







# Connacht Gold

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## CO-OPERATIVE INFORMATION

### Registered Office

Ballina Road, Tubbercurry, Co Sligo

### Bankers

Bank of Ireland  
AIB Bank  
Ulster Bank

### Solicitors

Rochford Gallagher & Co,  
Tubbercurry, Co Sligo

McCann Fitzgerald,  
Riverside One, Sir John Rogerson's Quay,  
Dublin 2

### Auditor

KPMG, 1 Stokes Place, St Stephen's Green,  
Dublin 2



### Executive Team

Aaron Forde  
Chief Executive

John Daly  
General Manager Dairy Ingredients

Michael Guilfoyle  
General Manager Agri Business

Jim Kelly  
Secretary/Head of Human Resources

Eoghan Sweeney  
General Manager Consumer Foods

Donal Tierney  
Chief Financial Officer

Martin Walsh  
General Manager Marts/Head of Public Relations



## CHAIRMAN'S REPORT



It gives me great pleasure to present my report on the activities of your Society for 2012.

### Review of Year

Our performance for the year reflects the challenges we encountered across most of our businesses during the course of what was a very difficult year. We made a modest operating profit but unfortunately it is not enough to sustain an operation of our size and nature and this will have to improve in 2013. The business needs continuous investment to sustain it, to optimise efficiencies and reduce cost structures to ensure that we are as competitive as the best players in the markets in which we operate.

We had a tough year in our Consumer Foods Business due to consumer confidence being at a low level. This has resulted in a noticeable growth of private label products across all grocery categories and a continual decline in branded products. Despite this very challenging climate our brand has performed well and we managed to hold our branded market share.

Agribusiness had significant growth in sales, mainly due to the acquisition of the Donegal Stores. This was a good performance when the erosion of margins and reduced disposable income is taken into consideration. Feed volumes from the Mill made a good recovery during the year with a good increase in volumes resulting from the on-going inclement weather conditions. However, margins were under pressure as a result of a decision to delay the passing on of raw material price increases to our customers because of on-going weather related difficulties at farm level.

Dairy Ingredients efficiencies improved significantly as a result of the additional volume from Donegal and from the various Lean Projects in operation in that area.

Marts had a good year and while numbers were down prices were up.

In an effort to focus more strongly on our core businesses we exited the Foodservice business early in the year and also disposed of our investment in Kent Foods. As a result we came out the year a more focused and structured company.

The acquisition of the Milk and Stores business of Donegal Creameries Plc has given us significant additional scale in three of our main Business Units. Consumer Foods has benefitted from a doubling of its liquid milk capacity and Agribusiness has benefitted from the addition of the Donegal and Northern Ireland Stores which extends our geographic reach and purchasing power. Dairy Ingredients has benefitted from the additional Donegal milk volume and as stated earlier this has helped to improve efficiencies in that operation.

### Investment Opportunity

We are offering our shareholders an opportunity to invest in a new Joint Venture Company, Glanóir Energy Ltd., which is 50% owned by Connacht Gold and 50% owned by HDS Energy Group Limited. The purpose of this project is to install a Biomass energy system at our Dairy Ingredients site which will significantly reduce the energy costs for the operation using renewable resources. Documentation was issued in respect of this venture over recent weeks to shareholders. Over the coming months we hope to offer our shareholders further investment opportunities as the need for funding to grow and sustain our business arises.

### Rules Review

The Rules Sub Committee is currently carrying out a Five Year Rules Review which includes a review of our representation structures and the need to introduce a Share Standard. We have outgrown our current representation structure and it is no longer adequate to reflect the needs of a €400m + organisation. Our geographic region has increased significantly through the Donegal acquisition and we also have a lot of suppliers at the southern end of our region that are not represented under the current structure. A lot of other Co-ops have introduced a Share Standard and shareholder investment is based on milk volume. These discussions are at an early stage and further details will be communicated as the process develops.

## Highlights

One of the highlights of 2012 was the marking of the 40th anniversary of the establishment of the Connacht Gold Dairy Ingredients plant in Ballaghaderreen at a well attended function on the site in September. It was a celebration of the enterprise, foresight and innovation of the many individuals who have guided the dairy industry in this region over the last four decades. It was a tribute to the entrepreneurship of the original founder, Richard Lawes, and to the courage and business acumen of Board Members, shareholders and management of Connacht Gold and its predecessor that we now have such a fine facility underpinning the future of dairying in the region. We owe them a great debt of gratitude. Today, milk supplied by dairy farmers from across ten counties is processed into specialised food ingredients and exported to more than twenty countries around the world. The original plant was built in less than a year at a cost of under €1 million. To replace the plant today would cost in the region of €100 million and we are very fortunate that the plant has additional capacity that will be able to handle growth in dairying post 2015.

Connacht Gold was delighted to be in a position to sponsor a Nuffield Scholarship and a Ballina dairy farmer, and Connacht Gold supplier, Sean O'Donnell was awarded the prestigious scholarship for this region. The internationally acclaimed scholarship is awarded by the Nuffield Ireland Farming Scholarship Trust and Sean was selected following intense competition from applicants across the Connacht region. The coveted scholarship is part of an international leadership programme for young leaders in farming and the agri-food sector. Sean is one of just 56 Irish people to be awarded a scholarship since Ireland joined the Nuffield programme in 1996. He joins a network of 1,500 international scholars from Europe, North America, Australia and New Zealand. Well done to Sean and we know you will do the region proud.

## Longford

We had a tragic accident in our Longford Store at the end of January 2013 when a dividing wall between the shop and the back store collapsed during very windy conditions. Two loyal customers died in that tragic incident and our thoughts and prayers are with the Mulleady and Gaffney families as they try to come to terms with their great loss. Our thoughts are also with the other people who were injured in the incident.

## Conclusion

It was with great sadness that we learned of the death of our Board colleague, Eamon Carey, in May 2012. Eamon represented Belmullet from 2005 and made a significant contribution to the workings of the Board during his seven years of involvement. We extend our deepest sympathies to his wife Angela and family.

Finally I would like to thank my fellow Board Members for their support and commitment over the last year. I would like to extend a special thanks to two of our Directors who are retiring from the Board this year. Gerry O' Brien has represented the Ballinrobe area on the Board since 1977 and Liam Duignan has represented the Kiltoghert region since 1988. Both have played significant roles in the governance of the Society during their long years of involvement and will be sadly missed. I wish them and their families a long, happy and healthy retirement. It would be remiss of me not to mention Michael Burke who retired from the Board at the end of 2012. Michael also made a great contribution during his years on the Board. I would also like to thank our Vice Chairman, Pat Duffy, for his on-going support, energy and enthusiasm and would like to thank our Advisory membership for their valued feedback which helps to fashion the Boards thinking in relation to policy matters.

Thanks also to the management and staff for their efforts and dedication in what was a difficult year for the Society. I would also like to thank ICOS and the various professional and business organisations involved with the Co-op for their valuable help throughout the year and most of all I would like to thank our customers for their on-going support and loyalty.

We will continue to seek new business development opportunities in 2013 and beyond to help to further develop our business and protect our members incomes.

*Padraig Gibbons*

Padraig Gibbons  
22 March 2013

## CHIEF EXECUTIVE'S REVIEW



2012 was a year of progress for your Co-operative. It has been a busy year with many new initiatives to grow, improve efficiencies and improve returns. We achieved a result of €1.7m operating profit, reflecting our support of milk price through the peak season in what was a difficult year for farmers.

A major focus of the year was the integration of the newly acquired Donegal business with the core business. I am happy to report that significant progress has been achieved on this front.

### Summary

Sales grew to €407.1m, a record for the business, with operating profit of €1.7m. Capital expenditure amounted to €4.9m and year end net debt was €19.4m.

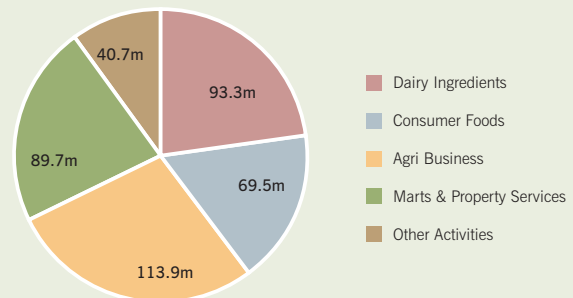
Bonus shares of €121,000 were issued to purchasers of feed and fertiliser under the bonus share scheme and dividends of €121,000 are proposed.

As a leadership team we continued our focus on the four strategic pillars of Customer Focus, Operational Excellence, Innovation and People & Performance. Excellent progress has been made around the business on all fronts.

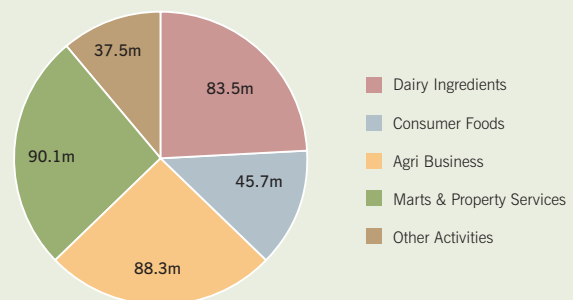
One of the outputs of the work begun with customers in 2011 is a rebranding and renaming programme which has been communicated to our representative structure. Under this programme we are recommending a change of name for your Co-operative to Aurivo Co-operative Society Limited. A1 shareholders will be asked to vote on this recommendation at a Special General Meeting. The origins of this recommendation lie in our survey work with customers and subsequent work with branding expertise to build on your

feedback and use best recognised practice for brands in our approach. Under our current naming structure there is contagion risk to the business. The Connacht Gold name will be retained and built as our core Dairy Brand. Also under the plan our Stores network will be renamed as Homeland and our Animal Feeds will be branded Nutrias. This approach reflects your feedback as customers and how the best businesses handle these issues and we encourage you to support the change.

### Turnover 2012 - €407.1m



### Turnover 2011 - €345.1m



### Agribusiness

Sales grew to €113.9m with the integration of the 9 Donegal and 2 Northern Ireland Stores acquired. Total Store numbers are now 39 with the merger of Bridgetown and Kilbarron in Donegal and the cessation of operations in Kilmactranny. The number of transactions grew while average spend remained flat.

The performance of our stores is being monitored closely and underperformance will need to be addressed and where possible, further cost will be taken out of the system while maintaining sales and customer service.

During 2013, we propose to implement a new IT system across the combined Agri Store and Mill businesses and we expect this project to deliver significant benefits to the business.

Feed sales grew strongly on the back of the new product range launched in 2011 but also due to very poor weather in 2012. To assist our farmer customers, necessary price increases for the business, were withheld and support given to our customers. This obviously impacted the result.

In addition to our bonus share scheme, a loyalty card programme is being launched in April 2013 to reward trade with the Co-op.

### Consumer Foods

This business, with sales of €69.5m is now a focussed dairy operation following the sale of our Foodservice and meat operations during 2012. The business is now core dairy with strong market positions in liquid milk and butter.

2012 saw continued growth in volumes of milk sold with branded milk performing well relative to the market. Our Connacht Gold and Donegal Brands performed better than most brands in terms of holding market share. In January 2013, the business also acquired the "Organic For Us" brand with key national listings in all major retailers.

Our butter brands had another successful year continuing to outpace most competitors in growth. Further product launches are in the pipeline to build on our successful family of products.

The marketplace into which our Consumer Foods business sells is extremely difficult. Consumers are operating in a mode of extreme caution, shopping more frequently, in more outlets and spending less. As a key shopping category our products are not immune to these trends. Good progress has been made on the cost agenda in Consumer Foods through the integration of our two sites, the exit of Foodservice and the streamlining of our operations. A new IT platform has been rolled out in Consumer Foods that will deliver further efficiencies in 2013. This business optimisation must continue as the market environment makes it difficult to recover cost increases from the market.

### Dairy Ingredients

The Dairy Ingredients business unit had a good year in many respects, benefitting from the additional volume of milk from Donegal and making operational progress.

Sales grew to €93.3m with higher volumes processed and sold, however, market returns on a per litre basis fell by over 9% due to a global increase in milk production which affected markets more negatively than anticipated.

This volatility can only be expected to increase during the coming years as we move towards the end of the milk quota system. Managing through this volatility poses challenges for us all. Our journey to find new value added market segments for milk continues in order to minimise the commodity fluctuations.

Excellent progress has been made with nutritional and beverage solutions particularly in the fast growing continent of Africa in various markets. Our premium quality products supported by excellent quality milk supply from our members is available to 360 million people in the various markets of Africa. These are amongst the top ten growing nations of the world and contrast with low or zero growth rates in the E.U. It is here we will find consumers for the expected increase in milk output of 20% post quota system.

The systems and structures for that post quota world are currently being discussed by the Board and every milk supplier will have an opportunity to input. Our aim is to proceed in a fair way for the Member and the Society in terms of understanding each others needs and structuring the systems in such a way as to have clarity about what milk we have to market and what financial commitment is required.

In order to continue to add value to milk we need to maintain our progress with quality milk and products. More and more focus is on this aspect and the sustainability of our supply chain. Indeed we can be proud of our credentials in this respect. While some competitors claim sustainability credentials for cows grazing for relatively short periods, our milk comes off a grass base for at least 180 days per annum. Underpinning these facts with a strong sustainability scheme will assist us in existing and new markets.

Connacht Gold is also launching a joint venture energy company Glanóir Energy Limited, to supply energy to the Dairy Ingredients business. Based on biomass the company will, during 2013, complete Phase 1 of a combined heat and power unit at our Ballaghaderreen site. Members will have the opportunity to invest in this joint venture. Based on a renewable energy source, wood, the project will further underpin our sustainability credentials and improve efficiency.



## Marts and Property Services

Sales in this business held steady at €89.7m, while prices per animal sold increased, lower throughput was evident in line with market trends. Average cattle prices climbed 11% or €98 per head following on a 23% increase in 2011.

Costs remained in good shape in this business and cash was well managed. This business is now regulated by the Property Services Regulatory Authority and the implications of this are being worked through.

The property office in Castlebar ceased trading in early 2013.

## ECC

ECC operated in a very challenging marketplace with sales in Ireland continuing to be depressed and the UK market suffering economically. Nonetheless the business had a reasonable year, despite the cost of its raw material not reflecting market conditions at times. The likely sale of the assets of Coillte is a concern for the future and the Irish Timber Council are engaged with the relevant bodies to make their views known.

## People and Performance

People and performance is one of the key pillars of our Strategic Plan. We are endeavouring to develop our people to allow them to make the maximum contribution in their job and to provide an environment that will allow them to grow in the organisation and satisfy their career aspirations. Talent management is an essential component in providing maximum job satisfaction and at the same time providing for the succession needs of the organisation. All employees in the organisation undergo an annual performance review which aligns their goals and objectives with the overall corporate Strategic Goals and, where appropriate, defines a career path. We are also setting up a Leadership Development Programme which will fast track a number of high potential employees / graduates through our four main Business Units over a 24 month period. These individuals will then be well equipped to fill future leadership positions that arise.

Health and Safety is also an important part of our people and performance pillar. Accident levels throughout the operation have reduced significantly due to an intense focus on safety and

the creation of a safety awareness culture among employees and customers. We recently received a National Industrial Safety Organisation (NISO) Award for Best in our Business Category which is an independent endorsement of the progress we have made on the safety front over recent years. Most shareholders will have seen the Safe Areas that have been installed in all our Marts and this initiative has made the Marts a safer place for farmers to conduct their business.

Our Charity of the Year for 2012 was Our Lady's Children's Hospital, Crumlin. As a result of the fundraising endeavours of our employees a total of €29,250 was raised for this very deserving charity. Our Charity of the Year for 2013 is Special Olympics Ireland.

## Innovation

Innovation is a key pillar of our business strategy with a goal to grow all areas of our business organically. Our innovation strategy in 2012 was to provide channels of communication for all employee engagement in innovation, provide a stage gate process for management of ideas and to establish innovation leaders and teams across all functions. To this end, an on-line collaboration and idea management tool, "iGNITE" was introduced. This tool allows employees collaborate across their businesses, sharing ideas, enriching projects with their own experiences and identifying potential pitfalls. The establishment of business unit innovation teams allows projects to be assessed by employees from varied functions but with specific skills and knowledge.

Our innovation pipeline on all fronts is healthy with a number of customer focused, product focused and process focused initiatives that will add value to our customer experience, build on our existing product portfolio and deliver a better performance internally and from the market. These new initiatives will become visible throughout 2013 and into the future.

## Customer Focus

Placing our customer at the centre of our business, Customer Centricity, is our goal through our customer focus program. Building our customer intelligence, listening to and acting on our customers insights were key areas of investment in 2012 and will continue to be in the future.

Qualitative and Quantitative research was conducted in 2012 in our businesses to build on our customer intelligence and also identify areas that require review. Our business will continue to build and engage with our customers with new initiatives to ensure that we deliver best in class products, services and customer relationship management.

Importantly our customer insights and intelligence is also driving our innovation projects through alignment of our customer needs with new ideas and services. Our efforts will continue at pace to deliver on our strong customer focus program, to delight our customers and meet their changing needs.

### Operational Excellence

The Lean programme is well under way throughout the organisation. Following the lead of Dairy Ingredients, all Business Units have in 2012 developed further the culture of continuous improvement and problem solving. Projects have flourished and have been successful in Energy Consumption, Process and Machinery Efficiencies, Quality, Stock Management and Administration processes. On-going training and coaching of employees involved in the projects support the long term Lean strategy of the organisation.

Energy projects are now on-going in all manufacturing sites, with a strong focus on electricity, oil and water consumption. Good savings have been achieved in 2012, with further benefits planned for 2013.

The centralisation of some purchasing activities has produced significant savings in 2012. Tender processes in the purchasing of stationery, diesel, laboratory services, packaging and contracts throughout the Society have collated our purchasing power and rationalised our supply base.

### Reshaping

During the year our 40% stake in the Kent Foods business was sold as it was no longer core to the business.

Our Foodservice business was sold to allow the Consumer Foods business to focus on core dairy products.

The property office and CG Training were both wound down in early 2013.

We also participated in a restructuring of ownership at County Mayo Radio giving us a larger shareholding in that business.

### Outlook

From a global economic viewpoint the world remains fragile with many major economies in "intensive care". From an Irish point of view market conditions remain extremely challenging and look likely to be so, for some time.

Nevertheless on the dairy front, weather is supporting advancement in global milk prices. Drought in New Zealand and cold wet weather in Europe are tipping the balance in favour of the supply side and we look set for strong milk prices for 2013. One can only hope that price growth does not become a bubble which ultimately will cause distress in the months ahead.

Our Consumer Foods business will need to recover these costs from a very challenging marketplace, but this is absolutely necessary for the very survival of all in the supply chain.

The Connacht Gold team are extremely grateful to our customers for their patronage, our members for their support and encouragement, our state and regulatory bodies on whom we depend and our suppliers.

### Longford

On 29 January 2013, a tragic accident occurred at our store in Longford resulting in the deaths of two valued customers and injuries to staff and visitors. The incident has shocked and saddened all of us and our thoughts and prayers are very much with the Gaffney and Mulleady families as they come to terms with their grief.



Aaron Forde

22 March 2013

## BOARD OF DIRECTORS

The 24 Members of the Board of Directors as at 31 December 2012 are listed below with the Advisory Committees they represent shown in brackets.

The Members whose names are preceded by an asterisk (\*) retire in accordance with Rule 47(A) (xi) and are subject to re-election subject to Rules 47(B), 48(E), 48(G) and 49.

The Members whose names are preceded by two asterisks (\*\*) retire in accordance with Rule 48 and are not eligible for re-election.



### BOARD MEMBERS

**Back Row (left to right):** Sean Carey (Belmullet), Sean Sweeney (Killala), \*Tom Cunliffe (Castlebar), Seamus Killoran (Croghan), \*\*Gerry O'Brien (Ballinrobe), Donal Kerins (North Sligo), Martin Gallagher (Rathscanlon), Michael Kenny (Castlerea), \*\*Liam Duignan (Kiltoghert), James Gallagher (Kinlough/Kilbarron), Michael Brennan (Athleague), Stephen Finn (Ballyhaunis).

**Front Row (left to right):** John A F Thompson (Mohill), \*Henry Graham (Riverstown), Jim Egan (Claremorris), Tommy Shryane (Ballaghaderreen), TJ Tuffy (Tireragh), Pdraig Gibbons (Westport), \*Patrick Duffy (Bornacoola), Kevin Cryan (Ballymote), Ernest Monson (Gurteen), Gerard Mullaney (Kilmactranny), Pat Collery (Achonry), \*Robert Hosey (Employees).

## BOARD COMMITTEES

The Board has an established committee structure in order to assist it in the discharge of its responsibilities on a number of specific matters as it is committed to maintaining high standards of corporate governance. The committees and their membership are detailed below.

### Audit Committee

The Audit Committee comprises of TJ Tuffy (Chairman), Padraig Gibbons, Patrick Duffy, Michael Kenny and Gerard Mullaney. The Chief Executive, the Chief Financial Officer, Senior Management and representatives of the external auditors may be invited to attend all or part of any meeting.

#### The role and responsibilities of the Audit Committee include:

- Reviewing the annual financial statements before submission to the Board, with a recommendation whether or not to approve. This review focuses on but is not limited to, monitoring the integrity of the financial statements of the Society and reviewing significant financial reporting judgements contained therein.
- Considering and making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors, and the terms of engagement of the external auditors.
- Reviewing the external audit plan and the findings from the audit of the financial statements.
- Assessing annually the independence of the external auditors, which includes monitoring the nature and extent of services provided by the external auditors to the Society.
- Monitoring and reviewing the operation and effectiveness of the internal audit function and progress on resolving any weaknesses identified in accounting systems or controls.
- Reporting to the Board on the operation of the Society's system of internal control and risk management and making any recommendations to the Board thereon.
- Reviewing the arrangements in place to ensure that appropriate investigation and follow up action is taken on any concerns raised about possible improprieties in financial reporting or other matters.
- Reviewing its own effectiveness as a committee and making any necessary recommendations for change to the Board.

### Other Committees

The Society operates a number of other sub committees in order to assist the review and operations of divisional activities and particular functions. These include:

- Agri Business
- Marts
- Dairy
- Consumer Foods
- Rules/Membership
- Remuneration

All Board Members sit on at least one sub committee of the Board. The Chairman and Vice Chairman of the Society sit on all the sub committees of the Board. The Secretary of the Society acts as Secretary to each of these committees.



## CORPORATE SOCIAL RESPONSIBILITY POLICY

### Introduction

Corporate Social Responsibility (CSR) highlights the role business plays in contributing to a better society by actively engaging and consulting with all stakeholders in a manner that goes beyond its financial and legal commitments.

Connacht Gold recognises this obligation and that it is an integral part of the communities in which it operates. As a result of its diversified operations the company generates economic and social vibrancy in both urban and rural areas and is committed to being a responsible corporate citizen in these communities.

The company is sensitive to any impact its operations may have on its stakeholders and is committed to ensuring that the needs, views and interests of all stakeholders are taken into consideration where appropriate.

This objective will be achieved by strict adherence to the following principles:

### Mission Statement

“To enhance the lives of our members, customers, colleagues and the communities in which we operate in a sustainable way”.

### Values

Our core values represent the fundamental beliefs that direct us in our daily business activities. Connacht Gold embraces these values and conducts its day-to-day business in accordance with their spirit and intent.

#### 1. Trust

We are committed to the highest standards of business and ethical behaviour and to fulfilling our obligations to the communities we operate in.

#### 2. Value

We exist to create value for all our stakeholders. By understanding our consumers and customers we will continue to provide products to meet changing needs and deliver a service to delight our customers.

#### 3. Team

We will work as one team for the common purpose we share. We will develop our talent, building pride in the team and maintain an environment of open and honest communication across the business.

#### 4. Will to win

We will exhibit a strong will to win in the market place and in every aspect of our business.

### Environment

Compliance with environmental and health and safety regulatory requirements is considered a minimum standard for all Society businesses. All Connacht Gold businesses strive to implement best practice in their operations and operate comprehensive environmental, health and safety and quality management systems.

Across the Society, we also operate programmes to ensure the responsible disposal of packaging, including the re-use and recycling of all packaging types and the use of licensed contractors to safely dispose of non-recyclable waste packaging.

### Community

Connacht Gold operates in numerous communities throughout the West and North West, in a diverse range of business activities. The Society employs 731 people directly and provides jobs for many others in transport, distribution and forestry. The need to support and play an active role in the development and social fabric of the areas in which the Society operates and at a national level is a clearly defined organisational objective.

The Society has traditionally supported a large number of charitable and general social activities in the areas in which it operates.

To this end, the Society will nominate a Charity of the Year each calendar year and make a substantial contribution to it. The nominated Charity for 2012 was Our Lady's Children's Hospital, Crumlin. The nominated charity for 2013 is Special Olympics Ireland.

Other local charities and causes will receive consideration for funding on a case by case basis. Each application will be assessed on its own merits and decided on accordingly. This local dimension will be administered through the Managers of our local outlets and will be in the form of vouchers for use in the Stores.

Staff involvement in charitable fundraising projects is also encouraged. Connacht Gold gives consideration to supporting Staff who partake in such projects. During 2012 our employees raised €29,250 from a variety of fundraising events for our Charity of the Year.

Connacht Gold also actively encourages its employees to get involved in community activities and representative organisations and to use their expertise to assist those organisations in providing much needed community support and benefit.

### Workplace

Connacht Gold's employees are the lifeblood of the organisation and are fundamental to the success of the business. The company provides challenging and meaningful employment together with opportunity for development and encourages employees to embrace the concept of lifelong learning. Employees who wish to pursue a course of Training / Education relevant to the business, in their own time, in order to further their career prospects are given maximum support at all times where appropriate. This involves payment / partial payment of fees, paid time off prior to and for examinations and other assistance as appropriate. Connacht Gold encourages all employees to learn and develop new skills and to take an active role in planning their career progression in the Society by taking on new roles and increased responsibilities as the opportunities arise. While Connacht Gold's policy is to promote from within the organisation where possible, the underlying objective is to always select the best possible candidate for any vacant position and consequently promotional vacancies may also be advertised externally. In this context casual applications are also welcome and the Society is committed to ensuring that every applicant receives full and equitable consideration for vacant positions that suit their skills and experience.

The commitment and dedication of its employees gives the Society a competitive edge and it is through the efforts of its workforce that Connacht Gold has become one of the employers of choice in the region.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Industrial and Provident Societies Acts, 1893 to 1978, require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for ensuring that the Society keeps proper books of account which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements are prepared in accordance with applicable accounting standards and comply with the Industrial and Provident Societies Acts, 1893 to 1978. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Padraig Gibbons** - Chairman

**Aaron Forde** - Chief Executive



L-R; Aaron Forde - *Chief Executive* and Padraig Gibbons - *Chairman*

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNACHT GOLD CO-OPERATIVE SOCIETY LIMITED

We have audited the Connacht Gold Co-operative Society Limited ("the Society") group financial statements ("the financial statements") for the year ended 31 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 Responsibility Statement set out on page 13 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 31 December 2012 and of its loss for the year then ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNACHT GOLD CO-OPERATIVE SOCIETY LIMITED (continued)

### 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 sheet 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.

**Roger Gillespie**

**For and on behalf of KPMG,**

Chartered Accountants, Statutory Audit Firm

1 Stokes Place,

St Stephen's Green,

Dublin 2

22 March 2013

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2012

	Notes	2012 €(000)	2011 €(000)
<b>Turnover – continuing operations</b>	2	407,148	345,192
Cost of sales		(321,809)	(277,578)
		<hr/>	<hr/>
<b>Gross profit</b>		85,339	67,614
Net operating costs	3	(83,583)	(64,323)
		<hr/>	<hr/>
<b>Group operating profit – continuing operations</b>		1,756	3,291
Share of operating profit of associate	9(ii)	1,440	1,365
		<hr/>	<hr/>
<b>Total operating profit</b>		3,196	4,656
Exceptional items	6	(2,088)	4,964
		<hr/>	<hr/>
<b>Profit before interest and taxation</b>		1,108	9,620
Net interest payable and similar charges	5	(1,545)	(1,307)
Investment income		266	256
		<hr/>	<hr/>
<b>(Loss)/profit before taxation</b>		(171)	8,569
Taxation	7	(683)	(1,915)
		<hr/>	<hr/>
<b>(Loss)/profit after taxation</b>		(854)	6,654
Minority interests	21	(578)	908
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>	19	(1,432)	7,562
		<hr/>	<hr/>

**Padraig Gibbons**  
Chairman

**Aaron Forde**  
Chief Executive

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2012

	Notes	2012 €(000)	2011 €(000)
<b>(Loss)/profit for the financial year</b>		(1,432)	7,562
Exchange rate adjustment		217	131
Pension funds actuarial loss	27	(4,036)	(3,137)
Revaluation of investment properties transferred to capital reserves	18	-	551
<b>Total recognised gains and losses for the financial year</b>		<u>(5,251)</u>	<u>5,107</u>
Effect of prior year adjustment	28	-	(859)
<b>Total recognised gains and losses since last annual report</b>		<u><u>(5,251)</u></u>	<u><u>4,248</u></u>

**Padraig Gibbons**  
Chairman

**Aaron Forde**  
Chief Executive

## CONSOLIDATED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

For the year ended 31 December 2012

	Notes	2012 €(000)	2011 €(000)
Opening shareholders' funds as originally stated		39,534	35,461
Prior year adjustment	28	-	(859)
		<hr/>	<hr/>
Opening shareholders' funds as restated		39,534	34,602
<b>(Loss)/profit for the financial year</b>		(1,432)	7,562
Dividends on shares	19	(121)	(120)
		<hr/>	<hr/>
<b>Retained (loss)/profit</b>		(1,553)	7,442
Other recognised gains and losses relating to the year (net)		(3,819)	(2,455)
New share capital subscribed	17	11	18
Share redemptions	17	(77)	(73)
		<hr/>	<hr/>
<b>Net (decrease)/increase in shareholders' funds</b>		(5,438)	4,932
		<hr/>	<hr/>
<b>Closing shareholders' funds</b>		<u>34,096</u>	<u>39,534</u>



**CONSOLIDATED BALANCE SHEET**

As at 31 December 2012

	Notes	2012 €(000)	2011 €(000)
<b>Fixed assets</b>			
Tangible assets	8	37,565	34,767
Goodwill	9(i)	10,149	-
Financial fixed assets			
Investment properties	9(ii)	2,300	2,300
Investment in associates	9(iii)	164	7,281
Other investments	9(iv)	4,895	5,916
		<u>55,073</u>	<u>50,264</u>
<b>Current assets</b>			
Stocks	10	20,769	15,533
Debtors	11	47,276	33,459
Bank and cash		6,309	9,013
		<u>74,354</u>	<u>58,005</u>
<b>Creditors:</b> amounts falling due within one year	12	(65,770)	(51,154)
<b>Net current assets</b>		<u>8,584</u>	<u>6,851</u>
<b>Total assets less current liabilities</b>		<u>63,657</u>	<u>57,115</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(12,829)	(3,606)
<b>Provisions for liabilities and charges</b>	15	(1,093)	(1,432)
<b>Capital grants</b>	16	(517)	(367)
<b>Net assets excluding net pension liability</b>		<u>49,218</u>	<u>51,710</u>
<b>Net pension liability</b>	27	(10,013)	(7,395)
<b>Net assets including net pension liability</b>		<u>39,205</u>	<u>44,315</u>
<b>Capital and reserves</b>			
Share capital	17	6,037	5,982
Capital reserves	18	3,144	3,144
Revenue reserves	19	24,544	30,066
Bonus reserve	20	371	342
<b>Shareholders' funds</b>		<u>34,096</u>	<u>39,534</u>
<b>Minority interests</b>	21	5,109	4,781
<b>Equity</b>		<u>39,205</u>	<u>44,315</u>

**Padraig Gibbons**  
Chairman

**Aaron Forde**  
Chief Executive

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2012

	Notes	2012 €(000)	2011 €(000)
<b>Net cash inflow from operating activities</b>	22(i)	4,652	11,176
Returns on investments and servicing of finance	22(ii)	(1,420)	(2,208)
Taxation paid		(1,352)	(292)
Capital expenditure and financial investment	22(iii)	(4,242)	1,725
Acquisitions and disposals	22(iv)	(8,984)	-
Dividends paid	19	(121)	(120)
<b>Net cash (outflow)/inflow before financing</b>		(11,467)	10,281
Financing	22(v)	3,134	(5,208)
<b>(Decrease)/increase in cash in the year</b>		(8,333)	5,073

**RECONCILIATION OF NET CASH FLOW  
TO MOVEMENT IN NET DEBT**

<b>(Decrease)/increase in cash in the year</b>		(8,333)	5,073
Bank loans	24	(4,164)	3,491
Finance leases	24	964	1,662
<b>Movement in net debt in year</b>		(11,533)	10,226
Effect of exchange rate fluctuations		(14)	(9)
<b>Net debt at 1 January</b>		(7,849)	(18,066)
<b>Net debt at 31 December</b>	24	(19,396)	(7,849)

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (a) Accounting Convention

The Financial Statements have been prepared in accordance with the historical cost accounting convention as modified by the revaluation of investment properties and have been prepared in accordance with accounting standards generally accepted in Ireland as issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

#### (b) Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of Connacht Gold Co-operative Society Limited its subsidiaries and associates.

#### (c) Turnover

Turnover is shown net of value added tax and represents the fair value of goods and services supplied to third parties exclusive of trade discounts and value added tax. Some sales to the Irish Dairy Board Co-Operative Limited are based on "on Account" prices and can be subject to adjustment when the prices are finally agreed. 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.

#### (d) Stocks

Stocks have been valued at the lower of cost and net realisable value on the first-in, first-out basis consistent with prior years. Cost in the case of products manufactured consists of direct material and labour costs together with the relevant production overheads. Net realisable value is based on contracted or estimated selling prices less selling and distribution expenses and administration overheads.

#### (e) Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost or revalued amount less accumulated depreciation.

Depreciation is calculated on the straight line basis by reference to the expected useful lives of the tangible fixed assets. The rates used are as follows:

	Per Annum
Land	Nil
Buildings	5%
Plant, Machinery & Equipment	10% - 33 <sup>1</sup> / <sub>3</sub> %
Motor Vehicles	20% - 25%

Provision is made for any permanent impairment.

#### (f) Financial Fixed Assets

##### *Associate undertakings*

Associated undertakings (associates) are those undertakings in which the Society has a participating interest in the equity capital and over which it is able to exercise significant influence.

Associates are accounted for using the equity method. The Society's share of the profits less losses of associates are included in the consolidated profit and loss account. The Society's interests in their net assets or liabilities are included as fixed asset investments in the consolidated balance sheet at an amount representing the Society's share of the fair values of the net assets at acquisition plus the Society's share of post acquisition retained profits or losses. Goodwill arising on the acquisition of associates is dealt with as stated below.

The amounts included in the consolidated financial statements in respect of the post acquisition profits of associates are taken from their latest audited financial statements made up to the balance sheet date.

##### *Investment properties*

Investment properties are revalued annually and are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the profit and loss account. All other fluctuations in value are transferred to a revaluation reserve.

**Convertible loan stock**

Convertible loan stock has been issued by the Irish Dairy Board Co-operative Limited (IDB) to the Society. The allocation of Convertible loan stock is based on the level of trading with the IDB. The loan stock is convertible into cash over a six year period which starts five years from the date of issue.

**Other investments**

Financial fixed assets other than investment properties are shown at cost less provisions for permanent impairments in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

**(g) Capital Grants**

Capital Grants received by the Society are treated as deferred credits and released to the profit and loss account over the expected useful lives of the assets to which they relate.

**(h) Foreign Exchange**

Assets and liabilities denominated in foreign currencies are translated into Euro at the rate ruling at the Balance Sheet date. Profits and losses resulting from foreign currency transactions are dealt with in the profit and loss account as they arise.

**(i) Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is provided on the Society's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Society's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only 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.

**(j) Goodwill**

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

Purchased goodwill arising on acquisitions prior to 1 January 2005 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 disposal of the business, any goodwill so treated is written back through the profit and loss account and included in determining the profit or loss on sale of the business. Purchased goodwill arising on acquisitions after 1 January 2005 is capitalised in the balance sheet and amortised over the estimated economic life of the goodwill (20 years).

Negative goodwill arising on such acquisitions is also capitalised and shown separately in the balance sheet and credited to the profit and loss account to match the periods in which the acquired non-monetary assets are recovered, currently 10 years.

Goodwill arising on the acquisition of associates is included in the carrying amount of the investment.

**(k) Leasing**

Rights to the use of fixed assets acquired under a lease which transfers substantially all of the risks and rewards of ownership to the Society are capitalised as a fixed asset.

Amounts payable under such finance leases, net of finance charges are shown as falling due within one year or after more than one year as appropriate.

Finance charges in respect of finance leases are charged to the profit and loss account over the term of the lease on an actuarial basis. All other leases are operating leases and the annual rentals are charged to the profit and loss account.

**(l) Pensions**

The Society makes pension contributions for a substantial number of employees.

In relation to the Society's defined contribution pension scheme, the assets of the scheme are held separately from those of the Society in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Society operates a defined benefit scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Society. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension schemes surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the schemes surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Society participates in the Irish Co-operative Societies (ICOS) pension scheme which is a multi-employer defined benefit pension scheme, but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Society's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**(m) Research and Development Expenditure**

Research and Development Expenditure is written off in the year in which it is incurred.

**(n) Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Society. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**2. SALES BY MARKET**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Ireland	372,977	325,451
United Kingdom	33,104	18,871
Other	1,067	870
	<u>407,148</u>	<u>345,192</u>

Sales in Ireland include sales to the Irish Dairy Board Co-operative Limited for export both inside and outside the E.U.

The amount of turnover by business unit is as follows:

Consumer Foods	69,487	45,736
Dairy Ingredients	93,318	83,480
Agri Business	113,905	88,277
Marts & Property Services	89,721	90,142
Other Activities	40,717	37,557
	<u>407,148</u>	<u>345,192</u>

Segmental disclosure of profit before taxation and net assets by geographical area and by class of business are not provided, as in the opinion of the Directors, such information would be prejudicial to the interests of the Society. Accordingly this information has not been disclosed as permitted by SSAP 25 "Segmental Reporting".

**3. NET OPERATING COSTS**

	<b>Notes</b>	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Staff costs	4	30,834	25,179
Other external charges		46,342	33,713
Auditors remuneration		125	115
Depreciation	8	5,921	5,430
Goodwill amortisation	9(i)	534	-
Amortisation of government grants	16	(45)	(104)
Profit on disposal of tangible assets		(128)	(10)
		<u>83,583</u>	<u>64,323</u>



**4. EMPLOYEES AND REMUNERATION**

	Notes	2012 €(000)	2011 €(000)
Wages and salaries		26,466	22,323
Social welfare costs		2,750	2,268
Pension costs		1,618	588
		<hr/>	<hr/>
Charged to profit and loss account		30,834	25,179
Actuarial loss on defined benefit pension schemes	27	4,036	3,137
		<hr/>	<hr/>
Total		<u>34,870</u>	<u>28,316</u>

The weekly average number of persons employed by the Society was 731 (2011: 580).

**5. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	Notes	2012 €(000)	2011 €(000)
Bank interest and charges		1,400	1,213
Lease charges		36	101
Pension finance (net)	27	109	(7)
		<hr/>	<hr/>
		<u>1,545</u>	<u>1,307</u>

**6. EXCEPTIONAL ITEMS**

		2012 €(000)	2011 €(000)
Profit on disposal of fixed assets	(a)	(119)	-
Profit on disposal of businesses	(b)	(317)	-
Profit on disposal of financial assets	(c)	-	(8,260)
Impairment of financial assets (note 9(iv))	(d)	867	-
Write-down of investment property	(e)	-	2,708
Restructuring	(f)	1,657	588
		<hr/>	<hr/>
		<u>2,088</u>	<u>(4,964)</u>

- (a) The profit on disposal of fixed assets in 2012 of €119,000 relates to the sale of a surplus property.
- (b) The profit on disposal of businesses in 2012 of €317,000 is made up of a profit of €56,000 on the disposal of the Society's 40% investment in its associate Kent Foods Limited (note 9(iii)), and a €261,000 profit on the disposal of the Society's Food Service business.
- (c) The profit on disposal of €8,260,000 in 2011 arose on the sale of quoted investments which were held at nominal base cost.
- (d) At 31 December 2012 the Directors recorded an impairment charge against the carrying value of the Society's investment in One51 plc of €867,000.

**6. EXCEPTIONAL ITEMS (continued)**

- (e) At 31 December 2011, land held as investment property was revalued, resulting in an impairment of €5,550,000. Negative goodwill relating to the acquisition of this investment property was released against it, resulting in an overall net loss of €2,708,000.
- (f) The restructuring costs relate to the cost of restructuring announced during 2012 and 2011 and consists primarily of redundancy costs.

**7. TAXATION**

	Notes	2012 €(000)	2011 €(000)
<b>Current Taxation:</b>			
Parent Society & Subsidiaries		205	1,561
Associate	9(iii)	403	417
		<hr/>	<hr/>
		608	1,978
<b>Deferred Taxation:</b>			
Parent Society & Subsidiaries		75	(63)
		<hr/>	<hr/>
		683	1,915
		<hr/>	<hr/>
<b>Factors affecting current tax charge of Parent Society, Subsidiaries and Associate for the year:</b>			
(Loss)/profit before taxation		(171)	8,569
		<hr/>	<hr/>
Tax on (loss)/profit before taxation at the standard rate of corporation tax for the year of 12.5% (2011: 12.5%)		(21)	1,071
Additional tax on profit liable at other than standard rate		314	1,278
Dividend income not liable to corporation tax		(33)	(32)
Excess of depreciation over capital allowances		300	268
Permanent differences and other timing differences		48	(607)
		<hr/>	<hr/>
Group current tax charge for the year		608	1,978
		<hr/>	<hr/>

Deferred tax assets amounting to €2,387,680 (2011: €851,000) in respect of tax losses forward and other timing differences have not been recognised. These items have not been recognised because it is not probable that future taxable profits or tax liabilities, of the type which would absorb these losses and other timing differences, will be available.

## 8. TANGIBLE ASSETS

	Land & Buildings €(000)	Plant & Machinery & Equipment €(000)	Motor Vehicles €(000)	Total €(000)
<b>Cost/Revaluation</b>				
At 1 January 2012	44,140	118,444	5,058	167,642
Additions	1,704	2,649	536	4,889
Acquired in business combination (note 23)	1,439	2,200	273	3,912
Disposals	(68)	-	(460)	(528)
At 31 December 2012	47,215	123,293	5,407	175,915
<b>Depreciation</b>				
At 1 January 2012	26,021	102,158	4,696	132,875
Charge for year	1,581	4,000	340	5,921
Disposals	(20)	-	(426)	(446)
At 31 December 2012	27,582	106,158	4,610	138,350
<b>Net Book Value</b>				
At 31 December 2012	19,633	17,135	797	37,565
At 31 December 2011	18,119	16,286	362	34,767

Included in the net book value of plant, machinery and equipment are assets acquired under finance lease agreements with a net book value of €4,919,797 (2011: €6,076,119). The depreciation charged in respect of these leased assets and included in the total depreciation charge was €1,156,322 (2011: €1,398,873).

## 9. GOODWILL AND FINANCIAL ASSETS

## (i) Goodwill:

	Notes	2012 €(000)	2011 €(000)
At 1 January		-	(3,196)
Acquired in business combination	23	10,683	-
Amortisation		(534)	-
Reclassification		-	551
Movement during the year		-	2,645
At 31 December		10,149	-

Goodwill is being amortised to the Profit and Loss Account over 20 years.

**9. GOODWILL AND FINANCIAL ASSETS (continued)****(ii) Investment Properties:**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January	2,300	7,850
Revaluation of Investment Properties	-	(5,550)
At 31 December	<u>2,300</u>	<u>2,300</u>

At 31 December 2012, land held as investment property by a subsidiary company North Western Livestock Holdings Limited, in which the Society has a 70.91% shareholding was valued by the Directors on an open market basis. In the opinion of the Directors there has been no change in the valuations of the investment properties since 31 December 2011.

**(iii) Investment in Associates:**

	<b>Share of net assets 2012 €(000)</b>	<b>Goodwill 2012 €(000)</b>	<b>Total 2012 €(000)</b>	<b>Total 2011 €(000)</b>
At 1 January	4,121	3,160	7,281	6,193
Share of profit of associates	1,554	-	1,554	1,593
Amortisation of goodwill	-	(114)	(114)	(228)
Share of taxation of associates	(403)	-	(403)	(417)
Disposal of associate (i)	(5,362)	(3,046)	(8,408)	-
Transfer from unquoted investments (ii)	31	-	31	-
Translation adjustment	223	-	223	140
At 31 December	<u>164</u>	<u>-</u>	<u>164</u>	<u>7,281</u>

- (i) On 26 June 2012, the Society disposed of its 40% interest in its associate Kent Foods Limited for a consideration (less costs) of €8,464,000, resulting in a profit on disposal of €56,000. The consideration of Stg £6,900,000 (€8,464,000 net of costs) comprised of cash of Stg £3,000,000 (€3,751,000) and loan notes of Stg £3,900,000 (€4,877,000). Stg £3,120,000n (€3,823,000) of the loan notes remain outstanding at 31 December 2012 (note 11).
- (ii) During the year the Societys' investment in County Mayo Radio Limited, which was included in "Unquoted Investments" at 31 December 2011 increased from 17.65% to 21.43% as a direct result of a buyback of shares by County Mayo Radio Limited during 2012. As a result it is now treated as an associate in accordance with FRS9 "Associates and Joint Ventures" and the value of the initial investment of €31,000 has been transferred from "Unquoted Investments" to "Investment in Associates" at 31 December 2012.

**9. GOODWILL AND FINANCIAL ASSETS (continued)**

(iv) Other Investments:

	Quoted Investments	Unquoted Investments	Convertible Loan Stock	Total	Total
	2012	2012	2012	2012	2011
	€(000)	€(000)	€(000)	€(000)	€(000)
At 1 January	809	2,542	2,565	5,916	6,093
Loan stock granted	-	-	376	376	300
Loan stock redeemed	-	-	(499)	(499)	(475)
Disposals	-	-	-	-	(2)
Impairment (note 6)	-	(867)	-	(867)	-
Transfer to associate (note 9(iii))	-	(31)	-	(31)	-
At 31 December	809	1,644	2,442	4,895	5,916

The market value of the quoted investments at the date of the approval of the financial statements was €12,948,666.

At 31 December 2012, the Society's investment in One51 plc was written down by €867,000 based on an assessment of the market value of the shares.

Convertible loan stock has been issued by the Irish Dairy Board Co-operative Limited (IDB) to the Society. During the year €499,000 of loan notes were redeemed (2011: €475,000) and loan notes of €376,000 were granted (2011: €300,000).

In the opinion of the directors the value of the investments is not less than the carrying value as shown above.

**10. STOCKS**

	2012 €(000)	2011 €(000)
Raw materials	2,888	2,655
Finished goods and goods for resale	15,291	11,159
Expense stock	2,590	1,719
	<u>20,769</u>	<u>15,533</u>

The replacement cost of stocks is not materially different from the carrying value as stated above.

**11. DEBTORS**

	2012 €(000)	2011 €(000)
Trade debtors (i)	36,982	29,056
Other debtors and prepayments (ii)	8,436	2,472
V.A.T.	1,858	1,931
	<u>47,276</u>	<u>33,459</u>

**11. DEBTORS (continued)**

- (i) Trade debtors included an amount of €942,000 at 31 December 2012 in respect of which finance has been provided to the Society by a financial institution by way of debt factoring. There were no funds drawn down under debt factoring arrangements at 31 December 2011.
- (ii) Other debtors and prepayments include an amount of Stg £3,120,000 (€3,823,000) of loan notes, which arose on the disposal of the Societys investment in Kent Foods Limited (note 9(iii)). Stg £1,560,000 (€1,912,000) of this balance is due to be paid in greater than one year.

**12. CREDITORS: amounts falling due within one year**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Trade creditors and accruals (i)	50,689	34,683
Bank overdrafts and loans (ii)	13,361	12,644
Finance leases	94	1,191
PAYE/PRSI	1,002	867
Corporation tax	624	1,769
	<u>65,770</u>	<u>51,154</u>

- (i) Trade creditors and accruals include an amount of €2,427,000 in respect of deferred consideration payable on the acquisition of a subsidiary undertaking during the year (note 23). It was paid in March 2013. This amount represents the present value of €2,500,000 discounted at 3% over one year.

Trade creditors also include amounts owing to suppliers who have a reservation of title clause in their contracts of sale.

- (ii) Bank borrowings are secured on the assets of the Society and its subsidiaries. The maturity of book loans and finance leases is analysed in Note 14.

**13. CREDITORS: amounts falling due after more than one year**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Bank loans (i)	12,090	3,000
Finance leases	160	27
Minority shareholders loans	579	579
	<u>12,829</u>	<u>3,606</u>

- (i) Bank borrowings are secured on the assets of the Society and its subsidiaries. The maturity of bank loans and finance leases is analysed in Note 14.



## 14. DETAILS OF BORROWINGS

## Maturity Analysis

	Within 1 year €(000)	Between 1 to 2 years €(000)	Between 2 to 5 years €(000)	Greater than 5 years €(000)	Total €(000)
<i>Repayable other than by instalment:</i>					
Bank overdrafts	9,361	-	-	-	9,361
<i>Repayable by instalment:</i>					
Bank loans	4,000	4,125	7,965	-	16,090
Finance leases	94	160	-	-	254
	<u>13,455</u>	<u>4,285</u>	<u>7,965</u>	<u>-</u>	<u>25,705</u>

## 15. PROVISION FOR LIABILITIES AND CHARGES

	Restructuring €(000)	Deferred Taxation €(000)	Total €(000)
At 1 January	1,263	169	1,432
Acquired in business combination (note 23)	-	(18)	(18)
Profit and loss account	1,657	75	1,732
Paid during year	(2,053)	-	(2,053)
	<u>867</u>	<u>226</u>	<u>1,093</u>
At 31 December			

The restructuring provision relates to the cost of restructuring announced during 2012 and previous years and relates primarily to redundancy costs.

## 16. CAPITAL GRANTS

	2012 €(000)	2011 €(000)
At 1 January	367	380
Amortised during year	(45)	(104)
Received during year	195	91
	<u>517</u>	<u>367</u>
At 31 December		

Grants received by the Society from Enterprise Ireland and Udaras na Gaeltachta and the Department of Agriculture, Fisheries and Food may be repayable in certain circumstances as outlined in the Grant Agreements.

**17. SHARE CAPITAL**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January	5,982	5,923
Share applications	11	18
Shares redeemed	(77)	(73)
Issue of bonus shares	121	114
At 31 December	<u>6,037</u>	<u>5,982</u>

The issued share capital of the Society consists of 6,037,179 ordinary shares €1 each. In common with organisations registered under the Industrial and Provident Societies Acts 1893 to 1978, the Society does not have any authorised share capital.

**18. CAPITAL RESERVES**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January	3,144	2,593
Reclassification	-	551
At 31 December	<u>3,144</u>	<u>3,144</u>

**19. REVENUE RESERVES**

	<b>Notes</b>	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January		30,066	25,780
(Loss)/profit for year		(1,432)	7,562
Dividends paid		(121)	(120)
Transfer to bonus reserve	20	(150)	(150)
Exchange rate adjustment		217	131
Pension funds actuarial loss	27	(4,036)	(3,137)
At 31 December		<u>24,544</u>	<u>30,066</u>
Revenue reserves excluding net pension liability		34,557	37,461
Net pension liability		(10,013)	(7,395)
Revenue reserves including net pension liability		<u>24,544</u>	<u>30,066</u>

Dividends proposed at 31 December 2012 amounted to €121,000 and in accordance with Financial Reporting Standards are not recognised in the financial statements until approved.

**20. BONUS RESERVE**

	Notes	2012 €(000)	2011 €(000)
At 1 January		342	306
Transfer from revenue reserves	19	150	150
Transfer to share capital	17	(121)	(114)
At 31 December		<u>371</u>	<u>342</u>

The transfer from Revenue Reserves is in accordance with Rules 73 and 74 of the Society which allows for the establishment of a Reserve from which allocations of fully paid-up bonus shares in the Society may be made.

**21. MINORITY INTERESTS**

	2012 €(000)	2011 €(000)
At 1 January	4,781	6,839
Share of profit/(loss)	578	(908)
Dividend paid to minority interest	(250)	(1,150)
At 31 December	<u>5,109</u>	<u>4,781</u>

The minority interest represents the holding of equity in Earrai Coillte Chonnacht Teoranta (ECC Teo), North Western Livestock Holdings Limited and CG Training Limited by minority interests.

**22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT****(i) Reconciliation of operating profit to net cash inflow from operating activities**

	Notes	2012 €(000)	2011 €(000)
Group operating profit		1,756	3,291
Depreciation charge	8	5,921	5,430
Government grants amortised	16	(45)	(104)
Goodwill amortised	9(i)	534	-
Contribution to pension schemes in excess of current service cost		(1,527)	(1,987)
Profit on sale of tangible fixed assets		(128)	(10)
(Increase) in stocks		(2,674)	(1,846)
(Increase)/decrease in debtors		(3,562)	240
(Increase) in creditors		6,430	6,316
Restructuring costs	15	(2,053)	(154)
Net cash inflow from operating activities		<u>4,652</u>	<u>11,176</u>

## 22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

	Notes	2012 €(000)	2011 €(000)
<b>(ii) Returns on investments and servicing of finance</b>			
Interest paid		(1,400)	(1,213)
Interest element of finance leases		(36)	(101)
Dividend paid to minority interests	21	(250)	(1,150)
Dividend received		266	256
		<u>(1,420)</u>	<u>(2,208)</u>
<b>(iii) Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(4,889)	(6,850)
Purchase of financial assets		(376)	(300)
Sale of tangible fixed assets		329	47
Sale of financial assets		-	8,262
Loan stock redeemed	9(iv)	499	475
Grant received	16	195	91
		<u>(4,242)</u>	<u>1,725</u>
<b>(iv) Acquisitions and disposals</b>			
Purchase of subsidiary undertakings (including acquisition costs)	23	(13,791)	-
Sale of investment in associate	9(iii)	4,641	-
Sale of business	6	166	-
		<u>(8,984)</u>	<u>-</u>
<b>(v) Financing</b>			
Share capital issued (net)	17	(66)	(55)
Bank loans drawn down/(repaid)		4,164	(3,491)
Finance leases		(964)	(1,662)
		<u>3,134</u>	<u>(5,208)</u>

## 23. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 13 January 2012, the Society acquired the Milk and Stores business of Donegal Creameries plc through the purchase of the entire share capital of Glenveagh Agricultural Co-operative Society Limited and Maybrook Dairy (Omagh) Limited, and the purchase of the trade and assets of its nine southern Agri stores for a consideration of €15.3m plus expenses of €0.9m.

The fair value of the assets and liabilities acquired are set out below:

	Book value €(000)	Fair value Adjustment €(000)	Total €(000)
Property, plant and equipment (note 8)	3,912	-	3,912
Stock	2,748	(200)	2,548
Debtors and prepayments	6,716	(392)	6,324
Creditors and accruals	(7,242)	-	(7,242)
Deferred tax (note 15)	18	-	18
Net assets and liabilities acquired	6,152	(592)	5,560
Goodwill arising on acquisition (note 9(i))			10,683
Total acquired			16,243
<i>Satisfied by:</i>			
Cash consideration			12,893
Deferred consideration (note 12)			2,427
Acquisition costs			923
Total cost of acquisition			16,243

The fair value adjustments of €592,000 relates to the re-valuation of stock and debtors on acquisition.

## 24. ANALYSIS OF CHANGES IN NET DEBT

	Opening Balance €(000)	Cash Flow €(000)	Closing Balance €(000)
Cash at bank and in hand	9,013	(2,704)	6,309
Overdrafts	(3,718)	(5,643)	(9,361)
	5,295	(8,347)	(3,052)
Bank loans	(11,926)	(4,164)	(16,090)
Finance leases	(1,218)	964	(254)
	(7,849)	(11,547)	(19,396)

## 25. RELATED PARTY TRANSACTIONS

In the ordinary course of their business, as farmers, the Directors trade with the Society on standard commercial terms. The level of purchases from and sales to the Directors during 2012 amounted to €1,711,000 (2011: €1,841,000) and €884,000 (2011: €754,000) respectively. The net trading balances outstanding to the Society at the year end were €149,000 (2011: €90,000).



## 26. COMMITMENTS

- (a) Capital commitments were €550,000 at 31 December 2012 (2011: €1,350,000).
- (b) Annual commitments exist under non cancellable operating leases at 31 December are as follows:

	2012 €(000)	2011 €(000)
<i>Expiring:</i>		
Within one year	3	16
Between two and five years	293	254
More than five years	-	-
	<hr/>	<hr/>
Total	296	270
	<hr/>	<hr/>

- (c) At the year end purchase commitments on forward contracts for certain raw materials not yet provided for in the financial statements amounted to €12,166,000 (2011: €8,268,000).
- (d) The Society enters into forward foreign exchange contracts in the normal course of business to reduce transactional exposures arising from purchases or sale, predominantly in sterling. It is the Society's policy that no trading in financial instruments is undertaken. At the year end, the Society was committed to buying sterling with an equivalent euro nominal value of €7,509,000 (2011: €6,994,000).

## 27. PENSION SCHEMES

The Society operates a number of defined benefit pension schemes for employees and is also a member of the Irish Co-operative Societies pension scheme.

FRS 17 "Retirement Benefits" has been fully adopted in respect of Connacht Gold Co-operative Society defined benefit pension schemes. There is a charge to the profit and loss account of the Society in the current year of €249,000 in respect of these schemes and a credit of €714,000 in 2011. The pension cost was assessed in accordance with the advice of an independent qualified actuary.

### (i) Connacht Gold Co-operative Society defined benefit pension schemes

The Society operates a number of defined benefit pension schemes for employees with assets held in separately administered funds. Annual contributions to the pension schemes are based on the advice of qualified independent actuaries obtained every three years. The last actuarial valuations in respect of these schemes were carried out at 1 January 2012 and subsequently updated to 31 December 2012 for FRS 17 "Retirement Benefits" purposes. The actuarial reports are available for inspection by members of the schemes but not for public inspection. The valuations and related disclosures required under FRS 17 have been calculated by qualified independent actuaries based on the most recent full actuarial valuations at 1 January 2012, updated to 31 December 2012.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2012 %	2011 %	2010 %
Rate of inflation	2.00	2.00	2.00
Rate of increase in salaries	2.50	3.00	3.00
Discount rate	3.75	5.25	5.50

**27. PENSION SCHEMES (continued)**

The assets in the schemes and the expected rates of return were:

	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>Expected Rate</b>	<b>Market</b>	<b>Expected Rate</b>	<b>Market</b>	<b>Expected Rate</b>	<b>Market</b>
	<b>of Return</b>	<b>Value</b>	<b>of Return</b>	<b>Value</b>	<b>of Return</b>	<b>Value</b>
	<b>%</b>	<b>€(000)</b>	<b>%</b>	<b>€(000)</b>	<b>%</b>	<b>€(000)</b>
Equities	7.25	19,025	8.38	17,380	7.80	21,463
Bonds/Cash	1.00 to 2.75	12,290	1.00 to 3.95	9,973	1.00 to 3.80	9,022
Property	5.25	323	6.38	559	6.80	754
		<u>31,638</u>		<u>27,912</u>		<u>31,239</u>

The amounts recognised in the consolidated balance sheet are determined as follows:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>€(000)</b>	<b>€(000)</b>	<b>€(000)</b>
Total market value of schemes' assets	31,638	27,912	31,239
Actuarial value of schemes' liabilities	(41,651)	(35,307)	(37,491)
Net pension deficit	<u>(10,013)</u>	<u>(7,395)</u>	<u>(6,252)</u>
Related deferred tax asset	-	-	-
Net pension deficit	<u>(10,013)</u>	<u>(7,395)</u>	<u>(6,252)</u>

No deferred tax asset has been recognised in respect of the pension liability due to the level of uncertainty over the recoverability of such an asset.

In valuing the liabilities of the pension fund at 31 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 allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 23.7 years (female)
- Future retiree upon reaching 65: 25.3 years (male), 26.3 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.

The amounts recognised in the consolidated profit and loss account are as follows:

	<b>2012</b>	<b>2011</b>
	<b>€(000)</b>	<b>€(000)</b>
Charged/(credited) to operating profit:		
Current service cost	495	598
Settlement cost	-	169
Past service credit	(355)	(1,474)
Total	<u>140</u>	<u>(707)</u>

**27. PENSION SCHEMES (continued)**

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Other finance charge/(income):		
Expected rate of return on pension schemes' assets	(1,712)	(2,059)
Interest on pension schemes' liabilities	1,821	2,052
	<u>109</u>	<u>(7)</u>
Net finance charge/(income) included in finance costs		

The analysis of amounts recognised in the consolidated statement of total recognised gains and losses are as follows:

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
Actual return less expected return on schemes' assets	1,787	(2,489)
% of scheme assets	5.65%	(8.92%)
Experience gains and losses	(507)	133
% of present value of scheme liabilities	(1.22%)	0.38%
Changes in assumptions	(5,316)	(781)
% of present value of scheme liabilities	(12.76%)	2.20%
Actuarial loss included in the statement of total recognised gains and losses	<u>(4,036)</u>	<u>(3,137)</u>

The movement in deficit in the schemes during the year is as follows:

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January	(7,395)	(6,252)
Current service cost	(495)	(598)
Contributions	1,667	1,280
Past service credit	355	1,474
Settlement cost	-	(169)
Net finance (charge)/income	(109)	7
Actuarial loss	(4,036)	(3,137)
	<u>(10,013)</u>	<u>(7,395)</u>
Deficit at 31 December		

The movement in the fair value of plan assets is as follows:

	<b>2012 €(000)</b>	<b>2011 €(000)</b>
At 1 January	27,912	31,238
Expected return on plan assets	1,712	2,059
Actuarial gains/(losses)	1,787	(2,489)
Contributions by employer and members	2,049	1,630
Benefits paid	(1,822)	(4,526)
	<u>31,638</u>	<u>27,912</u>
At 31 December		

**27. PENSION SCHEMES (continued)****History of plans**

The history of plan's for the current and prior periods is as follows:

	<b>2012</b> <b>€(000)</b>	<b>2011</b> <b>€(000)</b>	<b>2010</b> <b>€(000)</b>	<b>2009</b> <b>€(000)</b>	<b>2008</b> <b>€(000)</b>
Present value of scheme liabilities	(41,651)	(35,307)	(37,491)	(36,100)	(36,662)
Fair value of scheme assets	31,638	27,912	31,239	27,429	21,931
Deficit at 31 December	(10,013)	(7,395)	(6,252)	(8,671)	(14,731)

**Experience adjustments**

	<b>2012</b> <b>€'000/%</b>	<b>2011</b> <b>€'000/%</b>	<b>2010</b> <b>€'000/%</b>	<b>2009</b> <b>€'000/%</b>	<b>2008</b> <b>€'000/%</b>
Experience adjustments on scheme liabilities	(507)	133	442	1,842	830
% of scheme liabilities	(1.22)	0.38	1.2	5.1	2.3
Experience adjustments on scheme assets	1,787	(2,489)	1,693	2,917	(13,951)
% of scheme assets	5.65	(8.92)	5.4	10.6	(63.6)

**(ii) The Irish Co-operative Societies Pension Scheme**

The Society participates in the Irish Co-operative Societies (ICOS) pension scheme which is a multi-employer defined benefit pension scheme. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Society is accounting for the pension scheme as if it were a defined contribution scheme in accordance with FRS 17.

The most recent actuarial valuation of the scheme was carried out at 1 January 2012. The actuarial report is available for inspection by members of the scheme but not for public inspection. Whilst at the date of the most recent actuarial valuation the value of the assets of the scheme was sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings, at its annual review date of 1 July 2012 the Scheme did not meet the minimum funding standard. An actuary's statement to this effect has been included in the 2012 trustee Annual Report. Where a scheme fails to meet the minimum funding standard, the trustees (ICOS) are required to develop a Funding Proposal for submission to the Pension Board in conjunction with participating employers, employee representatives and the scheme actuary.

**28. PRIOR YEAR ADJUSTMENT**

The prior year comparatives in the 2011 financial statements were restated due to an accounting error in the Consumer Foods business. The accounting error resulted in the overstatement of sales in 2010 and 2009 in the amount of €859,000 with a corresponding overstatement of net assets at 31 December 2010.

**29. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE**

<b>Subsidiaries – Republic of Ireland</b>	<b>% Holding</b>	<b>Activity</b>
Sligo Dairies Ltd	100%	Non Trading
Ballina Milk Co. Ltd (Purefresh Dairies)	100%	Non Trading
Shannonside Milk Products Ltd	100%	Manufacture of Dairy Products
Palmar Ltd	100%	Non Trading
Connacht Gold Ltd	100%	Non Trading
Earrai Coillte Chonnacht Teoranta (ECC Teo)	66.67%	Timber Production
North Western Livestock Holdings Ltd	70.91%	Holding company
Moy Valley Seed Potato Company Ltd	100%	Non Trading
Connacht Gold Properties Ltd	100%	Auctioneering
CG Training Ltd	75%	Training services
Glenveagh Agricultural Co operative Society Ltd	100%	Manufacture of Dairy Products

**Subsidiaries – Northern Ireland**

Connacht Gold (Northern Ireland) Ltd	100%	Milk Trading
Maybrook Dairy (Omagh) Ltd	100%	Milk Trading and Retail

**Associate – Republic of Ireland**

County Mayo Radio Ltd	21.43%	Radio station
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**Joint Venture – Republic of Ireland**

Glanóir Energy Ltd	50%	Non Trading
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All Subsidiaries, Associates and Joint Venture operate in the Republic of Ireland and the United Kingdom. The shareholders agreement for the Joint Venture, Glanóir Energy Limited, was not signed at 31 December 2012. The addresses of the Registered Offices of the Subsidiaries, Associates and Joint Venture are available at Connacht Gold Co-operative Society Limited, Tubbercurry, Co. Sligo.

All of the Subsidiaries incorporated under the Companies Acts 1963 to 2012 in the Republic of Ireland with the exception of North Western Livestock Holdings Ltd and CG Training Ltd have availed of the exemption available under Section 17 of the Companies (Amendment) Act 1986 and will file these Group Financial Statements with their annual returns instead of their own Financial Statements. The Society has guaranteed the liabilities of the Subsidiaries availing of this exemption.

**30. COMPARATIVE AMOUNTS**

Comparative amounts have been restated, where necessary on the same basis as those for the current year.

**31. APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board of Directors on 22 March 2013.







Tubbercurry, Co. Sligo

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