CELEBRATING 50 YEARS

Annual Report 2012

Irish Dairy Board

Our Business

The Irish Dairy Board (IDB, the Group or Parent Society) is Ireland's largest exporter of premium dairy products and a leading international food company with a global footprint that extends to over 90 countries.

The IDB has annualised sales of over €2 billion. Headquartered in Dublin, the business employs some 3,100 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, Dubliner, MU 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 and Ingredients and DPI, a specialty food distribution company in the US.

Group subsidiaries in the UK, Germany and the US 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.

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.

Contents

Financial Highlights

Group Turnover
€2,028m
2011: €1,981m
▲ 2% increase

EBITDA
€42.1m
2011: €38m
▲ 11% increase

Cash/(Debt)
€10.7m
2011: (€143.7m)
Debt Free

Members' Bonuses
€9.5m
2011: €9m
▲ 6% increase

Operational Highlights

The IDB delivered strong earnings growth in 2012

- A strong EBITDA – up 11% year-on-year
- Turnover exceeded €2 billion
- Members' bonuses of €9.5 million
- Strong balance sheet with net assets of over €405 million
- Debt free at year end

Group at a Glance

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, Dubliner, Pilgrims Choice, MU and Beo brands and the Consumer division activities are supported by cheese packing facilities in the UK and butter packing in Germany. The Dairy Trading & Ingredients division sells and trades products across the globe and its 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 ambient distribution to both local and national retail and foodservice customers. The network consists of four operating divisions, each with their own marketing, sales, warehousing and distribution facilities.

IDB Key Subsidiaries

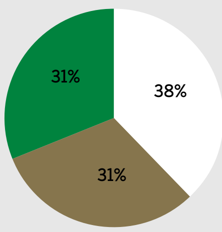
Consumer Foods	Dairy Trading & Ingredients	DPI Specialty Foods
Germany	UK	US DPI Specialty Foods West Intermountain West Mid Atlantic Dedicated Logistics
UK	US	
US	Ireland	
International		

Number of employees

3,100

Group Turnover

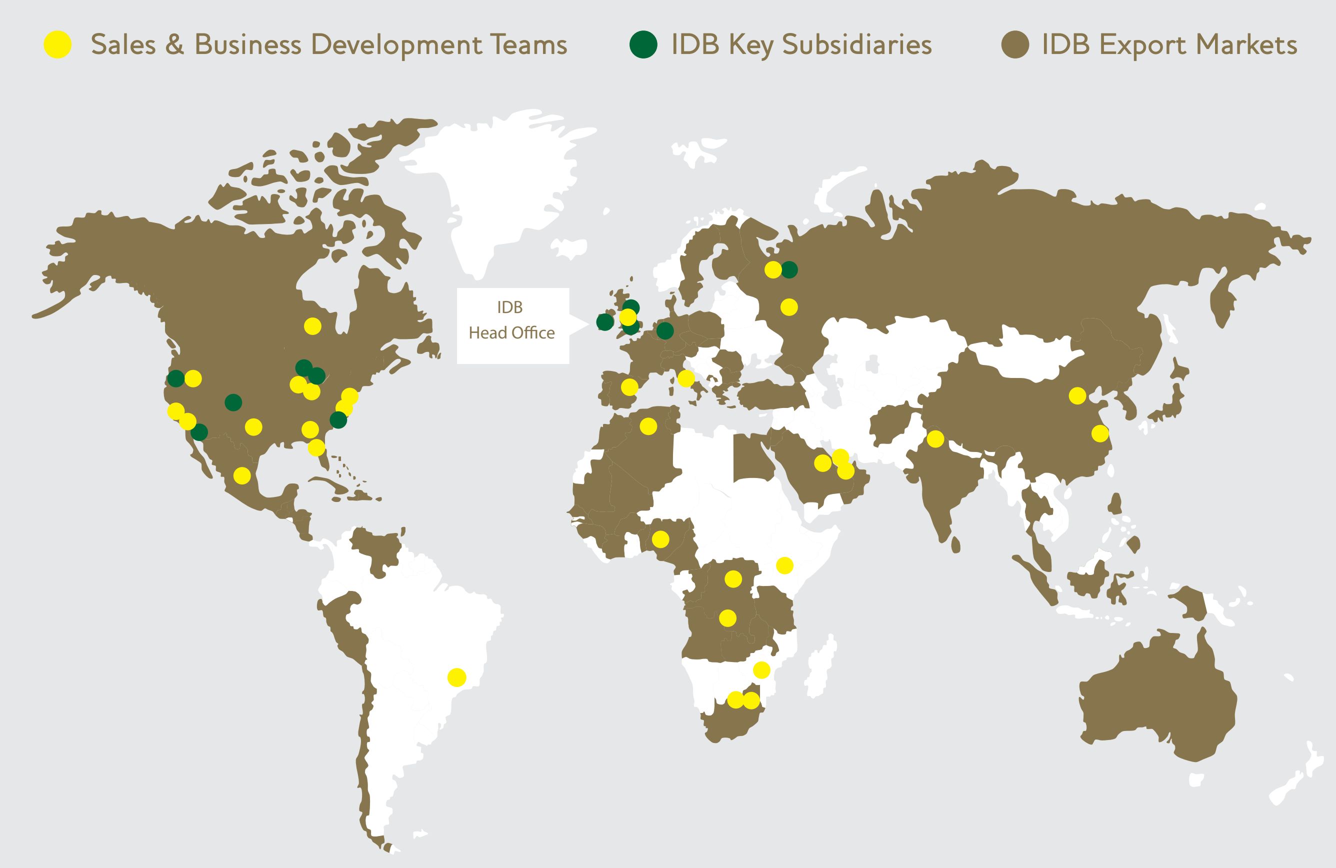
Consumer Foods (2012: 38%)
Dairy Trading & Ingredients (2012: 31%)
DPI Specialty Foods (2012: 31%)



Market Positions

No.1	• No. 1 butter brand in Germany • 15.3% share of butter market and 50% branded share
No.2	• No. 2 cheddar cheese brand in the UK market
No.1	• No. 1 imported butter in the US • Annual double digit growth
350m	• Over 350 million packets of Kerrygold sold annually • The brand retails at €0.5 billion RSP

IDB Global Business



Countries We Export To:

Afghanistan
Algeria
Angola
Australia
Austria
Bahamas
Bahrain
Barbados
Belgium
Bermuda
Burkina Faso
Canada
Central African Rep
Chad
Chile
China
Congo
Congo (Dem Rep. of)
Costa Rica
Cyprus
Czech Republic
Denmark
Dominican Republic
Egypt
El Salvador
Equatorial Guinea
France
Gabon
Gambia
Germany
Gibraltar
Greece
Guinea
Hong Kong
Hungary
India
Indonesia
Iran
Iraq
Israel
Italy
Ivory Coast
Japan
Jordan
Kenya
Korea (Rep. of)
Kuwait
Liberia
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Netherlands
Nigeria
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Saudi Arabia
Senegal
Seychelles & Dependent
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Tanzania
Thailand
Togo
Trinidad & Tobago
Tunisia
Turkey
U.S.A.
Un.Arab Emirates
United Kingdom
Venezuela
Vietnam
Zambia
Zimbabwe

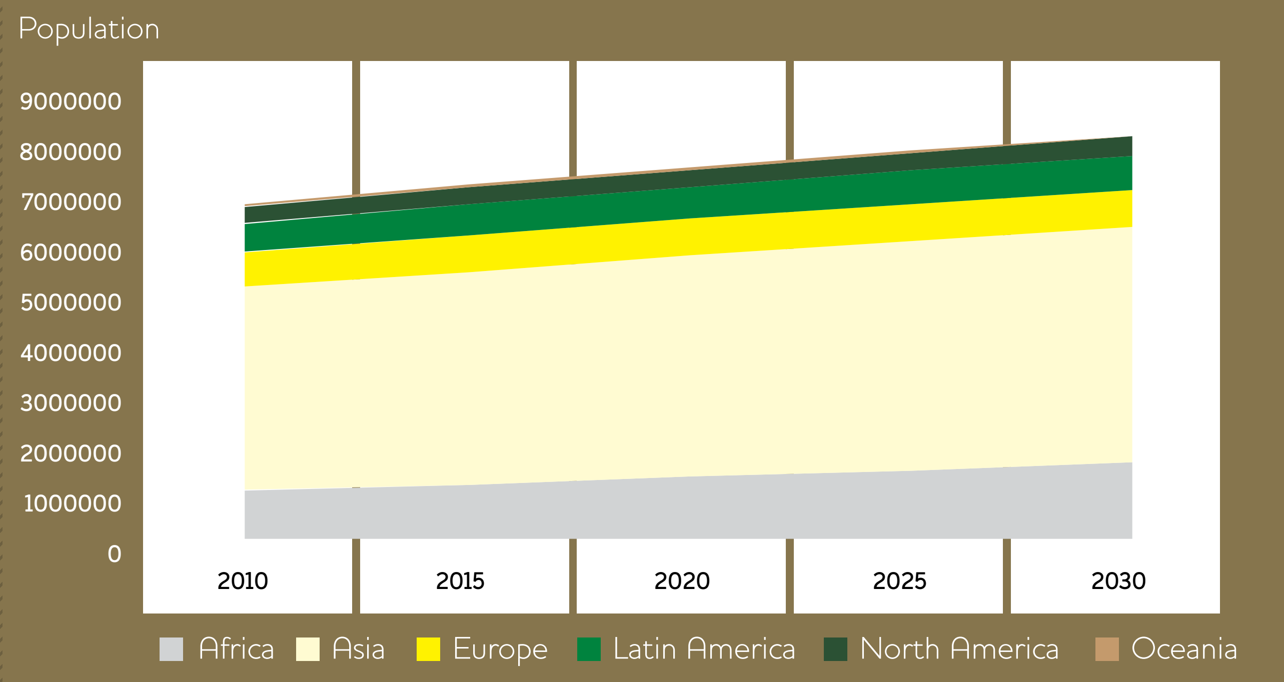
Group Strategy

Future global dairy demand growth will be driven by emerging markets

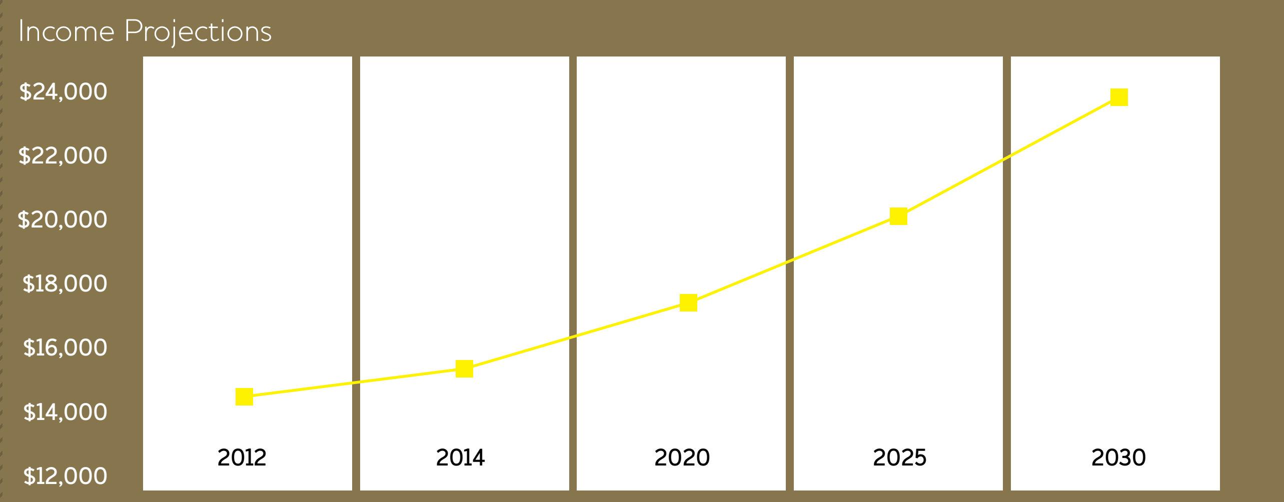
'Future global dairy demand growth will be driven by population and GDP growth in emerging markets. IDB personnel are on the ground, living and working in new markets such as China, Russia, the Gulf States, Algeria and South Africa to develop sustainable routes to market for Irish dairy products.'

Kevin Lane, CEO, IDB

One billion new emerging consumers by 2020



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects.



Source: Dataset: Economic Outlook No 91 - June 2012 - Long-term baseline projections (IDB calculations).

Building new routes to market for Irish dairy products

The focus of the IDB's growth strategy is to build new routes to market for Irish dairy produce. This task is all the more crucial given the impending abolition of milk quotas in 2015. The IDB is working hard to meet the objectives set out in the Irish Government's Food Harvest 2020 Report, which targets a 50% increase in output by 2020 following milk quotas being removed in 2015.

Milk Growth Projections 2011 – 2020

	2011	2020
Milk volume (tonnes)	5.5m	8.25m
% Increase		50%

Source: IDB Calculations

IDB Business Strategy

The implementation of the Group's Business Transformation Strategy is delivering results across the business.

Operational Excellence

- Drive for excellence
- Focus on cost efficiencies/lean manufacturing
- Integration of manufacturing facilities

Value Added Growth

- Develop more innovative products
- Increase marketing spend and investment in our brands and technology
- Significant in-market investment

Market Expansion

- Focus on growing new customers
- Grow in our core geographies of UK, Mainland Europe & US
- Accelerate growth in new markets - Russia, Middle East, Africa and China

Talent Placement & Development

- Continue to develop our people and recruit key executives

Chairman's Statement

"The 2012 results are a clear indication that the implementation of the on-going business transformation strategy is delivering positive results."

2012 was a year of contrasts. The Group's positive trading performance, and in particular the performance of the Group's dairy businesses, is welcome. Group turnover exceeded €2 billion, up 2% on the previous year. Group EBITDA was up 11% to €42.1 million, with Operating Surplus up 2% to €20.7 million. Almost €13 million was paid out to members in the form of redeemable loan stock and cash bonus in the course of the year, while a members' cash bonus of a further €5 million has been declared from the 2012 results and €4.5 million is to be allocated to the annual bonus fund for redemption in five years time. Moreover, the business was debt free at year end, reflecting the positive impact on working capital from the reverse invoice discounting facility entered into as part of a three year syndicated financing agreement at the end of 2011. With its strong balance sheet, the IDB is well positioned for future growth and investment.

The 2012 results are a clear indication that the implementation of the on-going business transformation strategy is delivering positive results. Branded sales were up 7% and the IDB's recent acquisitions have been successfully integrated and are performing ahead of plan. The IDB board has also supported significant increased investment in brands, facilities and in-market resources, as well as in innovation and in routes to market, in preparation for the expansion in milk output in Ireland, post 2015.

The trading performance of our Dairy Trading & Ingredients division benefitted from the additional contribution of Thiel Cheese & Ingredients in the US and the acquisition of The Cheese Warehouse in the UK. The division's Irish and international cheese ingredients and trading operations also performed well. Lean manufacturing continues to drive efficiencies and savings throughout our operations and a number of new innovative dairy ingredients were successfully commercialised during 2012.

Our Consumer Foods division also performed strongly. In 2012, the 50th anniversary year of the launch of Kerrygold, the IDB achieved record branded sales growth in our core markets of Germany, the UK and the USA. This achievement was aided in no small part by a significant step up in marketing and innovation investment and by the appointment of a number of in-market sales personnel in new growth markets.

I am pleased to report progress made on the restructuring of our US distribution business, DPI. The business is on a more stable footing and its cost base has been aligned to the new business environment in the US.

2012 proved to be a more challenging year for our farmer suppliers. The positive global market situation leading into the year, stimulated over-supply in the first half of 2012, and consequently weakened market returns. Declining milk prices in Ireland, coupled with wet weather and higher feed/fodder and other production costs, led to a sharp curtailment in domestic milk output. Prices did start to firm from July on the back of a tighter supply outlook, with total Irish milk production finishing the year down 2.7% on 2011.

Despite a cold and wet Spring, the continued improvement in market sentiment in the first quarter of 2013 sets a more positive tone for the year ahead. Notwithstanding recessionary pressures and austerity measures in many of our key markets, demand for our quality dairy products has remained resilient and on-going supply constraints, particularly in Oceania, will help support milk prices in the coming months. The market volatility of recent years, and the price swings in particular over the last two years, are an important lesson to us all as we prepare for the removal of milk quotas in 2015. While global demand for dairy products is on a long term positive growth trend, a considered approach to expansion is important. The major growth markets for incremental milk post 2015 will be in more volatile, higher risk markets and farmers will need to take a number of factors into account when considering whether to expand; not least market demand, the inevitable volatility of market returns, escalating input costs and investment requirements.

The IDB's continued focus for the coming year will be on building routes to market for Irish milk and routes to value to enhance profitability. We plan to invest further in our operations and our people, as well as in acquisitions, brands and product innovation. I would like to thank once again my fellow board members for the support they have given me and the organisation over the last 12 months. I would like to thank John Moloney for his contribution to the IDB during his 13 year tenure on the board. In turn I extend a warm welcome to our new board member, Jim Bergin. A special note of thanks must go to my Vice Chairman, Jackie Cahill, for his support and contribution.

It is also appropriate to acknowledge the valuable input of Government and the state bodies in facilitating the promotion and export of Irish dairy products. The Department of Agriculture, Food and the Marine is a committed partner in the development of our industry and Minister Coveney and his officials have played a key role in launching a number of important initiatives to highlight the inherent sustainability of Ireland's grass-based production system. The output of these initiatives will be presented to the market in 2013, and will reinforce the unique sustainable attributes of Irish dairy products.

The management and staff of the IDB globally, under the leadership of the Chief Executive, Kevin Lane, are working to maximise the Group's sustainable profitability, as well as the return for the high quality output of our farmers and member processors. I thank them for their efforts and I particularly thank Kevin Lane for his leadership of the business and implementation of board policy.

A final word of appreciation must go to our farmers and members for their commitment to the IDB and for their contribution to making our business the success that it is and that it will continue to be into the future.

Vincent Buckley
Chairman

Chief Executive's Report

"In 2010 we outlined a business transformation strategy encompassing four core pillars – Operational Excellence, Value Added Growth, Market Expansion and Talent Placement and Development. 2012 saw considerable progress in the realisation of that strategy."

2012 was a strong year for the IDB with the implementation of our business transformation strategy now clearly starting to bear fruit across the Group. The Group achieved solid earnings growth, despite challenging conditions in the first half of the year. We are delivering on our mission to build sustainable new routes to market for an expanding portfolio of Irish dairy products. In doing this we have further strengthened our business and positioned it to take advantage of the exciting opportunities emerging in our industry.

Business Performance

A strong EBITDA performance was reported in 2012, up 11% year-on-year, which enables €9.5 million to be paid out in members' bonuses. We ended the year with a very strong balance sheet, with net assets of €405 million, no debt, and cash of €10.7 million. This positions the Group very well for the future growth anticipated.

Delivering on our Business Strategy

In 2010 we outlined a business transformation strategy encompassing four core pillars – Operational Excellence, Value Added Growth, Market Expansion and Talent Placement and Development. 2012 saw considerable progress in the realisation of that strategy.

Pillar 1 – Operational Excellence

2012 saw the completion of a €70 million capital investment programme in our UK subsidiaries as well as substantial investments in Thiel Cheese & Ingredients in the US and at Adams Food Ingredients in the UK.

The implementation of lean manufacturing principles has delivered an additional €1.6 million in annualised benefit to the business in 2012. This brings accumulative savings since the programme began in January 2011 to €7.3 million. This programme continues to be rolled out across all facilities.

Work progressed to consolidate the IDB's Consumer Foods manufacturing footprint in the UK, which is expected to drive further operating efficiencies in the future.

Pillar 2 – Value Added Growth

Growth through innovation being critical, we again invested heavily in our R&D capability.

In 2012 we brought over 50 new products and range extensions to market, responding to changing consumer demand and tastes. Among the new product ranges were MU in the UK and Beo in Sub Saharan Africa. We are particularly excited about the successful launch of Kerrygold Bratcreme in Germany, a liquid butter and rapeseed oil blend for cooking.

Investment in our consumer insights capability is playing an increasingly important role in the development of our business. 2012 saw an additional 40% increase in marketing, advertising and promotional spend, with an increased focus on digital media.

Pillar 3 – Market Expansion

We saw continued growth by our core brands and in our core markets.

- In Germany, Kerrygold butter achieved a 15.3% share of the butter market and a 50% branded share
- In the UK, Pilgrims Choice sales volumes grew 31% year-on-year following a successful marketing programme
- The US continues to enjoy annual double-digit growth

2012 saw the strategic acquisition of The Cheese Warehouse in the UK. Both The Cheese Warehouse and Thiel Cheese & Ingredients, acquired by the Group in 2011, are performing well and opening new market opportunities in our core markets.

Continuing our expansion into new markets, I am delighted to report on the exciting growth we are experiencing in the emerging markets of Russia, China, North Africa and the Middle East. We have invested in developing an in-market sales presence in each of these key regions, to drive the development of our business.

Pillar 4 - Talent Placement & Development

The Group has invested carefully to ensure that we have the right structures and people in place to achieve our growth objectives.

We made two strategic appointments to the executive team and we have enhanced our management structures in the UK, the US and in the International Markets division.

We are heavily investing in the training and development of our staff throughout the business in order to underpin strategy delivery, operational excellence and to provide the next generation of executive management for the organisation.

Making Our Business More Sustainable

The IDB is taking a leadership role within the industry to promote the sustainability of Irish farming and Irish dairy products. We set rigorous industry standards, in conjunction with our members, across all areas of our business to protect and further enhance Ireland's reputation as a source of sustainably produced dairy products.

Looking to the Future

The Group has made significant investment over the past three years to strengthen the business. Our business strategy is clearly delivering results and the outlook is strong for 2013. We will continue to invest in our people, develop new products and build and enhance new routes to market ensuring IDB's role in driving the growth potential of the Irish dairy sector. We are ready to take advantage of the opportunities that will exist in a post quota environment in 2015.

I would like to thank sincerely the board of Directors, the executive, our staff, our members, and the farmers we represent, for their hard work and commitment and the tremendous support they have shown throughout the year. I look forward to building on our successes together in 2013.

Kevin Lane
Chief Executive

IDB Global Business Reports

Consumer Foods

"The division reported a strong performance in 2012 driven by branded sales growth in all of its core markets."

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

The division reported a strong performance in 2012 driven by branded sales growth in all of its core markets, UK, Germany, and the US, with total branded volumes up 7% in the year. The business accounts for 38% of the Group's total sales by value.

The strong performance was underpinned by increased investment in marketing, product innovation and market insight capabilities. The international roll-out of the reinvigorated Kerrygold branding was completed and supported with increased in-market investment.

Germany
IDB Deutschland GmbH

The IDB celebrates its fortieth year in Germany in 2013 and begins the year in its strongest ever market position. Despite a challenging economy with weak consumer sentiment, Kerrygold's market share rose to 15.3% in value in 2012, extending its clear number one butter brand position in Germany.

Kerrygold extra, a spreadable blend of Irish creamery butter and rapeseed oil, delivered another year of double-digit growth.

Business growth was underpinned by new product developments across butter and cheese ranges. Cheese sales grew by 44% in 2012. This performance provides a very solid base for continued growth.

Kerrygold's success in Germany over the last 40 years was acknowledged jointly by an "Outstanding Achievement" award from Enterprise Ireland and the German-Irish Chamber.

The Group continues to invest in its German facilities to ensure capacity meets the demand of the growing German market.

> "Kerrygold's market share rose to 15.3% in value in 2012, extending its clear number one butter brand position in Germany"

IDB Global Business Reports

Consumer Foods (continued)

UK
Adams Foods Limited

2012 was a transformational year for Adams Foods Limited (AFL). Operations were streamlined and investment decisions were targeted at improving efficiency and reducing costs throughout the division. The business delivered a good performance against a challenging market background.

The business substantially increased investment in its marketing programmes. The rebrand of Pilgrims Choice successfully repositioned it in the cheese market, increasing its market share by 50% and delivering double-digit volume growth on the prior year. Pilgrims Choice is now the UK's clear number two cheddar brand. Investment will continue in 2013 as the business focuses on developing lighter variants and formats.

MU cheese, the 'young family' brand, had a very strong year. It extended its product range with the launch of MU Sticks and MU Patz, further cementing the brand's positioning as a cheese for young families.

Kerrygold relaunched in the year with a new premium positioning, new softer block butter and a new TV advertising campaign which highlights that Kerrygold is from 'the land of better butter'.

The launch of a new Adams Foodservice division, already delivering sustainable business growth, was a major highlight of the year as were substantial contract wins with two major UK retailers.

The business continues to invest in developing its brands and the new AFL Innovation Centre at Leek will be instrumental in positioning AFL at the forefront of cheese product and packaging innovation. Construction of the new facility commenced in October 2012.

US
IDB Inc

The US Consumer Foods division enjoyed a record-breaking performance demonstrating the resilience of the Kerrygold brand offering, even in a market faced with significant economic challenges.

The US cheese market is continuing to grow with the growth emphasis shifting from processed cheese to more premium cheeses. Kerrygold is well positioned to take advantage of this trend and Kerrygold Dubliner Cheese is achieving considerable traction in the market place.

In the dairy category, Kerrygold butter continues to benefit from an ongoing consumer trend towards products with simple natural ingredients. Kerrygold is now ranked in the top ten butter brands and the number one imported butter brand in the US. It continues to deliver double-digit sales growth year-on-year.

Kerrygold's ad campaign in key US food magazines was extended to TV in 2012, with the brand launching its first US TV campaign on The Cooking Channel in Quarter 4 2012. The two vignette style ads, featuring Kerrygold Butter and Kerrygold Dubliner Cheese, focus on the taste, quality, and natural origins of the brand. This campaign will continue through 2013.

Kerrygold's reach in social media continues to grow, providing a platform for the brand to engage directly with its consumers. A number of successful social media campaigns were run during the year.

"The strategic goal of building successful businesses in emerging markets continues to yield encouraging results."

International Markets

The International Markets division continues to perform well. The business focuses on selling premium products under the Kerrygold, Beo, and Pilgrims Choice brands. Building new sustainable markets is critical to growing the business.

2012 demonstrated the benefits of a diversified international sales strategy. While some of the traditional European markets struggled with the worst effects of the economic downturn, the division saw strong growth in developing markets, notably the Middle East and North Africa.

Market share for Kerrygold and Beo in the milk category continued to build in Sub-Saharan Africa as a result of increased marketing investment and the successful rollout of a major packaging redesign.

The strategic goal of building successful businesses in emerging markets continues to yield encouraging results. 2012 saw further foundations for growth being laid with the incorporation of IDB Russia. This will facilitate expansion in the years ahead.

In addition to substantially increased marketing investment, the sales and marketing teams for the division have been re-organised and resources augmented in order to accelerate sales in identified regions.

IDB Global Business Reports

Dairy Trading & Ingredients

Global Dairy Markets

2012 was a very volatile year for global dairy markets. Butterfat in particular experienced a turbulent year. Low opening stocks kept prices firm in the first quarter of the year. A combination of excellent weather conditions in both the Northern and Southern Hemispheres in the first half of the year drove milk output higher and product prices dramatically lower. From June the weather conditions on both sides of the Atlantic deteriorated dramatically. Cold and wet conditions prevailed in Europe while the Mid West in the US suffered from very hot and dry conditions. Consequently, milk supplies declined in the second half of the year and product prices firmed to close the year at similar levels to the first quarter.

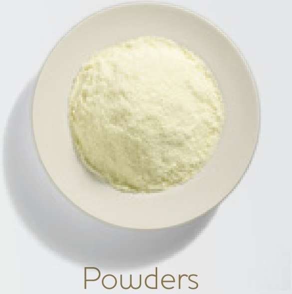
Dairy Trading & Ingredients Ireland is responsible for the procurement of Irish and non-Irish dairy products and for the sale of dairy ingredients to food manufacturers and foodservice customers. The business seeks to maximise returns for its members. This is achieved through efficient dairy commodity trading and the development and supply of innovative and functional food solutions to its customers in global markets.

The business reported good results driven by strong contributions from the Group's Irish and international added-value cheese ingredients operations in 2012, with turnover increasing by 9.5% to €621 million. This represents a solid performance in a challenging market. The business accounts for 31% of the Group's total sales by value. Purchases from members were in line with expectations.

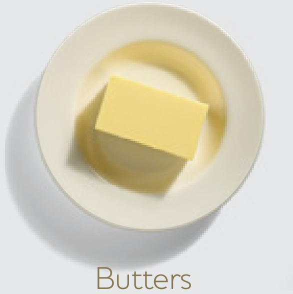
The trading business performed well with c. 10% of total turnover coming from non-member product. As well as being a key contributor to overall profitability, this also positions the IDB well to manage the increased volume of Irish product expected in the run into and post 2015.

The Group continues to invest heavily in research and development capability. A number of innovative dairy ingredients were commercialised in 2012 with further significant launch plans for 2013. The product innovation pipeline shows great promise and the business is confident of an increased number of profitable, new product commercialisations in 2013.

The removal of quota in 2015 is the key opportunity facing the IDB and the whole dairy sector. The business is working in close partnership with its members to ensure production capacity matches the requirements of new sustainable routes to markets. Our work now, implementing the proper structures, will ensure that we are positioned to take full advantage of the changes that are coming.



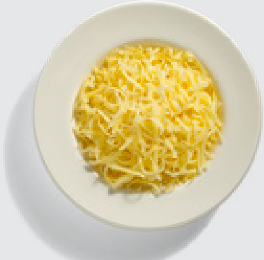
Powders



Butters

Traditional Cheeses

Specialist Powder Formulations



Functional & Processed Cheeses

Sauces & Desserts

DAIRY INGREDIENTS (UK) LIMITED

UK

Dairy Ingredients (UK)

Dairy Ingredients (UK) Ltd, (DIUK) is a butter trading operation and a major supplier to the UK food ingredient sector. 2012 saw a strong performance with the benefits of increased trading volumes augmented by restructuring efficiencies.

DIUK is a key route to market for Irish butter as the Group prepares for increased milk and product output coinciding with the removal of quota post 2015.

Adams FOOD INGREDIENTS

Adams Food Ingredients Limited

Adams Food Ingredients (AFI) is a leading powder specialist blending company based in Leek. AFI buys and blends predominantly dairy-based ingredients to supply to major food manufacturing companies. Following investment in its new plant, AFI has recently started to supply specialised, retail-size products to multi-national brand owners.

AFI relocated to a state-of-the-art manufacturing facility at the end of 2011, with some challenges on transfer which have now been resolved. The purpose built Innovation Centre has had some notable successes in 2012 with the launch of a new powder blend for a customer in Sri Lanka and the launch of Yogurt Ice Cream at Gulfood, the world's biggest food and hospitality show, in February 2012. This product has now been commercialised with several customers.

The focus on export customers has brought some positive growth and this focus will continue through 2013. AFI will be exhibiting at IFE for the first time in 2013 where it expects to launch a number of new products to UK and international buyers.

IDB Global Business Reports

Dairy Trading & Ingredients (continued)

"A number of innovative dairy ingredients were commercialised in 2012 with further significant launch plans for 2013."

UK (continued)

The Meadow Cheese Company Limited

The Meadow Cheese Company Limited (Meadow Cheese) manufactures and supplies functional dairy based ingredients to the food manufacturing sector.

Meadow Cheese has adapted to the tough trading environment over recent years, building relationships with key customers, and tailoring its product and service offering to support long term sustainable growth. The business finished the year strongly, performing particularly well in the dessert sector.

Innovation remains a key focus for Meadow Cheese. 2012 saw the development of several new processed products, incorporating unique melt characteristics and flavour technology.

The business also developed several new jelly flavours to support its dessert portfolio. Record results were achieved at The International Cheese Awards with seven gold medals and 17 awards in total.

The business has seen significant operational gains from its continuous improvement programme as well as improvements in On time – In Full Deliveries to customers in the UK and internationally. A new management structure has been implemented since year end and is tasked with driving sustainable growth.

The Cheese Warehouse Limited

The Cheese Warehouse provides quality cheeses, innovative ideas, NPD, technical support, and expertise to meal makers, primarily in the UK, with an emphasis on formatted, chilled products.

Acquired by the IDB in July 2012, the company strengthens and complements the IDB's existing cheese business through an increased presence in the UK foodservice, particularly in the growing food manufacturing sector.

The Cheese Warehouse was recognised as one of an elite group of businesses that are leading the health agenda in the UK at the Footprint Health & Vitality Honours Awards. The company also celebrated eight medals plus a trophy at the acclaimed 2012 International Cheese Show at Nantwich.

US

US Food Ingredients

The US Food Ingredients business performed strongly in 2012, driven by double-digit volume growth at Meadow Ingredients USA and at Thiel Cheese & Ingredients (acquired in 2011). Both businesses benefit from strong customer relationships that auger well for further sustainable growth.

Thiel Cheese & Ingredients LLC

Wisconsin based Thiel Cheese & Ingredients LLC is a leading cheese ingredient solutions company that custom formulates and produces cheese-based ingredient solutions for sale to US based food manufacturers and foodservice companies.

The business performed strongly in its first full year under IDB ownership despite a difficult US dairy market for much of 2012. The company reported double-digit volume growth in the year. The facility earned BRC status during the year and implemented lean manufacturing that delivered greater plant efficiency and throughput.

Meadow Ingredients USA LLC

Meadow Ingredients is a functional cheese ingredients business in Byron, Minnesota that customises multi-component cheese solutions for the food manufacturing industry.

The business had a very successful year in 2012 adding new business partners to its current customer base. Volumes doubled in 2012, driven by exciting and innovative new product solutions co-developed to the needs of its strategic customers. The Byron facility also earned BRC status during the year and additional investment was successfully completed to expand the warehousing facilities.

IDB Global Business Reports

DPI Specialty Foods

"DPI is well positioned for continued sales growth, geographic expansions and improved operating efficiencies 2013."

The US distribution environment remains very competitive despite the gradual recovery of the US economy. Consumers are focused on value for money and the larger retail chains are aggressively pursuing growth, differentiation and lower prices.

2012 was a year of transition for DPI. The business underwent a fundamental restructuring, which included the development of a new strategic plan, increased focus on operational efficiency, a revised structure and the appointment of a new leadership team.

DPI continued to build on its excellent partnerships with key retail and foodservice customers, which has seen an increase in new contracts awarded to DPI in 2012. In the final quarter of 2012 – traditionally the most important period for specialty food businesses - DPI recorded sales growth of over 18% with a corresponding significant improvement in profitability for the Group.

DPI is well positioned for continued sales growth, geographic expansions and improved operating efficiencies 2013.

New Product Development (NPD)

The IDB is working to develop a pipeline of new innovative consumer and ingredients products to meet specific consumer and customer needs in our key global markets.

The IDB has adopted a multi-faceted approach to NPD.
- Investing in customer and consumer insights to drive innovation
- Building internal NPD capability across IDB Group
- Continuing collaborative NPD approach with members
- Harnessing scientific and technological advances through collaborating with Teagasc and other external partners

In 2012 the IDB made good progress in NPD, increasing investment in innovation and market insight capabilities.

Key highlights were:

- Building on consumer health trends, launch of Pilgrims Choice Lighter Extra Mature in UK and Kerrygold Reduced Fat Dubliner in the US
- Launch of Kerrygold Bratcreme in Germany, a liquid butter and rapeseed oil blend for cooking applications
- Extension of the MU cheese range in the UK with launch of MU Patz and Mu Sticks
- Launch of Yogurt Ice Cream Powder at Gulfood.

Some of IDB's 2012 Awards in Innovation

Kerrygold extra, 'Top Brand 2012', Lebensmittel Zeitung

Kerrygold butter, 'Hit 2012', Lebensmittel Praxis

Pilgrims Choice Lighter Extra Mature, 'Gold in the Lighter Cheddar Category' and **Pilgrims Choice Farmhouse**, 'Gold in the Farmhouse Category' at the 2012 National Cheese Awards

MU Mature, 'Bronze in the Creamery/Block Cheddar' at the 2012 International Cheese Awards and **MU Sticks**, 'Gold in the Cheese Snacks Category' at the World Cheese Awards 2012

Pilgrims Choice Vintage Farmhouse Cheddar, 'Gold in the Block Farmhouse Extra Mature Cheddar Category' at the World Cheese Awards 2012

Thiel Cheese & Ingredients, 2 Gold medals at Los Angeles International Dairy Competition 2012

Sustainability

"We take pride in the fact that our products are sustainably produced from the most natural ingredients."

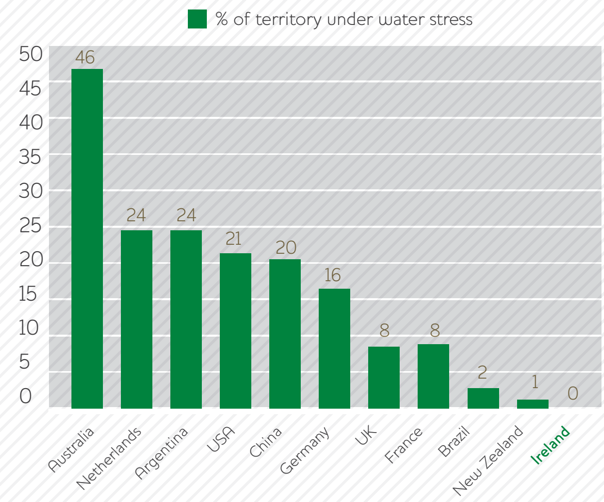
The IDB is committed to growing its business in a sustainable manner, mindful of our impact on the environment. We take pride in the fact that our products are sustainably produced from the most natural ingredients. We know this is the reason why our customers, all around the world, value them so highly.

For the IDB sustainability is focused around four key pillars:

- Our Farms
- Our People and Supply Chain
- Our Subsidiaries
- Our Customers and Consumers

Farm Supply Chain Subsidiaries Consumer

Sustainability - water stress index



Source: Yale University (http://www.epi2010.yale.edu/Metrics/WaterStressIndex)

> "Ireland is the most carbon efficient milk producer in the EU"
> – European Commission

Sustainability in the Irish Dairy Industry

Ireland has a proud farming heritage. Farming is not just a job - it is a way of life. Proud family values and traditions are passed on from generation to generation.

> The average hectare of farmland in Ireland only changes hands once every 400 years.

Two-thirds of Ireland's land is used for agriculture and 80% of this is used to grow grass. Our temperate climate and abundant rainfall provide the ideal conditions for growing fresh grass, perfect for feeding cows. This natural growth makes Ireland's dairy farming system the most carbon efficient in the world.

Our pastures grow almost all year, which allows Irish cows to graze outdoors all day on lush green grass for up to 312 days a year. Even when housed indoors, during the coldest winter months, the majority of our cows' diet still comes from the field. Cows are fed silage – fermented high moisture fodder, cut from summer grass, and stored for winter-feeding. Milk yields in Ireland are lower than most of our European counterparts. This is due to the predominance of grass in the cow's diet. Herd sizes in Ireland are also typically lower than many European countries, with the average herd size just 65 cows.

Agriculture is by far the world's biggest user of water, accounting for almost 70 % of all withdrawals, and up to 95% in developing countries. Ireland's temperate climate means that there is an abundance of rainfall, a natural solution to our water needs. There is no need for mechanical irrigation on Irish farms. Ireland's plentiful supply of water and consequent low water stress level is illustrated in a Yale University study on water stress levels.

> Greenhouse gas emissions from dairy farming in Ireland are due to fall 16% per unit of milk production by 2018.

Although Ireland is a world leader in sustainable dairy farming, we are always working to make this green island even greener. At an industry level, Ireland continues to enhance its sustainability credentials. In 2012 Bord Bia launched Origin Green, an independently accredited sustainable development programme for the food and drink industry in Ireland. The IDB is proud to be the first dairy company independently accredited with Origin Green status.

A new independent sustainability dairy quality assurance scheme will be launched in 2013. The scheme will work with Ireland's 18,000 dairy farmers measuring and managing carbon emissions on farm. The IDB is fully committed to its implementation and promotion.

As part of our drive to promote the highest standards in quality, the IDB co-sponsors The National Dairy Council & Kerrygold Milk Quality Awards. The awards recognise and showcase the world class quality of Irish dairy products with a particular focus on animal health and welfare and sustainable dairy farming.

Sustainability (continued)

"All IDB subsidiaries and member suppliers operate to strict principles of food safety and quality."

Sustainability at the IDB

2012 was a progressive year for the IDB's sustainability agenda. The IDB undertook a number of initiatives across the Group to further enhance its environmental performance.

Quality Standards

All IDB subsidiaries and member suppliers operate to strict principles of food safety and quality. The Group undertakes rigorous quality assurance measures, in conjunction with our member suppliers, to ensure that all of our dairy products meet our customer requirements and specifications.

All IDB subsidiary factories are now operating, at a minimum, to one of the Global Food Safety Initiative standards.

Lean Manufacturing

All our secondary processing facilities have adopted Lean manufacturing principles which have helped to achieve lower carbon emissions and greater sustainability through increased productivity and improved yields.

K3® technology packaging, used for Kerrygold extra, allows plastics and cardboards to be easily separated with an ergonomically and functionally designed tear-off strip to improve recyclability.

NDC & Kerrygold Quality Milk Awards 2012

Supply Chain and Logistics
A sustainable supply chain is critical to the IDB. In 2012 the Group introduced a Supplier Code of Conduct. This code ensures that all our member suppliers abide by the strictest environmental standards as well as legislation in health and safety, and employee wellbeing.

We believe that our optimum network plan can achieve a 13% reduction in our road haulage footprint. Our European Freight Management Service Provider is on target to reduce CO2 emissions by 10%.

DPI Speciality Foods achieved savings of over 998,400 kilometres a year, equating to 393,600 litres of fuel a year, through a route consolidation project.

Operational Sustainability
Following in the footsteps of our IDB Head Office which switched to a 100% renewable source of electricity, our two largest UK facilities now also procure all their electricity from renewable sources.

Approximately 54% of IDB's European electricity consumption is generated from renewable sources.

In 2012 IDB Head Office introduced a number of energy saving initiatives to reduce consumption by 20%. Some of the other efficiency improvements achieved in 2012 by the Group included:

- 22% efficiency in heating (Head Office)
- 7% more efficient electricity use (Head Office)
- 66 tonnes of CO2 saved through a lighting efficiency project (IDB Deutschland)
- Savings of 192 tonnes of CO2 through the installation of LED lighting (Adams Food Ltd, UK)
- 23% reduction in waste (Head Office)

Sustainability (continued)

Kerrygold sponsors Bothar's Moovin to Africa campaign

"We are proud to support projects that support the world around us. By developing links with these projects we can help other communities and organisations to improve their own situation."

Sustaining Others

The IDB endeavours to support others to meet their sustainability needs. In 2012, the Group undertook a number of initiatives to help our staff, businesses, community groups and charities to sustain themselves.

We are proud to support projects that support the world around us. By developing links with these projects we can help other communities and organisations to improve their own situation.

We're Origin Green IRELAND

GFSi Global Food Safety Initiative

NDC & KERRYGOLD · QUALITY MILK AWARDS · Kerrygold · THE NATIONAL DAIRY COUNCIL · Farmed in the Republic of Ireland

Promoting healthy lunch boxes in Germany

A Sustainable Future

Our sustainability values are predicated on ensuring the following for generations to come:

- The long term viability of the Irish dairy industry
- A safe supply of nutritious food for the world's growing population
- Minimal impact on the environment for future generations

Our pledge is to achieve this through the targets we have set out in our five-year sustainability plan.

Sustainability is a journey. It is not about the destination we reach but about the paths we take to reach it. Ireland is well travelled on the path to sustainability. Over the past 12 months the IDB has taken significant steps to improve our environmental performance. However, we are inherently conscious that the road to sustainability is long and we must adopt an attitude of continuous improvement.

The Irish dairy industry is among the most sustainable in the world. It is the most carbon efficient milk producer in the EU, water stress levels are non-existent, and GHG emissions are falling per unit output. All of these factors combined create the ideal environment for sustainable future growth.

The IDB is committed to making Ireland's dairy production and our high quality products even more sustainable, substantiating and proving our sustainability credentials and telling the world our story.

"Sustainability is a journey. It is not about the destination we reach but about the paths we take to reach it."

Directors' Report
for the period ended 29 December 2012

The directors submit their report together with the audited financial statements for the period ended 29 December 2012.

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, Pilgrims Choice, MU and Beo brands and the Consumer division activities are supported by cheese packing facilities in the UK and butter packing in Germany. The Dairy Trading & Ingredients division sells and trades products across the globe and its 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 Group performed well in 2012 driven by a strong performance from the Group's dairy businesses despite the difficult trading conditions experienced by the US Distribution business. The transition of the business continued apace enabling the Group to deliver strong underlying earnings growth, with EBITDA up 11% to over €42 million. In laying the foundations for future growth, the Group increased its investment in its brands, facilities, in-market resources, innovation and routes to market. Group turnover exceeded €2 billion, up 2% year-on-year. This solid performance reflects an excellent second half of the year.

The Group ended 2012 with a strong balance sheet, being debt-free and with net assets of €405 million, leaving it well positioned to avail of growth opportunities in the coming years.

Global dairy markets experienced a very volatile year in 2012. Low opening stocks kept prices firm in the first quarter of the year. A combination of excellent weather conditions in both the Northern and Southern Hemispheres in the first half of the year drove milk output higher and product prices dramatically lower. From June the weather conditions on both sides of the Atlantic deteriorated dramatically. Cold and wet conditions prevailed in Europe while the US Mid West suffered from very hot and dry conditions. Consequently, milk supplies declined in the second half of the year and product prices firmed to close the year at similar levels to the first quarter.

The Group's Consumer Foods division experienced branded sales growth in all of its core markets, UK, Germany, and the US, with total branded volumes up 7% in the year. This success was underpinned with increased investment in marketing and product innovation. The international roll-out of the reinvigorated Kerrygold branding was completed and supported with increased in-market investment. Germany reported a record high of 15.3% market share of the butter market in the year. The UK business increased the market share of Pilgrims Choice by 50% and delivered double-digit volume growth. It also strengthened its position in own label and foodservice, opening up additional routes to market for Irish dairy products. In the US, Kerrygold is the number one imported butter brand and delivered double-digit year on year sales growth. The International Markets business continued to perform strongly, particularly in the Middle East and North Africa, demonstrating the benefits of a diversified international sales strategy.

The Dairy Trading & Ingredients division delivered a strong performance in the year, driven by strong contributions from the Group's Irish and international added-value cheese ingredients and trading operations and the benefit of the first full year contribution from Thiel Cheese & Ingredients and a half year contribution from The Cheese Warehouse. The acquisition of The Cheese Warehouse in 2012 increases the Group's presence in UK foodservice and food manufacturing sectors. The Cheese Warehouse will provide a key route to market when milk quotas are abolished in April 2015. Businesses acquired were successfully integrated and are performing to plan. The division continues to improve efficiencies through lean manufacturing and develop its value added food solutions capabilities, with a number of innovative dairy ingredients commercialised in the year.

The trading conditions for the US Distribution division, DPI, remained challenging in 2012. The retail landscape and distribution sector remains very competitive despite the gradual recovery of the US economy. The business underwent a fundamental restructuring, which included the development of a new strategic plan, increased focus on operational efficiency, a revised structure and the appointment of a new leadership team. This restructuring produced encouraging results towards the end of 2012 and is better positioned for 2013. DPI continues to build on its excellent partnerships with key retail and foodservice customers.

Operational Highlights

The implementation of the Group's Business Transformation Strategy is delivering results across the business. Key operational highlights from 2012 were:

- Completion of the international roll-out of the reinvigorated Kerrygold branding supported by increased investment in marketing
- Increased in-market sales presence in China, Africa, Middle East, and Russia with 15 new personnel in-market
- Increased investment in innovation and market insight capabilities. Good progress made in NPD including;
    - Building on consumer health trends, launch of Pilgrims Choice Lighter Extra Mature in UK and Reduced Fat Dubliner in the US
    - Launch of Kerrygold Bratcreme in Germany, a liquid butter and rapeseed oil blend for cooking
    - Extension of the MU cheese brand range in the UK with launch of MU Patz and MU Sticks.
- Enhanced management structures in place in the UK, the US and in the International Markets division
- Completion of the consolidation of the North Downs business into the Adams Foods Limited manufacturing footprint in the UK
- Position strengthening in UK own label and foodservice, opening up additional routes to market
- Implementation of lean manufacturing principles across all secondary processing facilities
- Continued momentum in M&A programme with acquisition of The Cheese Warehouse in the UK, a new route to market for Irish cheese, and the disposal of the Group's Belgian based continental cheese packing business, IDB Belgium N.V. (Yoko).

Future Developments

The Group is on track to take advantage of post quota 2015 opportunities. The Group's business strategy will continue to build and enhance sustainable routes to market for the Irish dairy sector. The performance of the Group's core dairy business demonstrates its ability to deliver in a tough economic environment. Innovation is critical to the Group's success and it will continue to invest in bringing innovative new products to market.

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 35 to the financial statements.

Directors' and Secretary's Shareholdings

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

Political Donations

The Group did not make any political donations during the year (2011: nil).

Auditors

The rules of the Society provide that the Auditor shall be appointed at the Annual General Meeting. The incumbent Auditor is eligible for reappointment.

Post Balance Sheet Events

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

Directors' Report (continued)
for the period ended 29 December 2012

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
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)	(Resigned December 2012)	Glanbia Co-operative Society Ltd.
Dan MacSweeney (ii) (iv)		Carbery Milk Products Ltd.
Sean McAuliffe (ii) (iii)		Electoral Area C
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
14 March 2013

Aaron Forde
Director

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 29 December 2012 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 26 the directors are responsible for the preparation of the Annual Report and the Society's financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Society's affairs as at 29 December 2012 and of its surplus for the year then ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland.

Matter on which we are required to report by the Industrial and Provident Societies Act

As required by Section 13(2) of the Industrial and Provident Societies Act 1893 we examined the balance sheets showing the receipts and expenditure, funds and effects of the Society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched and in accordance with law.

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

14 March 2013

Group Profit & Loss Account

for the period ended 29 December 2012

	Notes	2012 €'000	2011 €'000
Turnover			
Continuing operations	2	1,957,287	1,882,976
Discontinued operations	2	70,880	98,150
		2,028,167	1,981,126
Cost of sales	3	1,749,999	1,720,829
Gross surplus	3	278,168	260,297
Selling and distribution expenses	3	205,151	194,791
Administration expenses	3	46,954	41,342
Goodwill amortisation	3	5,386	3,879
Operating surplus			
Continuing operations	3	19,295	19,938
Discontinued operations	3	1,382	347
		20,677	20,285
Exceptional items			
Exceptional items continuing operations	6	3,107	(2,521)
(Loss) / profit on disposal of subsidiary undertaking	12	(7,214)	7,997
Surplus on ordinary activities before financing		16,570	25,761
Other finance costs (net)	32	(1,036)	(201)
Interest payable (net)	7	(3,293)	(4,658)
Surplus on ordinary activities before taxation	4	12,241	20,902
Taxation	8	4,770	2,877
Surplus on ordinary activities after taxation		7,471	18,025
Attributable to minority	27	95	173
Retained surplus for the period		7,376	17,852
Revenue reserves at beginning of period		375,377	371,234
Actuarial loss on post retirement liability		(9,920)	(13,983)
Goodwill transfer from reserves	12	9,946	4,274
Transfer to annual bonus fund	9	(4,500)	(4,000)
Revenue reserves at end of period		**378,279**	**375,377**

There is no significant difference in the surplus as disclosed in these financial statements and the surplus as calculated on a historic cost basis.

The notes on pages 34 to 56 form part of these financial statements.

On behalf of the Board of Directors

Vincent Buckley
Chairman
14 March 2013

Aaron Forde
Director

Group Balance Sheet
as at 29 December 2012

	Notes	2012 €'000	2012 €'000	2011 €'000	2011 €'000
Fixed assets					
Goodwill	10		37,189		39,744
Tangible assets	11		122,930		136,872
Assets held for sale	14		8,689		---
Financial assets	15		157		283
Current assets					
Stock	16	408,475		454,363	
Debtors	17	229,893		259,996	
Other financial assets	30	7,343		16,588	
Cash and bank balances		19,729		39,312	
		665,440		770,259	
Creditors : amounts falling due within one year	18	385,501		506,423	
Net current assets			279,939		263,836
Total assets less current liabilities			448,904		440,735
Creditors : amounts falling due after one year	21		13,045		12,258
Provision for liabilities	22		1,659		1,280
Net assets before post retirement liabilities			434,200		427,197
Post retirement liability	32		(28,977)		(18,661)
Net assets			**405,223**		**408,536**
Capital and reserves					
Called up share capital	23	19,478		19,438	
Revenue reserves		378,279		375,377	
Other reserves	24	(21,735)		(18,851)	
Capital levy account	25	256		256	
Members' equity interest (before annual bonus fund and redeemable loan stock)			376,278		376,220
Annual bonus fund	9		4,500		4,000
Redeemable loan stock	9		23,966		27,926
Members' funds	26		404,744		408,146
Minority equity interest	27		479		390
			405,223		**408,536**

The notes on pages 34 to 56 form part of these financial statements.

On behalf of the Board of Directors

Vincent Buckley
Chairman
14 March 2013

Aaron Forde
Director

Group Cash Flow Statement
for the period ended 29 December 2012

	Notes	2012 €'000	2011 €'000
Net cash inflow from operating activities	28	163,406	24,169
Return on investments and servicing of finance			
Interest paid	7	(5,304)	(6,570)
Interest received	7	2,011	1,912
		(3,293)	(4,658)
Taxation		(1,516)	(2,466)
Capital expenditure and financial investment			
Purchase of tangible assets	11	(12,696)	(21,128)
Sale of tangible assets	11	533	6,062
Insurance settlement	6	1,438	---
Sale of financial asset	6	3,751	---
		(6,974)	(15,066)
Acquisitions and disposals			
Acquisition of subsidiary undertaking	13	(8,278)	(30,986)
Proceeds from sale of subsidiary company	12	10,372	16,541
		2,094	(14,445)
Cash inflow / (outflow) before management of liquid resources and financing		153,717	(12,466)
Management of liquid resources			
Change in deposits		13,700	(13,700)
Financing			
(Decrease) / increase in debt	20	(174,061)	45,145
Payments in respect of loan stock redeemed	9	(7,920)	(7,920)
Decrease / (increase) in restricted cash	30	9,245	(433)
		(172,736)	36,792
(Decrease) / increase in cash in the period		**(5,319)**	**10,626**
Reconciliation of net cash flow to movement in net cash / (debt)			
(Decrease) / increase in cash in the period		(5,319)	10,626
(Decrease) / Increase in liquid resources		(13,700)	13,700
Decrease / (Increase) in debt financing		174,061	(45,145)
Movement in net cash / (debt) resulting from cash flows	29	155,042	(20,819)
Exchange difference		(564)	412
Net debt at beginning of period		(143,749)	(123,342)
Net cash / (debt) at end of period	29	**10,729**	**(143,749)**

On behalf of the Board of Directors

Vincent Buckley
Chairman
14 March 2013

Aaron Forde
Director

Statement of Total Recognised Gains & Losses

for the period ended 29 December 2012

	Notes	2012 €'000	2011 €'000
Surplus on ordinary activities after taxation		7,471	18,025
Actuarial loss on post retirement liability gross of taxation	32	(11,361)	(16,421)
Deferred tax movement on actuarial loss on post retirement liability		1,441	2,438
Goodwill transfer from reserves	12	9,946	4,274
Currency translation (loss) / gain on intercompany loans	24	(4,335)	5,155
Currency translation gain / (loss) on foreign currency net investments	24	1,451	(253)
Total recognised gains and losses for the period		**4,613**	**13,218**
Attributable to :			
Equity holders of the Parent		4,518	13,045
Minority Interest	27	95	173
		4,613	**13,218**

On behalf of the Board of Directors

Vincent Buckley
Chairman
14 March 2013

Aaron Forde
Director

Notes to the Financial Statements

01. Statement of accounting policies

(a) Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, and promulgated 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 29 December 2012. The results of subsidiary companies are consolidated from their effective date of acquisition. Goodwill which arose on acquisitions prior to 31 December 1997 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 recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

The Group's net investments in overseas subsidiary undertakings, joint ventures and associates are translated at the rate ruling at the balance sheet date. The profits and losses of overseas subsidiary undertakings, joint ventures and associates are translated at average rates for the year. Exchange differences resulting from the retranslation of the opening balance sheets of overseas subsidiary undertakings, joint ventures and associates at closing rates, together with the differences on the translation of the profit and loss accounts, 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 =	2012	2011	2012	2011
US$	1.2859	1.3925	1.3245	1.2915
GB£	0.8114	0.8681	0.8216	0.8385

(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 buildings :	2% to 5%
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 of tangible fixed assets.

(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 31 December 1997 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 1998 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.

(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 (continued)

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.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred taxation is provided on gains arising from tangible fixed asset revaluations only to the extent that there is a binding agreement to dispose of the assets concerned 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.

01. Statement of accounting policies (continued)

(u) Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

(v) Assets held for sale
A tangible fixed asset is classified as held for sale when its carrying amount will be recovered principally through a sale transaction. Tangible fixed assets held for sale are carried at the lower of their carrying amount, or fair value less costs to sell.

(w) Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area that has been disposed of. Classification as a discontinued operation occurs upon disposal. When an operation is classified as a discontinued operation, the comparative Group profit and loss account is represented as if the operation had been discontinued from the start of the comparative period.

(x) Provisions
A provision is recognised when the Group has a present (either legal or constructive) obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount required to settle the obligation. A provision for restructuring is recognised when the Group has approved a restructuring plan and the restructuring has commenced. Insurance provisions are recognised to cover claims including claims which are known to be incurred but not reported at period end.

02. Turnover

	2012 Continuing operations €'000	2012 Discontinued operations €'000	2011 Continuing operations €'000	2011 Discontinued operations €'000
(a) By activity				
Consumer Foods	690,973	70,880	673,643	98,150
Dairy Trading & Ingredients	621,403	---	566,536	---
US Distribution	643,065	---	640,211	---
Other	1,846	---	2,586	---
	1,957,287	**70,880**	**1,882,976**	**98,150**
(b) By destination				
UK	617,283	2,204	579,066	2,944
Other EU	343,048	68,676	374,444	95,206
North America	795,207	---	725,765	---
Other	201,749	---	203,701	---
	1,957,287	**70,880**	**1,882,976**	**98,150**
(c) By origin				
Ireland	959,455	8,793	925,412	11,744
UK	243,313	125	248,652	168
Other EU	45,661	61,962	36,265	86,238
North America	708,858	---	672,647	---
	1,957,287	**70,880**	**1,882,976**	**98,150**

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).

Notes to the Financial Statements (continued)

03. Analysis of continuing and discontinued operations

	2012 Continuing operations €'000	2012 Discontinued operations €'000	2011 Continuing operations €'000	2011 Discontinued operations €'000
Turnover	1,957,287	70,880	1,882,976	98,150
Cost of sales	1,683,699	66,300	1,627,686	93,143
Gross surplus	273,588	4,580	255,290	5,007
Selling and distribution expenses	203,053	2,098	191,608	3,183
Administration expenses	45,854	1,100	39,865	1,477
Goodwill amortisation	5,386	---	3,879	---
Operating surplus	**19,295**	**1,382**	**19,938**	**347**

04. Surplus on ordinary activities before taxation is stated after charging

	2012 €'000	2011 €'000
Depreciation	16,067	13,841
Goodwill amortisation	5,386	3,879
Operating lease rentals	5,846	7,947
Auditor's remuneration - audit fee	646	601
Directors' fees	351	356

05. Employees and remuneration

	2012 No.	2011 No.
The average number of persons employed by the Group including executive directors, is analysed into the following categories :		
Production	1,069	1,107
Selling and distribution	1,724	1,823
Administration	311	346
	3,104	**3,276**

The staff costs are comprised of :	€'000	€'000
Wages and salaries	119,742	117,177
Social welfare costs	19,637	19,967
Pension costs (included in operating surplus)	3,409	3,561
Staff costs included in operating surplus	142,788	140,705
Pension - other finance costs	1,036	201
Total charged to profit and loss account	143,824	140,906
Actuarial loss on defined benefit pension schemes recognised in equity net of deferred taxation	9,920	13,983
Total aggregate payroll costs	**153,744**	**154,889**

05. Employees and remuneration (continued)

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

Profit and loss account	2012 €'000	2011 €'000
Cost of sales	31,571	31,145
Selling and distribution expenses	85,208	86,973
Administration expenses	26,009	22,587
Included in operating surplus	142,788	140,705
Other finance cost	1,036	201
Total charged to profit and loss account	143,824	140,906
Statement of total recognised gains and losses		
Actuarial loss on pension schemes (net)	9,920	13,983
Total aggregate payroll costs	**153,744**	**154,889**

06. Exceptional items

	2012 €'000	2011 €'000
Disposal of investment shares (i)	3,625	---
Insurance settlement (ii)	1,438	---
UK restructuring costs (iii)	---	(3,411)
Disposal of UK building (iv)	---	2,988
US restructuring costs (v)	(241)	(2,098)
US closure costs (vi)	(1,715)	---
(Loss) / profit on disposal of subsidiary company (vii)	(7,214)	7,997
	(4,107)	**5,476**

Continuing operations

(i) In October 2012, the Group's subsidiary in Germany, IDB Deutschland GmbH, disposed of investment shares in TKC Bocholt GmbH giving rise to the above gain (note 15).

(ii) During 2012, the Group settled an insurance claim relating to a fire at one of its UK operations. The claim was based on the reinstatement value of the assets destroyed which was greater than the book value written off giving rise to the above gain.

(iii) In 2011, the Group merged the activities of its two cheese packing facilities in the UK into one single site in Leek. The costs included for 2011 represent the costs to close the second facility.

(iv) In 2011, 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.

(v) Following the loss of a major customer in the Group's US distribution business in 2011, the Group undertook a fundamental restructuring of this business. The costs in 2012 and 2011 represent the associated reorganisation costs of this restructure.

(vi) In September 2012, the Group decided to close one of its retail distribution operations, DPI Specialty Foods Midwest Inc. in the USA and to place the building no longer needed, for sale. The costs for 2012 above represent the costs associated with this closure.

Discontinued operations

(vii) In October 2012, the Group disposed of its remaining Belgium subsidiary IDB Belgium N.V., a continental cheese packing facility (note 12).

In March 2011, the Group disposed of its Belgian subsidiary IDB Benelux N.V., a salad producer (note 12).

Notes to the Financial Statements (continued)

07. Interest payable (net)

	2012 €'000	2011 €'000
Interest payable on bank loans and overdrafts :		
Repayable within 5 years, other than by instalments	5,304	6,570
Interest receivable :		
Interest receivable	(2,011)	(1,912)
	3,293	**4,658**

08. Taxation

	2012 €'000	2011 €'000
(a) Analysis of taxation charge in the period		
Current tax		
Irish corporation tax on the surplus for the period	391	982
Adjustments in respect of previous periods	(414)	(214)
	(23)	768
Foreign tax		
Foreign corporation tax on surplus for the period	4,342	1,133
Adjustments in respect of previous periods	(399)	(680)
	3,943	453
Total current tax	3,920	1,221
Deferred tax		
Origination and reversal of timing differences	850	1,656
Tax on surplus on ordinary activities	**4,770**	**2,877**
(b) Factors affecting tax charge for the period		
Surplus on ordinary activities before tax	12,241	20,902
Surplus on ordinary activities at the standard rate of corporation tax in Ireland of 12.5%	1,530	2,613
Effects of :		
Utilisation of tax losses	---	(199)
Expenses not deductible for tax purposes	1,010	1,486
Movement in other timing differences	928	(794)
Additional expenses deductible for tax purposes	(944)	(1,768)
Foreign rates of tax different from Irish rates	2,209	777
Adjustments in respect of prior periods	(813)	(894)
Current tax charge for the period	**3,920**	**1,221**

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 amount allocated to redeemable loan stock (via a transfer to the annual bonus fund) in 2012 is €4.5m (2011 : €4m) 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 2006 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 €3,816,908.

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 2011 and intends to distribute redeemable loan stock and bonus shares in respect of the amount transferred to the annual bonus fund in 2012.

The movement in the redeemable loan stock balance during the period was as follows :

	2012 €’000	2011 €’000
At beginning of period	27,926	33,866
Transferred from annual bonus fund	4,000	2,000
Redemption of loan stock	(7,920)	(7,920)
Issue of bonus shares	(40)	(20)
At 29 December 2012	**23,966**	**27,926**

10. Goodwill

	2012 €’000	2011 €’000
Cost		
At beginning of period	64,268	38,609
Arising on acquisition of businesses (note 13)	2,831	25,659
	67,099	64,268
Amortisation		
At beginning of period	24,524	20,645
Amortised during the period	5,386	3,879
	29,910	24,524
Net book amount		
At 29 December 2012	**37,189**	**39,744**

Notes to the Financial Statements (continued)

10. Goodwill (continued)

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 €41.2m (2011 : €51.1m). On disposal of subsidiaries amounts are transferred back from reserves. In the current period €9.9m (2011 : €4.3m) has been transferred from reserves and charged to the profit and loss account in relation to the disposal of IDB Belgium N.V. (note 12).

A review of all goodwill was carried out during the period and in the opinion of the directors the fair value of goodwill is not less than the carrying value.

The expected useful economic life of the above goodwill is no more than 15 years.

11. Tangible assets

	Land and Buildings				
	Land €'000	Freehold Buildings €'000	Leasehold Buildings €'000	Plant Equipment and vehicles €'000	Total €'000
Cost					
At beginning of period	8,750	139,984	138	145,997	294,869
Reclassification	---	(3,121)	---	3,121	---
Additions in the period	395	2,239	---	10,062	12,696
Acquired in business combination	---	1,643	---	828	2,471
Disposals in the period	(11)	(289)	---	(13,467)	(13,767)
Disposal of business	(681)	(9,023)	---	(18,096)	(27,800)
Transfer to assets for sale	(2,271)	(10,982)	---	---	(13,253)
Translation adjustment	(69)	(514)	2	(623)	(1,204)
	6,113	**119,937**	**140**	**127,822**	**254,012**
Depreciation					
At beginning of period	---	53,384	84	104,529	157,997
Charge for the period	---	5,344	23	10,700	16,067
Disposals in the period	---	(118)	---	(13,116)	(13,234)
Disposal of business	---	(7,969)	---	(16,109)	(24,078)
Transfer to assets for sale	---	(4,564)	---	---	(4,564)
Translation adjustment	---	(806)	4	(304)	(1,106)
	---	**45,271**	**111**	**85,700**	**131,082**
Net book amount					
At 29 December 2012	**6,113**	**74,666**	**29**	**42,122**	**122,930**
At 31 December 2011	8,750	86,600	54	41,468	136,872

The buildings, plant, equipment and vehicles are insured at a value of €288.5m (2011 : €285.5m).

12. Disposal of subsidiary company

During 2012, the Group disposed of IDB Belgium N.V., (Yoko) which was registered in Belgium.

During 2011, the Group disposed of IDB Benelux N.V. which was registered in Belgium.

	2012 €'000	2011 €'000
Details of the net assets disposed of are as follows :		
Tangible fixed assets	3,722	2,490
Stock	3,880	1,722
Debtors	12,677	3,046
Creditors	(12,639)	(2,988)
Net assets disposed of	7,640	4,270
Consideration	10,372	16,541
	2,732	12,271
Goodwill previously written off against reserves	(9,946)	(4,274)
(Loss) / Profit on disposal	**(7,214)**	**7,997**

13. Acquisition of subsidiary undertaking

On 10 July 2012 the group acquired a 100% interest in The Cheese Warehouse Limited

	2012 €'000
Fair value of the net assets acquired at date of acquisition of are as follows :	
Tangible fixed assets	2,471
Stock	1,387
Debtors	5,839
Deferred tax	(61)
Creditors	(4,189)
Net assets acquired (excluding cash)	5,447
Goodwill arising on acquisition	2,831
Total acquired	**8,278**
Satisfied by :	
Cash consideration	**8,278**

Notes to the Financial Statements (continued)

13. Acquisition of subsidiary undertaking (continued)

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 of are 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 outstanding 66.6% interest in Meadow Ingredients USA, LLC. This payment has been taken to goodwill as the liabilities were fully accounted in prior periods.

	2011 €'000
Net liabilities acquired	(335)
Goodwill arising on acquisition	3,345
Total acquired	**3,010**
Satisfied by :	
Deferred consideration	2,958
Transaction expenses accrued	52
Consideration	**3,010**

14. Asset held for sale

	2012 €'000	2011 €'000
At beginning of period	---	---
Transfer from Freehold Land & Buildings (note 11)	8,689	---
At 29 December 2012	**8,689**	**---**

In September 2012, the Group decided to close its retail distribution operation, DPI Midwest Inc., in the USA and to place the building no longer needed, for sale. The carrying value of the asset above represents the cost net of impairment.

15. Financial assets

	2012 €'000	2011 €'000
At beginning of period	283	283
Disposal in the period (note 6)	(126)	---
At 29 December 2012	**157**	**283**

In October 2012, IDB Deutschland GmbH, the Group's German subsidiary, disposed of shares held in a private company, TKC Bocholt GmbH.

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

16. 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 amount carried in the balance sheet.

17. Debtors

	2012 €'000	2011 €'000
Due within one year :		
Trade debtors	208,536	233,710
Prepayments	12,907	9,672
Corporation tax debtors	---	882
Other debtors	6,662	13,685
	228,105	257,949
Due after one year :		
Deferred taxation (i)	1,788	2,047
	229,893	**259,996**
(i) Arising from :		
Tax losses carried forward	---	---
Other timing differences	1,788	2,047
	1,788	**2,047**
Deferred tax asset at start of period	2,047	6,535
Charge for the period	(235)	(4,829)
Exchange movements	4	49
Transfer to pension deficit	(28)	292
Deferred tax asset at end of period	**1,788**	**2,047**

Notes to the Financial Statements (continued)

18. Creditors : amounts falling due within one year

	2012 €'000	2011 €'000
Trade creditors	155,161	197,529
Amount due to factor (note 20)	100,552	---
Accruals	113,429	119,208
Redeemable loan stock (note 9)	3,915	3,817
Taxation creditors (note 19)	3,444	2,808
Bank loans (note 20)	9,000	183,061
	385,501	**506,423**

19. Taxation creditors

	2012 €'000	2011 €'000
Corporation tax	1,414	---
PAYE	1,492	1,588
PRSI	538	670
VAT	---	550
	3,444	**2,808**

20. Loans and overdrafts

	2012 €'000	2011 €'000
Amounts falling due within 1 year	**9,000**	**183,061**

In December 2011, the Group entered into a new three year syndicated financing agreement with facilities available of €160m.

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

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

Separately, a number of member suppliers to the Group entered into a three year agreement (reverse invoice discounting or RID facility) with a panel of International Banks led by Rabobank International to sell amounts owed to them by the Group to the value of €190m. Under this agreement the Group acknowledges invoices on behalf of the member suppliers to enable them to receive early payment of those invoices. Upon acknowledgement of member invoices which have been sold to Rabobank, the Group's obligations to the member is extinguished and the Group thereafter assumes an obligation to pay the amount of member invoices sold (2012 : €100.6m, 2011 : €nil) to Rabobank. This facility, which began operating from January 2012, would have previously been provided by the Group through its own debt facilities. As a result of its introduction, the facility has had a positive impact on the working capital of the Group and resulted in a lower debt figure recorded for the current year.

21. Creditors : amounts falling due after one year

	2012 €'000	2011 €'000
Redeemable loan stock (note 9)	7,868	7,718
Deferred taxation (i)	2,219	1,530
Deferred consideration on acquisition (note 13)	2,958	3,010
	13,045	**12,258**
(i) Arising from :		
Accelerated capital allowances	**2,219**	**1,530**
Provision for deferred tax at start of period	1,530	4,692
Deferred tax on acquisition (note 13)	61	---
Charge / (credit) for the period	615	(3,173)
Exchange movements	13	11
Provision for deferred tax at end of period	**2,219**	**1,530**

22. Provision for liabilities

	Reorganisation Provision €'000	Insurance Provision €'000	Total €'000
At beginning of the period	182	1,098	1,280
Provided during the period	---	561	561
Utilised during the period	---	---	---
Amounts released on disposal of subsidiary	(182)	---	(182)
At 29 December 2012	**---**	**1,659**	**1,659**

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 released during the period relates to liabilities deconsolidated following the disposal of the Group's last remaining subsidiary in Belgium (note 12).

The 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 of which there were none.

23. Share capital

Authorised and Issued share capital	2012 No of Shares	2012 €'000	2011 No of Shares	2011 €'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	1,542,656	1,543	1,502,656	1,503
Deferred ordinary shares of €1 each	17,916,961	17,917	17,916,961	17,917
		19,478		**19,438**

Notes to the Financial Statements (continued)

23. Share capital (continued)

The Shareholding of the 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.

24. Reconciliation of movement on other reserves

	Foreign Currency Translation Reserve €'000	Share Premium €'000	Total €'000
At beginning of period	(18,883)	32	(18,851)
Loss on translation of overseas subsidiary companies' net assets	(2,884)	---	(2,884)
At 29 December 2012	**(21,767)**	**32**	**(21,735)**

25. Capital levy account

	2012 €'000	2011 €'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.

26. Reconciliation of movements in members' funds

	2012 €'000	2011 €'000
Surplus for the period	7,376	17,852
(Loss) / gain on translation of overseas subsidiary companies' net assets (note 24)	(2,884)	4,902
Actuarial loss on post retirement liabilities (net of deferred tax)	(9,920)	(13,983)
Goodwill reinstatement from reserves (note 12)	9,946	4,274
Redemption of loan stock (note 9)	(7,920)	(7,920)
Net addition to members' funds	(3,402)	5,125
Opening members' funds	408,146	403,021
Closing members' funds	**404,744**	**408,146**

27. Minority equity interest

	2012 €'000	2011 €'000
Opening minority interest	390	(126)
Profit attributable to minority interest	95	173
Increase in shareholding	(13)	335
Foreign exchange movements	7	8
Closing minority interest	**479**	**390**

In 2012, the Group increased its shareholding in its UK subsidiary Dairy Ingredients (UK) Limited.

In 2011, the Group increased its shareholding in its US subsidiary Meadow Ingredients USA, LLC (note 13).

28. Net cash inflow from operating activities

	2012 €'000	2011 €'000
Operating surplus	20,677	20,285
Exceptional items	(1,956)	(2,098)
Depreciation of tangible assets	16,067	13,841
Goodwill amortised	5,386	3,879
Increase in stocks	43,062	(25,943)
Increase in debtors	21,979	(4,832)
Increase in creditors	61,327	21,411
Pension	(554)	(1,359)
Foreign currency non cash movement	(2,582)	(1,015)
Net cash inflow from operating activities	**163,406**	**24,169**

29. Analysis of net (debt) / cash

	01 January 2012 €'000	Cash flow €'000	Exchange movement €'000	29 December 2012 €'000
Net cash				
Cash at bank and in hand	39,312	(19,019)	(564)	19,729
Less : deposits treated as liquid resources	(13,700)	13,700	---	---
	25,612	(5,319)	(564)	19,729
Liquid resources				
Deposits included in cash	13,700	(13,700)	---	---
Debt				
Debts falling due within one year	(183,061)	174,061	---	(9,000)
Net (debt) / cash	**(143,749)**	**155,042**	**(564)**	**10,729**

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

Notes to the Financial Statements (continued)

30. Other financial assets

	2012 €'000	2011 €'000
Restricted cash on deposit	**7,343**	16,588

Deposits of €7.3m (2011 : €11.1m) 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. No deposits were held in restricted bank accounts as cash security for the issue of certain letters of credit (2011 : €5.5m).

31. Capital commitments

	2012 €'000	2011 €'000
Commitments for which contracts have been placed	**5,690**	1,334
Commitments approved but not contracted for	**26,365**	9,566

32. 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 €2.4m (2011 : €1.6m) of which €1.4m (2011 : €1.4m) has been charged against operating profit and €1.0m (2011 : €0.2m) has been charged within other finance costs.

Contributions to defined contribution pension schemes in the period were €2.0m (2011 : €2.2m).

The trustees of the Parent Society scheme have obtained an actuarial valuation dated 1 January 2011 using the projected unit valuation method. The trustees of the Adams Foods Limited scheme have obtained a valuation dated 31 December 2009. Valuations as at 29 December 2012 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 29 December 2012.

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.

32. Pension scheme (continued)

FRS 17 Retirement benefits

Financial assumptions

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

	2012	2011	2012	2011
	Irish Scheme		Other Schemes	
	%	%	%	%
Inflation rate increase	2.00	2.00	2.30	2.40
Salary rate increase	3.00	3.00	4.15	4.25
Pension payment increases	2.00	2.00	2.30	2.40
Discount rate*	3.90	5.00	4.50	4.70
Scheme assets				
Long term rate of return expected at each period end.				
Equities	6.80	7.20	5.30	4.90
Bonds	3.30	3.70	2.80	2.40
Property	5.80	6.20	5.30	4.90
Other	2.00	2.00	0.00	0.00

In valuing the liabilities of the pension fund at 29 December 2012, 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 :

	2012	2011	2012	2011
	Irish Scheme		Other Schemes	
- Current pensioner aged 65	23 years male	25 years female	22 years male	24 years female
- Future retiree upon reaching 65	26 years male	27 years female	24 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.

* During 2012, the company, with input from its actuarial consultants, refined its estimate of the discount rate used for the purposes of the computation of the defined benefit liabilities for the Irish Scheme. The refinement included a significant extension of the bond data included in the population from which the discount rate is derived as well as a refinement of the approach used to extrapolate the available bond data out to the duration of the pension scheme obligations. If the current population had been used at 31 December 2011, the discount rate would have been 20 bps lower which would have increased the net deficit in 2011 by €2.4m.

Notes to the Financial Statements (continued)

32. Pension scheme (continued)

	2012	2011	2012	2011	2012	2011
	Irish Scheme		Other Schemes		Total	
Assets in schemes at period end	€'000	€'000	€'000	€'000	€'000	€'000
Equities	50,656	42,308	26,780	23,845	77,436	66,153
Bonds	10,138	8,635	11,124	11,354	21,262	19,989
Property	1,572	1,521	3,296	3,028	4,868	4,549
Other	501	3,122	474	87	975	3,209
	62,867	55,586	41,674	38,314	104,541	93,900
Actuarial value of liabilities	(90,843)	(72,586)	(47,707)	(43,465)	(138,550)	(116,051)
Recoverable Deficit in schemes	(27,976)	(17,000)	(6,033)	(5,151)	(34,009)	(22,151)
Related deferred tax	3,497	2,125	1,535	1,365	5,032	3,490
Net pension liability	**(24,479)**	**(14,875)**	**(4,498)**	**(3,786)**	**(28,977)**	**(18,661)**

	2012	2011	2012	2011	2012	2011
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Analysis of the amount charged to operating surplus during the period						
Current service cost	826	804	547	590	1,373	1,394
Past service cost	---	---	48	---	48	---
Total operating charge	**826**	**804**	**595**	**590**	**1,421**	**1,394**

	2012	2011	2012	2011	2012	2011
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Analysis of the amount charged to other finance costs during the period						
Expected return on pension scheme assets	3,039	3,442	1,646	2,014	4,685	5,456
Interest on pension scheme liabilities	(3,625)	(3,575)	(2,096)	(2,082)	(5,721)	(5,657)
Other finance costs	**(586)**	**(133)**	**(450)**	**(68)**	**(1,036)**	**(201)**

32. Pension scheme (continued)

	2012	2011	2012	2011	2012	2011
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses						
Actual return less expected return on pension scheme assets	5,314	(7,982)	1,601	(937)	6,915	(8,919)
Experience gains arising on the scheme liabilities	(53)	508	(108)	77	(161)	585
Changes in assumptions underlying the present value of scheme liabilities	(15,886)	(5,765)	(2,229)	(2,322)	(18,115)	(8,087)
Actuarial loss recognised in STRGL	**(10,625)**	**(13,239)**	**(736)**	**(3,182)**	**(11,361)**	**(16,421)**

	2012	2011	2012	2011	2012	2011
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Movement in benefit obligation during the period						
Benefit obligation at beginning of period	72,586	65,177	43,465	39,291	116,051	104,468
Current service cost	826	804	547	590	1,373	1,394
Past service cost	---	---	48	---	48	---
Interest on scheme liabilities	3,625	3,575	2,096	2,082	5,721	5,657
Plan participant's contributions	367	363	171	197	538	560
Actuarial (gain) / loss	15,939	5,257	2,337	2,245	18,276	7,502
Benefits paid	(2,500)	(2,590)	(1,848)	(1,716)	(4,348)	(4,306)
Exchange adjustment	---	---	891	776	891	776
Benefit obligation at end of period	**90,843**	**72,586**	**47,707**	**43,465**	**138,550**	**116,051**
Movement in plan assets during the period						
Fair value of plan assets at beginning of period	55,586	60,897	38,314	36,696	93,900	97,593
Expected return on scheme assets	3,039	3,442	1,646	2,014	4,685	5,456
Actuarial gain / (loss)	5,314	(7,982)	1,601	(937)	6,915	(8,919)
Employer's Contributions	1,061	1,456	1,046	1,406	2,107	2,862
Plan participant's contributions	367	363	171	197	538	560
Benefits paid from plan	(2,500)	(2,590)	(1,848)	(1,716)	(4,348)	(4,306)
Exchange adjustment	---	---	744	654	744	654
Fair value of plan assets at end of period	**62,867**	**55,586**	**41,674**	**38,314**	**104,541**	**93,900**

Notes to the Financial Statements (continued)

32. Pension scheme (continued)

	Irish Scheme 2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000	Other Schemes 2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000	Total 2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
History of experience gains and losses															
Difference between the expected and actual return on scheme assets :															
Amount	**5,314**	(7,982)	4,006	6,089	(24,269)	**1,601**	(937)	3,090	3,674	(7,526)	**6,915**	(8,919)	7,096	9,763	(31,795)
Percentage of scheme assets	**8%**	-14%	7%	11%	-57%	**4%**	-2%	8%	12%	-30%	**7%**	-9%	7%	11%	-47%
Experience gains /(losses) on scheme liabilities :															
Amount	**(53)**	508	(3,562)	400	537	**(108)**	77	2,590	31	18	**(161)**	585	(972)	431	555
Percentage of past service scheme liabilities	**0%**	1%	-6%	1%	1%	**0%**	0%	7%	0%	0%	**0%**	-1%	1%	1%	0%
Total amount recognised in STRGL :															
Amount	**(10,625)**	(13,239)	(594)	5,572	(20,266)	**(736)**	(3,182)	4,747	2,172	(5,462)	**(11,361)**	(16,421)	4,153	7,744	(25,728)
Percentage of past service scheme liabilities	**-12%**	-18%	-1%	10%	-47%	**-2%**	-7%	12%	6%	-16%	**-8%**	-14%	4%	8%	-29%

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 analyses, 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%	Decrease/increase by 4.5%	Decrease/increase by 4.4%
Price Inflation	Increase/decrease 0.25%	Increase/decrease by 4.3%	Increase/decrease by 3.3%
Mortality	Increase/decrease by one year	Increase/decrease by 2.4%	Increase/decrease by 2.3%

33. Financial commitments

a) Operating leases

At 29 December 2012 the Group had annual commitments under non-cancellable operating leases as follows :

	2012		2011	
	Land and Buildings	Other	Land and Buildings	Other
	€'000	€'000	€'000	€'000
Expiring within 1 year	310	317	1,642	3,523
Expiring between 2 and 5 years	2,965	4,713	1,204	2,220
	3,275	**5,030**	**2,846**	**5,743**

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 :

	2012	2011
	€'000	€'000
Bank guarantees	**3,170**	**4,096**

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 :

	2012	2011
	€'000	€'000
Forward foreign currency contracts	**271,832**	**279,540**

34. 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 29 December 2012 amounted to €21.8m (2011 : €25.2m) and purchases from members amounted to €711.6m (2011 : €785.3m). Amounts receivable from and payable to members arising from the aforementioned sales and purchases transactions as at the balance sheet date are €5.8m (2011 : €9.8m) and €65.6m (2011 : €96.3m) 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 transactions with Directors or key management during the period.

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

Notes to the Financial Statements (continued)

35. 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 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	91.87	Marketing and distributing food products
The Meadow Cheese Company Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
The Cheese Warehouse Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy 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 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 as 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, Kerrygold Limited, An Bord Bainne (Services) Limited, An Bord Bainne (Exports) Limited and Kerrygold 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.

36. Approval of financial statements

The financial statements were approved by the board of directors on 14 March 2013.

Board of Directors*

Vincent Buckley
Chairman

Jackie Cahill
Vice Chairman

Aaron Forde
Vincent Gilhawley
Michael Hanley
Liam Herlihy
Kevin Kiersey

Dan MacSweeney
Sean McAuliffe
Jim Bergin
John O' Brien
Ted O' Connor

Jim Russell
Conor Ryan
Jim Woulfe

Executive*

Kevin Lane
Chief Executive

Anne Randles
Secretary & Director Administration

Antony Proctor
Chief Operating Officer

Donal Buggy
Group Finance Director

Joe O' Flynn
MD Consumer Foods

Joe Collins
MD Dairy Trading & Ingredients

Mick Mullagh
Group Human Resources Director

Fergal McGarry
Group Marketing & Innovation Director

Senior Management*

Consumer Foods

Gisbert Kugler
Managing Director
IDB Deutschland GmbH

Ian Toal
Chief Executive
Adams Foods Ltd.

Roisin Hennerty
President
IDB Inc.

John McKenna
Managing Director
International

Dairy Trading & Ingredients

Bernard Condon
Commercial Director
IDB Dublin

Gary Wells
Managing Director
Adams Foods Ingredients Ltd.

Angus Galbraith
Managing Director
Dairy Ingredients (UK) Ltd.

Michael Harte
Managing Director
Meadow Cheese Company Ltd.

Thomas E. Ferris
Chief Executive
Meadow Ingredients USA LLC.

Gary Kerrigan
President
Thiel Cheese & Ingredients LLC.

Aidan Wilson
Managing Director
The Cheese Warehouse Ltd.

Neil Cox
President
Food Ingredients North America

DPI Specialty Foods (USA)

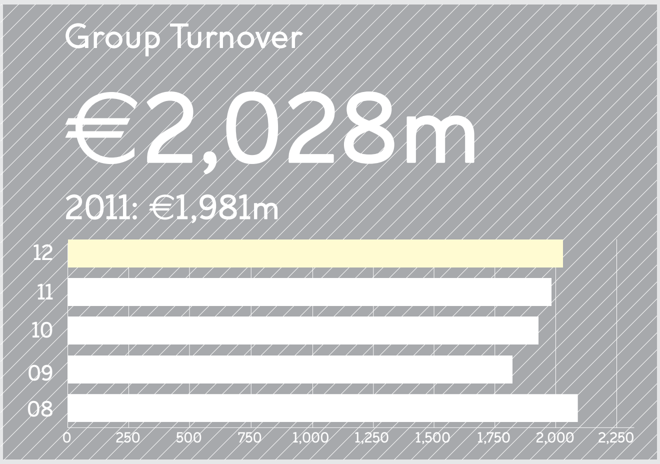
John Jordon
Chief Executive

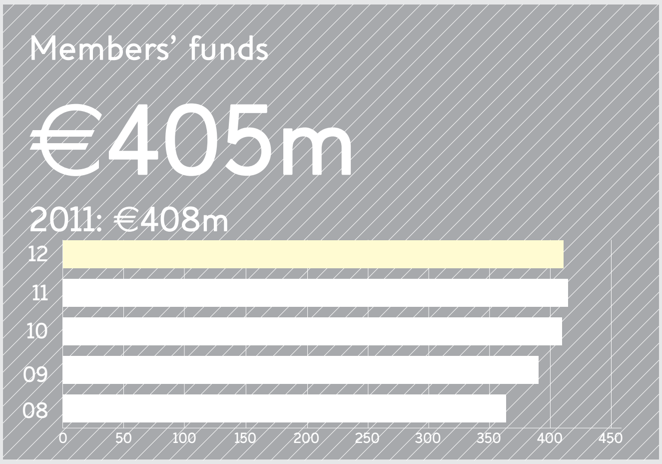
Conor Crowley
Chief Financial Officer

Francis Haren
Chief Operating Officer

* At date of approval of Financial Statements

Group Five Year Review





	2008 €'000	2009 €'000	2010 €'000	2011 €'000	2012 €'000
(a) Historical values					
Turnover	2,090,495	1,822,753	1,927,525	1,981,126	2,028,167
EBITDA	44,311	56,120	41,831	38,005	42,131
Operating surplus	24,269	37,663	24,315	20,285	20,677
Surplus before taxation and exceptional items	17,787	31,949	19,216	15,426	16,349
Net current assets	250,648	328,768	340,558	263,836	279,939
Members' funds	**358,606**	**384,465**	**403,021**	**408,146**	**404,744**
(b) Financial ratios					
Net borrowings as % of members' funds	58	7	31	35	-3
Current assets : current liabilities	1.60	2.19	1.92	1.52	1.73
Operating surplus as % of sales	1.16	2.07	1.26	1.02	1.02
Net interest payable as % of operating surplus	31	12	20	23	17
Retained surplus as % of sales	0.64	1.39	0.60	0.90	0.38
as % of members' funds	**3.71**	**6.59**	**2.85**	**4.37**	**1.82**

Product Utilisation Overview

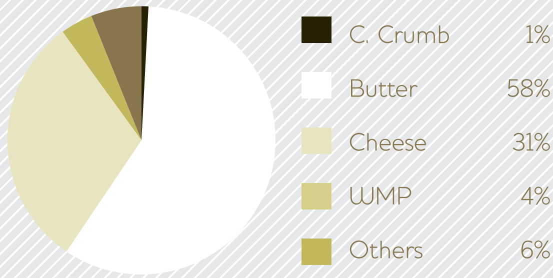
Monthly Milk Intake 2012 ('000 Tonnes)	2011	2012
Jan	151	138
Feb	224	244
Mar	462	487
Apr	654	656
May	760	757
Jun	722	705
Jul	690	628
Aug	597	563
Sep	498	460
Oct	389	375
Nov	241	235
Dec	150	140

Production of Products ('000 Tonnes)	2011	2012
Butter	145.9	145.0
Cheese	165.1	174.4
WMP	37.8	25.5
Chocolate Crumb	37.0	39.9
SMP (inc BMP)	81.3	68.0
Proteins	44.0	44.9

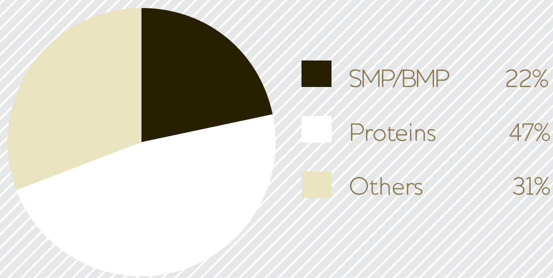
Whole Milk Utilisation %	
Butter	58%
Cheese	31%
WMP	4%
Others	6%
C. Crumb	1%

Skim Milk Utilisation %	
SMP/BMP	22%
Proteins	47%
Others	31%

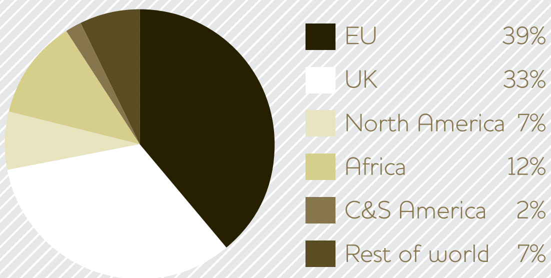
Whole Milk Utilisation



Skim Milk Utilisation



2012 Sales by Destination



Celebrating 50 Years - Kerrygold 1962 - 2012

1962

The launch of a legend

It might have ended up being called Buttercup or Tub-o-gold, and even Leprechaun made the shortlist, but in 1962 the name Kerrygold was chosen for the UK launch, and history was born.

1973

Kerrygold launched in Germany

Kerrygold was first marketed in West Germany in 1973, the year we joined the EEC common market. Forty years on, it's still Germany's no. one butter brand.

1977

Absolutely faultless

International showjumping legend Eddie Macken helped spread the fame of another legend, Kerrygold, far and wide in the 70s.

1986

The green, green grass of home

Grass-fed cows are the happiest, and that's what our fresh 1986 design celebrates.

1964

Word spreads

It's found all over the world now, but Irish troops serving in Cyprus with the UN were surprised and delighted to find Kerrygold in a corner grocery in Nicosia.

1973

Home at last

With its 1973 launch in Ireland, 11 years after the UK launch, Kerrygold finally comes home.

1979

We're only starting

John Treacy was conquering the world, winning the Cross Country Championship, and we were with him every step of the way.

1989

The cream rising to the top

Kerrygold backed a winner by sponsoring the Dublin Horse Show in 1989. For 13 years, regular global TV audiences of over 200 million meant instant recognition for the name worldwide.

1967

The sky's the limit

By the late 1960s, confident young Ireland was taking flight. As you see here, Kerrygold was literally taking off with it.

1975

A leader in the making

Future Taoiseach John Bruton was Parliamentary Secretary to the Minister for Education when he helped launch the Kerrygold at the Garda Boat Club in 1975.

1984

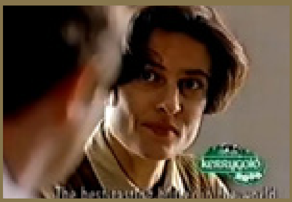
A Greek classic

1984. Morning Ireland hits the airwaves at home, and Kerrygold Regato cheese lands on shelves in Greece.

1991

Tap into America

US customers can finally share the true taste of Ireland at home as Kerrygold's butter and cheeses become available.



1994
They have it in France too

By the mid 90s, Kerrygold was modern and confident. Its TV ads, including the iconic 'Who's taking the horse to France?', celebrated the cosmopolitan, but never forgot the proud rural roots.

1995
South Africa discovers a taste of Ireland

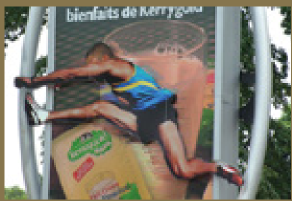
No matter how far you go, quality is universally appreciated, so no wonder Kerrygold is a hit in South Africa since the range was launched.

1998
Dubliner on tour

Kerrygolds Dubliner Cheese, a delicious combination of mature cheddar sharpness and Swiss nuttiness with a bite of Parmesan, becomes a big US hit on its launch.

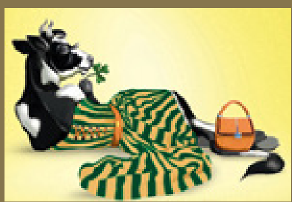
1999
Good news spreads across the UK

Just in time for a new millennium, the new Kerrygold spreadable butter makes its way onto the tables of our next door neighbours.



2000
Leaping ahead in Democratic Republic of Congo

The arrival of Kerrygold Milk Powder in the Democratic Republic of Congo put a spring in the steps of shoppers, if this billboard ad is anything to go by.



2007
From our cows to Moscow: Kerrygold arrives in Russia

Kerrygold butter was launched in Moscow and St. Petersburg and further afield in 2007, and was soon followed by Kerrygold cheese.

2009
Germany gets a little Extra

Germans took our new Kerrygold extra to heart and cemented its place as the number one imported butter brand in the country, and our most successful product launch.

2009
There's no place like home...

... even if you have to bring it with you. The 'Sod' TV ad appeared in 2009, continuing the rich Kerrygold legacy for a new generation of seekers of quality.

2010
Kerrygold new logo

Change is constant, but at Kerrygold so too is quality. Our new logo is a slight modernisation on the 1986 version, but the goodness inside is untouched.

2012
New variations in gold

Quality always wants to express itself, and Kerrygold Bratcreme, a liquid butter and rapeseed oil blend for cooking, is just one of our newer products to do so.

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