	100	Marketing and Distributing Food Products
Thiel Cheese & Ingredients, LLC	U.S.A.	100	Manufacturing, Marketing and Distributing Dairy Products
Meadow Ingredients USA, LLC	U.S.A.	100	Manufacturing, Marketing and Distributing Dairy Products

In accordance with section 17 of the Companies (Amendment) Act 1986 , the Parent Society has undertaken to indemnify the creditors of its subsidiary companies incorporated in Ireland in respect of all losses and liabilities a referred to in section 5 (c) of that Act. The subsidiaries covered by this guarantee are An Bord Bainne (Management) Limited, IDB Investment Limited, An Bord Bainne (Sales) Limited, Irish Dairy Board Limited, IDB Premier Limited, An Bord Bainne (Services) Limited, An Bord Bainne Exports Limited. With the exception of Irish Dairy Board Limited and IDB Investment Limited included above, these subsidiary companies are not considered significant.

* These subsidiary companies are directly owned by the Parent Society.

35 Approval of financial statements

The financial statements were approved by the board of directors on 08 March 2012.

Board of Directors*

Vincent Buckley
Chairman

Jackie Cahill
Vice-chairman

Aaron Forde
Vincent Gilhawley
Michael Hanley
Liam Herlihy
Kevin Kiersey

Dan MacSweeney
Sean McAuliffe
John Moloney
John O'Brien
Ted O'Connor

Jim Russell
Conor Ryan
Jim Woulfe

Executives*

Kevin Lane
Chief Executive

Joe Collins, MD
Dairy Trading & Ingredients

Joe O'Flynn, MD
Consumer Foods

Anthony Proctor
Chief Operating Officer

Cathal Fitzgerald
Financial Director

Mick Mullagh
Group Human Resources Director

Anne Randles
Secretary & Director Administration

Subsidiary Executives*

Consumer Foods:

John Jordan
Sales & Marketing Director
IDB Dublin

Gisbert Kügler
Managing Director
IDB Deutschland GmbH.

Ian Toal
Chief Executive
Adams Foods Ltd.

James O'Regan
Managing Director
IDB Belgium N.V.

Neil Cox
President
Irish Dairy Board Inc.

Dairy Trading & Ingredients:

Bernard Condon
Commercial Director
IDB Dublin

Steven Howarth
Managing Director
Adams Food Ingredients Ltd.

Angus Galbraith
Managing Director
Dairy Ingredients (UK) Ltd.

David Smyth
Managing Director
Meadow Cheese Company Ltd.

Thomas E. Ferris
CEO
Meadow Ingredients USA LLC.

Gary Kerrigan
President
Thiel Cheese & Ingredients LLC.

DPI Specialty Foods (USA):

James De Keyser
President National Sales & Business Development

Cheryl Clary
CFOs
(Financial)

Francis Haren
COO
(Operating)

Mark Dahmn
CSO
(Strategy)

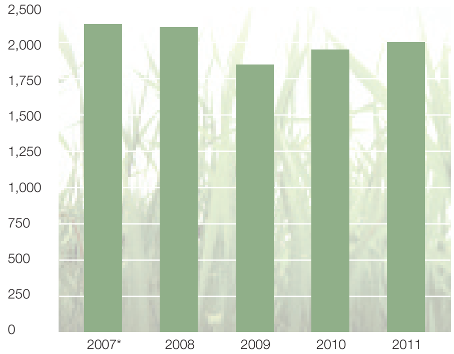
* At date of approval of Financial Statements.

Group Five Year Review

Group turnover & members funds

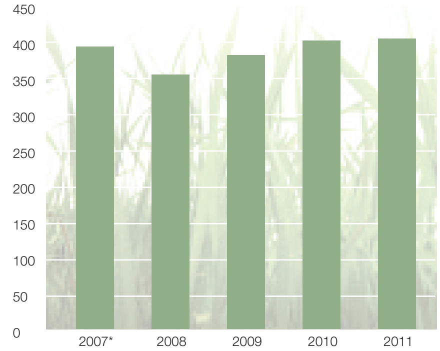
Group Turnover

€1,981 million



Members Funds

€408 million



	2007*	2008	2009	2010	2011
	€'000	€'000	€'000	€'000	€'000
(a) Historical values					
Turnover	2,104,291	2,090,495	1,822,753	1,927,525	1,981,126
Operating surplus	34,788	24,269	37,663	24,315	20,285
Surplus before taxation and exceptional items	34,015	17,787	31,949	19,216	15,426
Net current assets	261,580	250,648	328,768	340,558	263,836
Members' funds	395,687	358,606	384,465	403,021	408,146
(b) Financial ratios					
Net borrowings as % of members' funds	40	58	7	31	35
Current assets: current liabilities	1.58	1.60	2.19	1.92	1.52
Operating surplus as % of sales	1.65	1.16	2.07	1.26	1.02
Net interest payable as % of operating surplus	7	31	12	20	23
Retained surplus					
as % of sales	1.24	0.64	1.39	0.60	0.90
as % of members' funds	6.60	3.71	6.59	2.85	4.37

* as restated

Snapshot of 2011

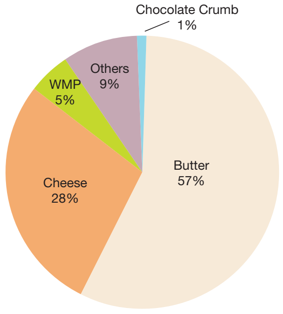
Monthly Milk Intake 2011	Tonnes ('000)
Jan	151
Feb	224
Mar	462
Apr	653
May	760
Jun	722
Jul	690
Aug	597
Sep	498
Oct	389
Nov	241
Dec	150

Production of Irish Dairy Products ('000 Tonnes)	2010	2011
Butter	135	146
Cheese	161	165
WMP	34	38
Chocolate Crumb	35	35
SMP (inc BMP)	74	81
Proteins	40	44

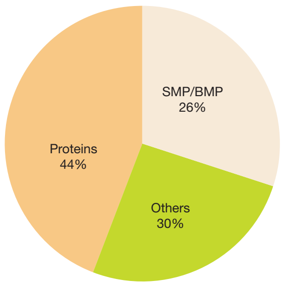
Whole Milk Utilisation 5,407,851 (Tonnes)	2011
Butter	57%
Cheese	28%
WMP	5%
Others	9%
C.Crumb	1%

Skim Milk Utilisation 3,042,983 (Tonnes)	2011
SMP/BMP	26%
Proteins	44%
Others	30%

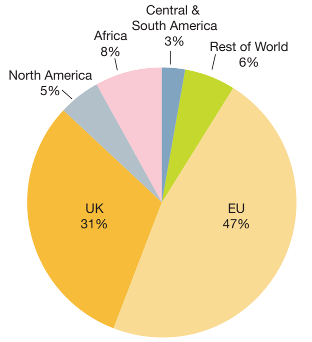
2011 Whole Milk Utilisation



2011 Skim Milk Utilisation



2011 Sales by Destination (Revenue)



Irish Dairy Board

The Irish Dairy Board
Co-operative Limited
Head Office,
Grattan House,
Mount Street Lower,
Dublin 2, Ireland.
Tel +353 1 661 9599
Fax +353 1 661 2778