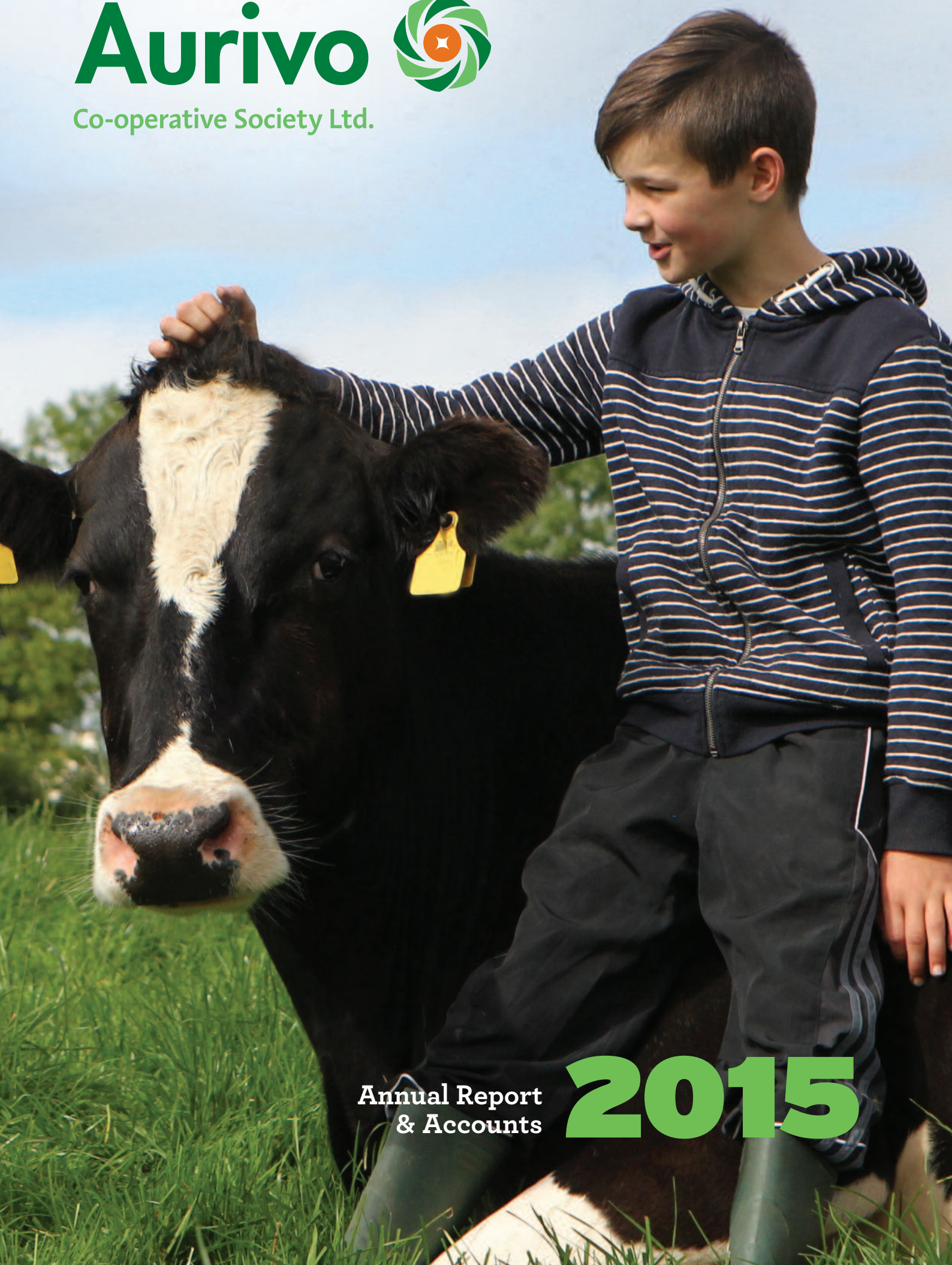


Aurivo



Co-operative Society Ltd.



Annual Report
& Accounts

2015



You can find more information about Aurivo online at:

www.Aurivo.ie 



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Turnover
€420m



Total operating profit
(pre non-recurring items)

€3m



Record volumes
of milk processed

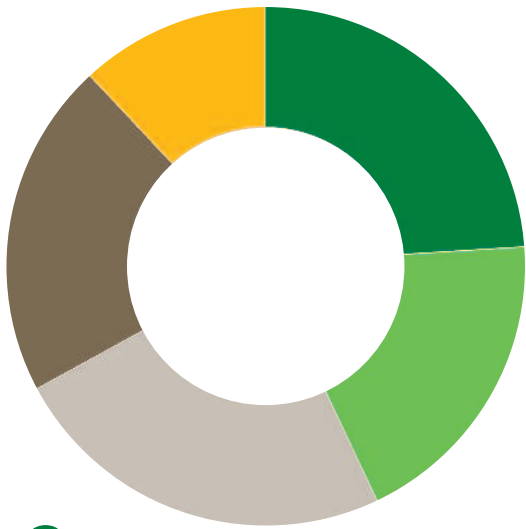
Milk supply
growth (April – Dec 2015)

+12%





Growth of
our brands



Our
businesses’
turnover

- Agribusiness
- Consumer Foods
- Dairy Ingredients
- Livestock Marts
- Other Activities



Attendance at
Nutrias beef
seminars

550

Products launched in
dairy and agri
businesses

15

Business
Awards: 13

Milk Quality
Awards: 19

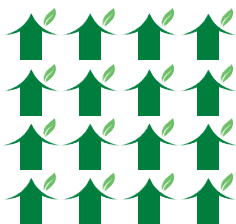
Customer
Service
Excellence
Awards: 12



Awards

Farm
profitability
programme

16
EVENTS



2015 TIMELINE OF KEY EVENTS



Milk powder from Aurivo's dairy farmers on sale in Iraq



My Goodness Ltd acquired. Its For Goodness Shakes brand is the leading ready-to-drink sports nutrition brand in the UK



Homeland Ballina was named the DIY Garden Centre of the Year by Bord Bia

Abolition of milk quotas

January

February

March

December

November

October

Nutrias Calf Milk Replacer launched



Aurivo participated on Nigeria trade mission

Agricultural Science Association 'Sustainable Dairy Forum' hosted by Aurivo in Ballaghaderreen



Homeland Swinford wins DIY Retail Store of the Year

Connacht Gold Protein Milk launched



Connacht Gold #LoveTheTaste campaign with Pippa O'Connor



Aurivo Milk Quality Awards



Farm Safety GAA initiative undertaken



Chinese Premier Li Keqiang and Professor Cheng Hong visit the Aurivo dairy and beef farm of Cathal Garvey

April

May

June

September

August

July

Nutrias beef events hosted in our mart centres



Aurivo's headquarters is officially opened by European Commissioner for Agriculture and Rural development, Phil Hogan

Engagement with farmers and customers at Tullamore, Bonniconlon and other agricultural shows throughout the region



Contract signed for new packing technology and equipment for Dairy Ingredients.



Chairman's Statement

While 2015 brought with it exceptionally volatile and challenging conditions for the entire dairy sector, Aurivo co-operative made substantive strides to strengthen the co-op across each of its business areas, and did so with an eye on ensuring a strong, sustainable future for the business.

Whilst the challenges of 2015 did have a negative impact on the financial performance of the business, this was a year of continued delivery – in terms of brand growth, record processing volumes and the delivery of enhanced business efficiencies. The business in 2015 has clearly demonstrated that having an efficient organisation is essential to remaining successful and to delivering sustainable growth.

BUSINESS REVIEW

Aurivo produced a total operating profit of €3.03m in 2015 (pre non-recurring items). This was delivered on the back of a turnover of €420m.

While the financial outturn of the business declined in 2015, this was a strong and creditable financial performance, particularly when one considers the extent of the global downturn in the dairy sector.

The exceptionally difficult period for milk price in 2015 propelled Aurivo to support its suppliers significantly through a milk stability fund and through co-op reserves. While these necessary financial actions did impact the financial performance of the organisation, the impact was significantly lessened due a good performance in 2015 across our Consumer Foods business, Agribusiness, Livestock Marts and from our investment portfolio.

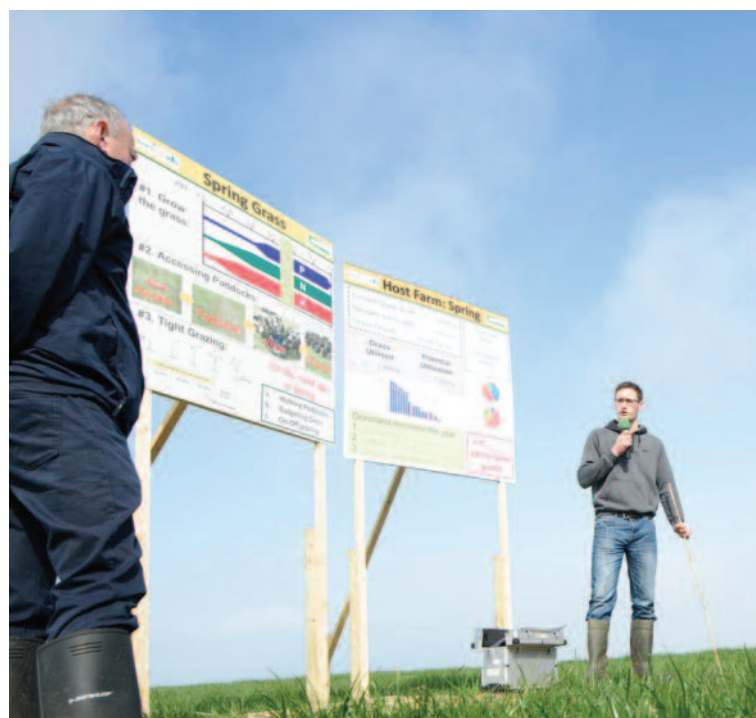
Consumer Foods

Our Consumer Foods business performed strongly in 2015 with sales increasing by €5.1m to €80.4m (2014: €75.3m).

Through continued strong brand investment, Connaught Gold continued to grow and perform both in terms of volume growth and category growth.

Encouragingly, sales grew in 2015 across both branded butter and milk.

Our For Goodness Shakes sports nutrition brand, which was acquired in early 2015 as part of the My



Goodness Limited acquisition, continued to grow strongly in 2015. The brand, which is London-based, was launched in the Republic of Ireland in 2015 and was sampled at over 30 sporting events. 2016 looks promising for the brand and has got off to a good start, underpinned by a strong pipeline of new and diversified product developments.

Dairy Ingredients

It is not at all surprising to state that markets in 2015 proved to be exceptionally difficult and we endeavoured to return as competitive a price as possible to our suppliers. Turnover for the year declined to €99.5m from €135.8m in 2014.

Milk supply growth was very strong and 2015 was a record year for weekly production, which helped deliver plant efficiencies.

It was gratifying to see Aurivo dairy farmers win 19 Milk Quality Awards in 2015.

Agribusiness

Our Agribusiness performed strongly in 2015, albeit turnover declined marginally by €1.4m to €101.4m. We have continued our focus on delivering exceptional customer service and have streamlined our customers' experience across our Homeland and Nutrias brands.



The exceptionally difficult period for milk price in 2015 propelled Aurivo to support its suppliers significantly through a milk stability fund and through co-op reserves.



Aurivo Farm Profitability Programme farm walk

Aurivo's Farm Profitability Programme had a successful second year in 2015 and the engagement and feedback on what was an active programme is encouraging.

Marts

Our Marts business had a good return in 2015 with year-on-year turnover increasing by 6.8% in 2015 to €86.5m.

Strong competition at the ringside for the weekly offerings showed a price increase of €100 per head on 2014 prices. Numbers of sheep sold increased significantly (by 25.5%) in 2015, with prices increasing in excess of 5% during the year.

Aurivo's investment programme in its Mart operations continued in 2015 with a strong emphasis on health and safety for its customers.

BOARD & TEAM

I want to pay tribute and thanks to my board colleagues for their continued support, guidance and direction to the business in 2015.

I would also like to thank vice-chairman Michael Brennan for all his assistance throughout the year.

On behalf of my colleagues on the board of directors,

I would also like to extend my thanks and encouragement to Aaron Forde, Aurivo's CEO, and his strong, committed management team.

It goes without saying that we would not have such a strong organisation were it not for the loyalty and dedication of our valued employees.

BUSINESS OUTLOOK

Dairy continues to be very difficult in 2016 and unfortunately we expect this trend to continue well into this year. Despite this, we believe the overall fundamentals of dairy and food to be strong in the longer term, which presents significant opportunities for Aurivo, provided we focus on being a fit-for-purpose, efficient and sustainable business.

Aurivo has a robust, efficient and sustainable business model. We have a strong financial position. Coupled with a proven and determined management team and workforce, we will face the current and short-term challenges presented to the business and ensure a platform that continues to deliver for all our stakeholders.

Tom Cunniffe
Chairman



A business model that creates sustainable value



Our business aims to enhance the lives of our members, customers, colleagues and the communities we operate in, in a sustainable way. We are committed to the highest standards of business and ethical behaviour and to fulfilling our obligations to the communities we operate in.

Innovation *Customer Focus* *Operational Excellence* *People & Performance*



**Working
with nature**



ENVIRONMENTAL SUSTAINABILITY

Aurivo has attained full membership status of Bord Bia's Origin Green programme. By being an active Origin Green member, our business is dedicated to the sustainability charter; to reduce environmental impact, serve our communities responsibly and protect the rich natural resources that our region enjoys.

Our manufacturing sites have set ambitious targets in terms of sourcing; our manufacturing processes, including emissions, energy, waste; and social sustainability. We are continuously seeking to make small improvements and better integrate our sustainability efforts into our daily actions.

- Reduction in carbon emissions at Dairy Ingredients site
- Waste to landfill significantly reduced in the liquid milk site
- Energy usage reduced across the manufacturing sites
- Water usage reduced throughout manufacturing sites

SUPPORTING SUSTAINABLE AGRICULTURE

- Aurivo is a fully verified member of Bord Bia's Origin Green programme
- 90% of milk suppliers participating in the Sustainable Dairy Assurance Scheme
- 16 Farm Profitability Programme events hosted in 2015
- 8 Grass Pods with over 100 people engaged every month
- 16 Farm Safety initiatives
- Supporter of Nuffield Scholarship, Macra Na Feirme, Land Mobility and AgriAware

CREATING COMMUNITY SUSTAINABILITY

- Aurivo is a proud supporter of many community events and activities: Agri | Sport | Education | Food & Nutrition | Arts
- €40,000 presented to Pieta House for the prevention of suicide and self-harm
- €250,000 donated to good causes since Aurivo's Charity of the Year initiative commenced
- Aurivo is proud to participate on the Skills @ Work Programme – part of the Responsible Business Network
- Provider of entrepreneurial and business support to local SMEs

A BUSINESS MODEL THAT CREATES VALUE

We exist to create value for all our stakeholders. Our business model begins with consumer insight which informs innovation.

By understanding our consumers and customers we will continue to provide products to meet changing needs and deliver a service to delight our customers.

We are continuously seeking to make small improvements and better integrate our sustainability efforts into our daily actions to ensure we have a lean operation footprint and reduce our environmental impact. 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 communications across the business.



Chief Executive's Review

Aurivo has continued to make strong strategic progress in 2015, navigating through a period of change and challenging times within the industry.

A combination of strong brand growth, processing record volumes, delivering enhanced business efficiencies, adding value with new product propositions, and solid investment performances — particularly in the sports nutrition category, have ensured Aurivo continues to build a sustainable business.

2015 was a year in which multiple dynamics affected the industry and our business. After more than 30 years of quota restrictions, the most fundamental change to Irish agriculture in a generation came into effect on 1 April, with the abolition of the milk quota regime.

With dairy farmers no longer limited by quotas, Aurivo suppliers have increased production by some 12 percent since April, resulting in a record year for milk processed at our dairy sites and record tonnages of dairy product produced.

However, the growth of European milk production coincided with slowing global demand, severely affected by economic uncertainties, geopolitical tensions and low oil prices, which has led to a difficult period for milk price. Good grazing conditions and high solids did lessen the impact to a small degree for dairy farmers in the latter half of 2015. Milk price has also been supported through these tough market conditions, initially with Aurivo's milk stability fund and subsequently by co-op funds, which has contributed to a below budget performance for 2015.

Strong performances across our consumer foods business, with increased volumes and branded growth in milk and butter; solid agribusiness and mart operations and good returns from our investment portfolio — including the For Goodness Shakes brand growth — have mitigated some of the extreme difficulties experienced by the global dairy downturn.

For Aurivo and its owners, it is vital that each component of the supply chain is strong enough to sustain volatile conditions. Having an efficient organisation is essential to remaining successful and achieving sustainable growth. With this in mind, throughout 2015 Aurivo continued to focus on delivering further business efficiencies and enhanced value for our cus-



tomers and owners through our four business pillars of: Customer Focus, Innovation, Operational Excellence, and People and Performance.

I illustrate our progress in 2015 under those strategic pillars:

CUSTOMER FOCUS

From our portfolio of regional and national brands to our dairy products destined for Africa, Afghanistan or Costa Rica, all of our customers expect perfection in every litre of milk and every kilogramme of product. Milk quality continues to be an essential ingredient for our global customer base across the 50 markets we have built and we foster a culture of excellence in our milk pool through Aurivo's annual Milk Quality Awards, AHI's Cellcheck Awards and the Kerrygold/NDC Quality Milk Awards.

Further strengthening of relationships across our international business continued in 2015 with a calendar of in-market collaboration visits to Africa, Europe and the Middle East and attendance at prominent international food shows, such as Gulfood in Dubai and Sial in Paris. Aurivo's dairy team also accompanied the Minister for Agriculture on a trade mission to Lagos in Nigeria last December.



For Aurivo and its owners, it is vital that each component of the supply chain is strong enough to sustain volatile conditions. Having an efficient organisation is essential to remaining successful and achieving sustainable growth.



Our consumer foods brands have been supported with marketing investment, which has yielded growth for our branded butter and milk business. The yellow fats category is in decline, with many brands experiencing double digit losses, but importantly our Connacht Gold brand is trading well ahead of the category, with excellent growth year-on-year. Our total branded milk business has grown slightly for the first time in some years, and this branded growth has been achieved whilst simultaneously growing our volume and winning new milk partnerships with retail customers.

Over many consecutive years, our butter has gained international and domestic recognition for quality and presentation and in 2015, Connacht Gold received yet another Great Taste Award (UK) and two national Blas na hÉireann Irish Food Awards.

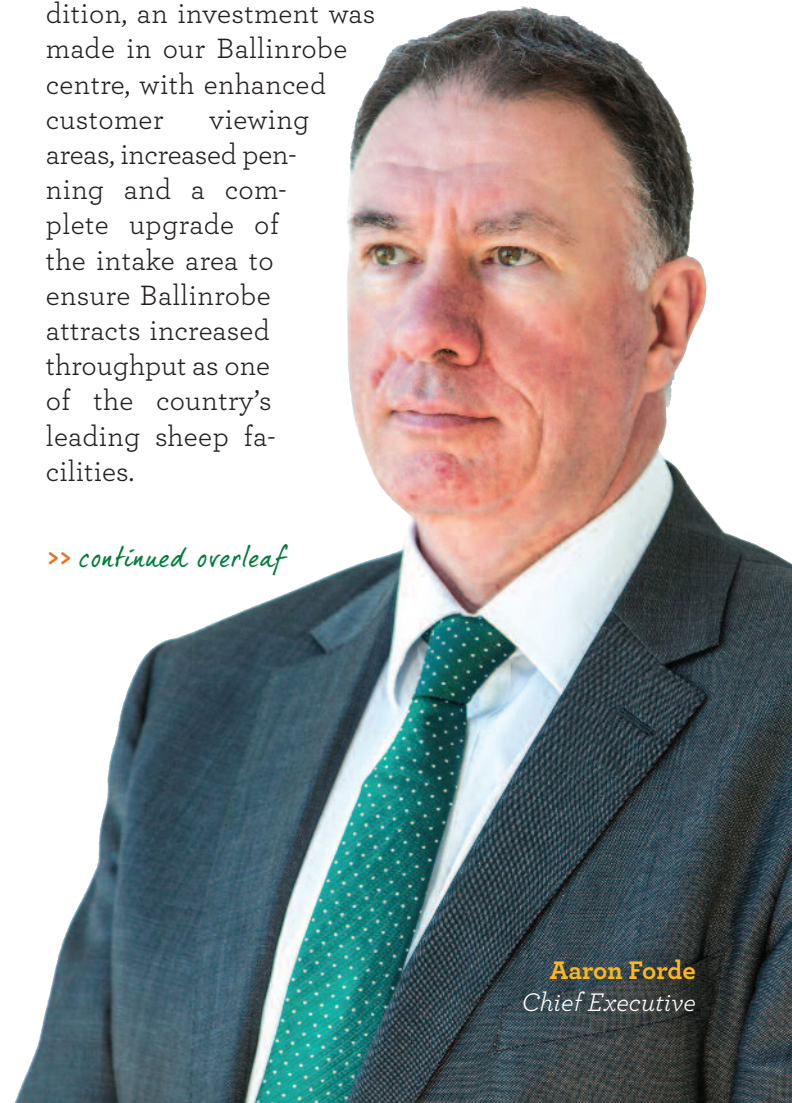
Our investment in customer service training reached out across our entire business and we have now completed 24 months of intensive training. To date, more than 500 employees have been involved in these workshops. As a recognition of Aurivo's excellent approach to customer relations, Customer Service Excellence Ireland (CSEI) Awards were presented to our milk distribution teams in Killygordon, Connacht and ten retail stores.

The internal rebranding of our retail stores to Homeland was completed at the end of 2015, creating a uniform identity for this business with clear segmentation in Homeland Agri, Homeland and Homeland Plus. Additionally, category management principles have been embraced to make shopping at our stores easier with products and ranges specific to the store segment. Once again our stores performed exceptionally well in our independent mystery shopper assessments.

Our Homeland store in Swinford achieved the ultimate honour of being named Retail Excellence Ireland Agri/DIY Store of the Year. Our garden centres were also recognised for excellence, with seven Homeland and Homeland Plus garden centres achieving Bord Bia National Amenity Horticulture Quality Awards, and Homeland Ballina being recognised as Bord Bia's Garden Centre of the Year.

In our mart business, our technology system across all sites was upgraded. In addition, an investment was made in our Ballinrobe centre, with enhanced customer viewing areas, increased penning and a complete upgrade of the intake area to ensure Ballinrobe attracts increased throughput as one of the country's leading sheep facilities.

>> *continued overleaf*



Aaron Forde
Chief Executive



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INNOVATION

Our global consumer base with diverse tastes and product functionality expectations, challenges our business to develop innovative product and ingredient solutions to deliver on our customer partnership programs. Our support of, and collaboration with the DPTC and MTL will strengthen and assist our business in delivering for our customers to both our mutual benefit.

Aurivo continues to work hard at strengthening our market propositions for global customers, by adding value through an ethos of continuous product improvement, new product developments and recipe reformulations for customers in Iraq, Mali and the Middle East.

In July 2015, a contract worth €1.6m was signed for new packing equipment and technology to be installed at Aurivo's Dairy Ingredients site. By upgrading existing plant and installing new technology the co-operative is maximising opportunities to expand into new markets and respond to changing customer requirements by delivering tailored product solutions, flavours and formats.

In agribusiness, a brand extension for the Nutrias animal feeds brand was created, with a calf milk replacer launched in December. This product has performed particularly well since launch and follows on from the Nutrias mineral buckets added to the brand range in 2014.

New products and pack formats were also brought to market in consumer foods for both our retail partners and Aurivo's milk brands, including a new 500ml Connacht Gold fresh protein milk bottle.

We continue to expand into new markets and exciting new categories. In February 2015, Aurivo acquired London based sports nutrition company My Goodness Limited. Its For Goodness Shakes brand is the UK's leading ready to drink sports recovery brand. Throughout 2015 the brand posted significant sales increases. An equally strong performance is expected in 2016, underpinned by a pipeline of exciting new product developments.

>> continued overleaf

OUR BRANDS



Nutrias
The science of animal nutrition

BUSINESS SUMMARY

AGRIBUSINESS	CONSUMER FOODS	DAIRY INGREDIENTS	LIVESTOCK MARTS
<p><i>More streamlined and enhanced customer experiences</i></p> <p>Homeland rebranding complete and roll out of planograms commenced</p> <p>Store network served 1.5 million customers in 2015</p> <p>Continued to develop team members skills with 70 training days undertaken</p> <p>10 teams across the retail stores network recognised by Customer Service Excellence Ireland. Two national awards achieved</p> <p>Enhanced efficiencies and increased throughput in the Mill. Calf milk replacer added to Nutrias range</p> <p>Farm Commercial Specialists offer professional technical advice to our customers on all input needs</p> <p>Farm Profitability Programme continues to work with farmers, stakeholders and industry to improve sustainability and efficiency of farming families</p>	<p><i>Growing volume, brands and customer partnerships</i></p> <p>New business wins and volume growth achieved with current customers, simultaneously increasing total branded milk volumes</p> <p>Record volumes processed in Killygordon liquid milk site on single shift</p> <p>Connacht Gold butter brand trading well ahead of yellow fats category</p> <p>Strong national advertising and ambassador campaigns</p> <p>For Goodness Shakes listed in all major retailers in Ireland</p> <p>Three Great Taste and Blas na hÉireann butter awards</p> <p>Two milk distribution teams received Customer Service Excellence Awards</p>	<p><i>Operationally strong through challenging global markets</i></p> <p>Record weekly production as journey of lean improvements continued</p> <p>Strengthening customer relationships in diverse markets including Nigeria, Democratic Republic of Congo, Republic of Congo and United Arab Emirates</p> <p>Investment in Dairy Processing Technology Centre and collaboration with Moorepark Technology Ltd to add value through innovation</p> <p>Committed to Origin Green's sustainability charter to reduce environmental impact</p> <p>90% of dairy farmers participating in Bord Bia's Sustainable Dairy Assurance Scheme</p>	<p><i>Increased turnover despite marginal throughput decline in competitive environment</i></p> <p>Strong competition at the ringside for the weekly offerings showed a price increase of €100 per head on 2014 prices</p> <p>Numbers of sheep sold increased by 25.5% to over 53,000, with prices increasing in excess of 5% on 2014</p> <p>Sheep customers gave a massive vote of confidence to our improved sheep facilities following an upgrade to Ballinrobe sheep ring</p> <p>550 customers attended Nutrias beef events in three Aurivo mart centres in September</p> <p>Aurivo has continued its investment programme in its marts with strong emphasis on health and safety for its customers</p>



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OPERATIONAL EXCELLENCE

Operationally, the business continued to work with lean principles and a philosophy of continuous improvement. This has delivered operational benefits in terms of water, energy and waste reductions and increased throughput for Dairy Ingredients, Consumer Foods and Animal Feeds.

2015 was a record year for milk processing, with weekly production volumes in Dairy Ingredients reaching 1,506 tonnes per week throughout the peak milk supply months. The ongoing benefits of the Lean Programme delivered significant results for the business in terms of capacity improvements and energy efficiency improvements.

In 2015, our liquid milk processing site in Killygordon processed record volumes with an increase in retail partnerships volume and branded milk growth.

In November, Aurivo announced a decision to transfer butter packing from Achonry to Ornua's new production facility in Mitchelstown. The new plant is a state-of-the-art, purpose-built centre of excellence that presents the business with significant opportunities for innovation and growth.

The Animal Feeds Mill has developed its Lean plan with projects on energy management, production efficiencies and quality. Significant savings on water, oil and power consumption were achieved in 2015.

Our transport operations have been optimised further in 2015 across our Consumer Foods and Agribusiness operations. The net result of these initiatives is a closer proactive working partnership with our customers, a reduction in logistics costs, increased overall fleet capacity and delivering on service level targets. Our Farm Profitability Programme has done good work supporting farm efficiency and aiding knowledge transfer, with almost two thirds of our dairy farmers engaged with the programme at one or more of the 16 events hosted across the region this year.

PEOPLE AND PERFORMANCE

We are absolutely committed to developing our people to their full potential to allow them to make the maximum contribution in their job. All Aurivo em-



*Aurivo focus farmer,
Kevin Moran*

ployees undergo an annual performance review which aligns their goals and objectives with the overall corporate strategic goals and, where appropriate, defines a career path for the employee.

We have created a Leadership Development Programme which fast-tracks a number of high potential employees/graduates through our four main business units over a 24-month period. We currently have four graduates on the programme and two who have completed the programme successfully and who are now in full-time employment with the co-op. Further graduates will be recruited to the programme in 2016. As part of our succession strategy, we also run a Stores Trainee Manager Programme to train and develop future store managers.

As an agribusiness, it is our duty to do everything we can to ensure our farming community is safe. Farm fatalities are all too common and so, 2015 saw the roll-out of a multi-pronged Aurivo farm safety campaign. We also have a strong focus on risk management and



Africa has a population of a billion people across 52 countries and it offers opportunities as population grows and income per capita increases.



health and safety in the organisation. We endeavour to make our facilities as safe and risk-free as possible for our employees and customers, and are making good progress in this regard.

Our people continue to do great work for good causes with thousands of euros raised through numerous employee fundraising events for our 2015 charity partner, Pieta House – for the prevention of suicide and self-harm. As a result of the fundraising endeavours of our employees and board of directors, €30,645 was raised for this very deserving cause from direct fundraising activities. This was further supplemented by Aurivo and a cheque for €40,000 was recently presented to Pieta House. Over €250,000 has now been donated to good causes through Aurivo's Charity of the Year programme – a remarkable milestone and a credit to all our people who organise and contribute to these events. Our Charity of the Year for 2016 is the Irish Society for the Prevention of Cruelty to Children (ISPCC), Childline.

OUTLOOK

The dairy situation remains very challenging and a difficult 2016 is expected while supply continues to exceed demand. The rate of recovery continues to be influenced by the volume of excess inventory on the global market and strong global supply. Despite this, we believe the fundamentals of dairy and food which is rich in nutrition, remain unchanged in the longer term. World dairy consumption is projected to grow considerably over the next ten years and much of this growth is being driven by the developing markets of the Middle East, Asia and Africa. The population of Africa is a billion people across 52 countries and it offers opportunities as population grows and income per capita increases.

Engagement and support of our dairy farmers will continue as our Farm Profitability Programme enters its third year, with the objective of helping farming families manage volatile milk markets and adverse weather conditions, through enhanced farm efficiencies and best practice techniques. We will continue to develop our R&D and innovation capabilities to ensure our business is relevant, competitive and meets the demands of our regional, national and international customer base. We have a strong branded business which we expect to continue on its upward trajectory, especially the For Goodness Shakes brand, which has a leading position in a growing category and has exciting plans for 2016. Our retail stores and animal feeds brands have undergone a period of transformation and have adapted to the changing needs of rural and urban customers across our region.

Our mart centres are well invested and set up to continue their leading position in the region as a credible, regulated marketplace for our farmers.

We thank our customers, employees and members for their support in 2015 and for the future, we know that with a lean operational footprint, especially strong customer relationships, an excellent team of people and a strong innovation pipeline across our diversified businesses, Aurivo is well positioned to navigate the challenges of a competitive and unpredictable economic environment.

Aaron Forde

Chief Executive

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.

Aurivo 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. Aurivo 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 communications 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 Aurivo 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: CHARITY OF THE YEAR

Aurivo operates in numerous communities throughout the West and North West in a diverse range of business activities. The company employs 684 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



*A student enjoying Aurivo's Business
In The Community programme*

BUSINESS IN THE COMMUNITY

In 2015, Aurivo teamed up once again with Colaiste Iascaigh, in Easkey, Co Sligo, as part of the Schools' Business Partnership (SBP) Skills @ Work Programme – a Responsible Business Network programme for senior cycle students.

The Skills @ Work initiative involves a number of group sessions with the students including a business overview, site tour of Dairy Ingredients, CV workshops, 'A Day in the Life' career talks by various employees, mock interviews, as

well as sessions on workplace teamwork. Employees at Aurivo are committed to assisting students recognise the value of completing the Leaving Certificate and helping them explore possible career paths.

Business in the

Community

Ireland

WORKPLACE

Aurivo's employees are the lifeblood of the organisation and are fundamental to the success of the business. The Society 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.

Aurivo 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 Aurivo's policy is to promote from within the organisation where possible, the underlying objectives 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 company 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 Aurivo has become one of the employers of choice in the region.

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 2015 was Pieta House. The nominated charity for 2016 is the ISPCC Childline.

Staff involvement in charitable fundraising projects is also encouraged. Aurivo gives consideration to supporting staff who partake in such projects. During 2015, our employees raised €30,645 from a variety of fundraising events for our Charity of the Year.

Aurivo 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.

ISPCC
Childline

Pieta  House

CORPORATE SOCIAL RESPONSIBILITY



Aurivo Co-op has presented in excess of a quarter of a million euros to charity since the Society began its Charity of the Year initiative. Aurivo nominates a Charity of the Year each calendar year and makes a substantial contribution to it, with employees from across Aurivo's diverse businesses raising funds by organising many different events annually. Since commencing in 2008, many well-known charities have benefited from Aurivo's charity initiative, including the Hospices in the West and North West; Special Olympics; Children's Medical and Research Foundation, Crumlin; Cancer Care West; Autism Ireland; Cystic Fibrosis and the Alzheimer's Association.



Pieta House was Aurivo's charity partner in 2015 and was presented with a cheque for €40,000. The charity helps prevent suicide and self-harm. Pictured at the presentation were (L-R) Aurivo Chairman, Tom Cunliffe; Aurivo Board member, Billy McMahon; and Pieta House representative, Tom McAvooy and Pieta House CEO, Brian Higgins.



The Aurivo team at the Western People West of Ireland Women's Mini-Marathon 2015



Students learn about biomass in Dairy Ingredients from Matt Giblin



Board of Directors

The 16 members of the Board of Directors as at 31 December 2015 are listed below with the Advisory Committees they represent shown in brackets.



Back row, from left: ***Sean Sweeney** (Killala/Moyvalley), **Martin Gallagher** (Rathscanlon), ***Albert Lawson** (Ballymote/Gurteen/Kilmastranny), **Robert Hosey** (Employees), **Pat Duffy** (Midlands).

Middle row, from left: **TJ Tuffy** (Tireragh), ***Raymond Barlow** (BKR), **Billy McMahon** (Donegal), **Padraig Gibbons** (West Mayo), **Frank Butler** (KMC), **James McCarrick** (Achonry).

Front row, from left: **Cathal Garvey** (South Mayo/North Galway), ***Michael Brennan**, *Vice-chairman* (Suck Valley), **Tom Cuniffe**, *Chairman* (Castlebar), **Jim Egan** (Claremorris), **Tommy Shryane** (Mid West).

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



Other Information

Registered office, bankers, solicitors, auditor and executive team

- Registered Office:** Finisklin Business Park, 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, Chartered Accountants, 1 Stokes Place, St. Stephen's Green, Dublin 2



Executive Team

1. **Aaron Forde**, *Chief Executive*
2. **John Daly**, *General Manager, Agribusiness*
3. **Jim Kelly**, *Secretary/Head of Human Resources*
4. **Eoghan Sweeney**, *General Manager, Consumer Foods & Dairy Ingredients*
5. **Donal Tierney**, *Chief Financial Officer*
6. **Martin Walsh**, *General Manager, Marts/Head of Public Relations*





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 are detailed below.

AUDIT COMMITTEE

The Audit Committee comprises TJ Tuffy (Chairman), Tom Cunniffe, Michael Brennan, Martin Gallagher, Cathal Garvey and Billy McMahon. 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, 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
- ◆ Dairy
- ◆ Marts
- ◆ Remuneration
- ◆ Rules/Membership

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.



Directors' Responsibilities Statement

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Industrial and Provident Societies Acts 1893 to 2014 require the directors to prepare financial statements for each financial year. Under that legislation, the directors have elected to prepare the Society's financial statements in accordance with Chartered Accountants in Ireland FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Society's financial statements are required by law to give a true and fair view of the state of affairs of the Society and of its profit or loss for the periods presented. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society continues in business.

The directors are responsible for keeping adequate accounting records to enable them to ensure that the financial statements of the Society are prepared in accordance with the requirements of the Industrial and Provident Societies Act 1893 to 2014. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing the Annual Report and ensuring that it complies with the requirements of the Industrial and Provident Societies Acts 1893 to 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Tom Cunniffe
Chairman

Aaron Forde
Chief Executive



Independent Auditor's Report to the Members of Aurivo Co-operative Society Limited

We have audited the Group consolidated financial statements ("financial statements") of Aurivo Co-operative Society Limited ("the Society") for the year ended 31 December 2015 which comprise the consolidated profit and loss account, consolidated other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

Our opinion on the financial statements is unmodified

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the Society as at 31 December 2015 and of its loss for the year then ended; and
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Our conclusions on the other matter on which we are required to report by the Industrial and Provident Societies Act 1893 is set out below

As required by section 13(2) of the Industrial and Provident Societies Act 1893, we examined the balance sheets showing the receipts and expenditure, fund 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.

We have nothing to report in respect of matters on which we are required to report by exception

International Standards on Auditing (ISAs) (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and ISAs (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our 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 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.

Roger Gillespie For and on behalf of KPMG

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

16 March 2016



Consolidated Profit and Loss Account

For the year ended 31 December 2015

	Notes	2015 €(000)	2015 €(000)	2015 €(000)	2014 €(000)	2014 €(000)	2014 €(000)
		Pre Non- recurring	Non- recurring	Post Non- recurring	Pre Non- recurring	Non- recurring	Post Non- recurring
Turnover - continuing operations	2	419,902	-	419,902	446,923	-	446,923
Cost of sales		(327,157)	-	(327,157)	(354,217)	-	(354,217)
Gross profit		92,745	-	92,745	92,706	-	92,706
Operating expenses	3	(90,264)	(1,350)	(91,614)	(86,493)	(3,132)	(89,625)
Other operating income	4	362	-	362	196	2,574	2,770
Group operating profit - continuing operations		2,843	(1,350)	1,493	6,409	(558)	5,851
Group's share of profit in:							
- Associated undertakings	11(i)	156	-	156	153	-	153
- Joint ventures	11(ii)	29	-	29	166	-	166
Total operating profit - continuing operations		3,028	(1,350)	1,678	6,728	(558)	6,170
Net fair value movement on:							
- Quoted investments	11(iii)	(4,534)	-	(4,534)	2,196	-	2,196
- Investment properties	10	479	-	479	-	-	-
Income from other financial assets	5	209	-	209	1,152	-	1,152
Net interest payable and similar charges	6	(1,811)	-	(1,811)	(1,265)	-	(1,265)
(Loss)/profit before taxation		(2,629)	(1,350)	(3,979)	8,811	(558)	8,253
Taxation	7	243	169	412	(1,628)	70	(1,558)
(Loss)/profit for the financial year		(2,386)	(1,181)	(3,567)	7,183	(488)	6,695
Attributable to:							
Shareholders of the Parent Society	22			(4,597)			5,513
Minority interests				1,030			1,182
Total (loss)/profit				(3,567)			6,695

Tom Cuniffe
Chairman

Aaron Forde
Chief Executive



Consolidated Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 €(000)	2014 €(000)
(Loss)/profit for the year		(3,567)	6,695
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		13	17
Re-measurement of the net defined benefit liability	26	2,072	(5,143)
Effective portion of changes in fair value of cash flow hedges	27	1,148	56
Other comprehensive income, net of income tax		3,233	(5,070)
Total comprehensive income for the year		(334)	1,625
Attributable to:			
Shareholders of the Parent Society		(1,666)	443
Minority interests		1,332	1,182
Total comprehensive income for the year		(334)	1,625

Tom Cunniffe
Chairman

Aaron Forde
Chief Executive



Consolidated Balance Sheet

As at 31 December 2015

	Notes	2015 €(000)	2014 €(000)
Fixed assets			
Goodwill	8	29,411	9,109
Other intangibles	8	19,161	1,022
		48,572	10,131
Tangible assets	9	27,528	29,747
Investment properties	10	3,871	3,011
Financial assets			
Investment in associate	11(i)	340	280
Investment in joint venture	11(ii)	196	167
Other investments	11(iii)	16,772	21,213
		97,279	64,549
Current assets			
Stocks	12	23,874	21,080
Debtors	13	37,889	40,203
Cash at bank and in hand	14	22,857	11,742
Total current assets		84,620	73,025
Creditors: amounts falling due within one year	15	(91,700)	(59,364)
Net current (liabilities)/assets		(7,080)	13,661
Total assets less current liabilities		90,199	78,210
Creditors: amounts falling due after more than one year	16	(17,261)	(5,459)
Retirement benefit obligations	26	(6,121)	(8,659)
Provision for liabilities	18	(9,596)	(6,788)
Capital grants	19	(381)	(422)
Net assets including net retirement benefit obligations		56,840	56,882
Capital and reserves			
Called up share capital	20	11,235	10,019
Equity reserve		293	364
Capital reserves		3,144	3,144
Bonus reserve		328	328
Cash flow hedging reserve		1,129	(19)
Profit and loss account	22	33,596	36,763
Equity attributable to the Parent Society's shareholders		49,725	50,599
Minority interests		7,115	6,283
Equity		56,840	56,882

Tom Cuniffe

Chairman

Aaron Forde

Chief Executive



Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Called up Share Capital €(000)	Equity Reserve €(000)	Capital Reserve €(000)	Bonus Reserve €(000)	Cash flow Hedging Reserve €(000)	Profit and Loss Account €(000)	Total Share- holder Equity €(000)	Minority Interests €(000)	Total Equity €(000)
Balance at 1 January 2014	9,141	175	3,144	379	(75)	36,710	49,474	5,351	54,825
<i>Total comprehensive income for the period:</i>									
Profit for the year	-	-	-	-	-	5,513	5,513	1,182	6,695
Other comprehensive income	-	-	-	-	56	(5,126)	(5,070)	-	(5,070)
Total comprehensive income for the period	-	-	-	-	56	387	443	1,182	1,625
<i>Transactions with owners recorded directly in equity:</i>									
Share applications	68	-	-	-	-	-	68	-	68
Redemption of shares	(133)	-	-	-	-	-	(133)	-	(133)
Shares issued out of equity reserve	742	(742)	-	-	-	-	-	-	-
Funds received to equity reserve	-	931	-	-	-	-	931	-	931
Issue of bonus shares	201	-	-	(201)	-	-	-	-	-
Transfer from revenue reserves to bonus reserve	-	-	-	150	-	(150)	-	-	-
Dividends	-	-	-	-	-	(184)	(184)	(250)	(434)
Total contributions by and distributions to owners	878	189	-	(51)	-	(334)	682	(250)	432
Balance at 31 December 2014	10,019	364	3,144	328	(19)	36,763	50,599	6,283	56,882



Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Called up Share Capital €(000)	Equity Reserve €(000)	Capital Reserve €(000)	Bonus Reserve €(000)	Cash flow Hedging Reserve €(000)	Profit and Loss Account €(000)	Total Share- holder Equity €(000)	Minority Interests €(000)	Total Equity €(000)
Balance at 1 January 2015	10,019	364	3,144	328	(19)	36,763	50,599	6,283	56,882
<i>Total comprehensive income for the period:</i>									
(Loss)/profit for the year	-	-	-	-	-	(4,597)	(4,597)	1,030	(3,567)
Other comprehensive income	-	-	-	-	1,148	1,783	2,931	302	3,233
Total comprehensive income for the period	-	-	-	-	1,148	(2,814)	(1,666)	1,332	(334)
<i>Transactions with owners recorded directly in equity:</i>									
Share applications	41	-	-	-	-	-	41	-	41
Redemption of shares	(83)	-	-	-	-	-	(83)	-	(83)
Shares issued out of equity reserve	1,083	(1,083)	-	-	-	-	-	-	-
Funds received to equity reserve	-	1,012	-	-	-	-	1,012	-	1,012
Issue of bonus shares	150	-	-	(150)	-	-	-	-	-
Transfer from revenue reserves to bonus reserve	-	-	-	150	-	(150)	-	-	-
Shares issued in lieu of dividends	25	-	-	-	-	-	25	-	25
Dividends	-	-	-	-	-	(203)	(203)	(500)	(703)
Total contributions by and distributions to owners	1,216	(71)	-	-	-	(353)	792	(500)	292
Balance at 31 December 2015	11,235	293	3,144	328	1,129	33,596	49,725	7,115	56,840



Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Notes	2015 €(000)	2014 €(000)
Cash flows from operating activities:			
(Loss)/profit for the year		(3,567)	6,695
Adjustments for:			
Depreciation and amortisation		6,867	5,764
Foreign exchange losses		27	-
Change in value of investment property	10	(479)	-
Contribution to pension schemes in excess of current service cost		(638)	(1,161)
(Profit)/loss on sale of fixed assets	4	(321)	141
Deferred government grant	4	(41)	(42)
Change in value of financial assets	11(iii)	4,534	(2,196)
Write down of fixed assets		-	848
Net finance costs	6	1,811	1,265
Income from financial assets	5	(209)	(1,152)
Share of profits of associates and joint ventures		(185)	(319)
Taxation	7	(412)	1,558
		7,387	11,401
Decrease in trade and other debtors		3,590	780
(Increase)/decrease in stocks		(2,245)	2,116
Increase/(decrease) in trade and other creditors		1,639	(930)
Increase/(decrease) in provisions and employee benefits		625	(2,652)
		10,996	10,715
Interest paid		(1,186)	(1,025)
Tax paid		(941)	(631)
Net cash from operating activities		8,869	9,059
Cash flows from investing activities:			
Dividends received		389	116
Acquisition of a business (net of cash acquired)	23	(14,856)	-
Acquisition of tangible fixed assets		(2,668)	(2,335)
Acquisition of other intangible assets	8	(77)	(682)
Sale of tangible fixed assets		330	349
Sale of investment in associate		-	1,871
Sale of financial assets		14	2,257
Loan stock redeemed	11(iii)	360	362
Investment redeemed	11(iii)	45	45
Net cash from investing activities		(16,463)	1,983
Cash flows from financing activities:			
Proceeds from the issue of share capital		970	866
Proceeds from new loan		18,417	(8,016)
Dividends paid		(678)	(434)
Net cash from financing activities		18,709	(7,584)
Net increase in cash and cash equivalents		11,115	3,458
Cash and cash equivalents at 1 January		11,742	8,284
Cash and cash equivalents at 31 December		22,857	11,742

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Aurivo Co-operative Society Limited (the “Society”) is a co-operative society limited by shares and incorporated and domiciled in Ireland. The address of its registered office is Finisklin Business Park, Sligo, Co. Sligo.

These Group financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective for financial years commencing 1 January 2015, have also been applied.

The presentation currency of these financial statements is Euro. All amounts in the financial statements have been rounded to the nearest €1,000.

In the transition to FRS 102 from old Irish GAAP, the Society has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 29.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations that took place prior to 1 January 2014 (the “transition date”) have not been restated.
- The fair value at transition date has been used as deemed cost for investment properties; and
- The carrying amount of the Society’s cost of investment in subsidiaries, associates and joint ventures is its deemed cost at transition date.

The holding undertaking is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the holding undertaking financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to end of the period has not been included a second time;
- No separate holding undertaking Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Group and Society has not retrospectively changed its accounting under old Irish GAAP for hedge accounting for any hedging relationships that no longer existed at the date of transition, accounting estimates or discontinued operations.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

(a) Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, quoted investments and investment property.

(b) Going concern

After making enquiries and considering the outlook referred to in the Chairman’s Statement and the Chief Executive’s Review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated Financial Statements.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Society and its subsidiary undertakings made up to the reporting date. A subsidiary is an entity that is controlled by the holding undertaking. The results of subsidiary undertakings are included in the consolidated profit and loss ac-

1. ACCOUNTING POLICIES (continued)

count from the date that control commences until the date that control ceases. Control is established when the Society has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaken in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

There is no requirement under the Industrial and Provident Societies Acts 1893 to 2014 for the Society to present its own profit and loss account.

(d) Foreign currency

Transactions in foreign currencies are translated to each entity's functional currency at the foreign exchange rate ruling at the date of the transaction.

- Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.
- Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presenta-

tional currency, Euro, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

The closing rate used for Euro/GBP at 31 December 2015 was 0.73395 (2014: 0.7789).

The average rate used for Euro/GBP transactions for 2015 was 0.7285 (2014: 0.80612).

(e) Classification of financial instruments issued by the Group

Financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the Society's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Society's own equity instruments or is a derivative that will be settled by the Society exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

(f) Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing

1. ACCOUNTING POLICIES (continued)

transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Convertible loan stock

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

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in shares

Investments in ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss. Refer further to Note 11.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. Restricted cash comprises cash held on behalf of members awaiting investment.

(g) Other financial instruments

Other financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except that hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Society discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

(h) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Society assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased

1. ACCOUNTING POLICIES (continued)

assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

	Years
Buildings	20
Plant, Machinery & Equipment	3-10
Motor Vehicles	4-5
Computers	3

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

(i) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

(j) Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the entity are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

	Years
Goodwill	20/25
Brands	25
Customer lists	12
Computer software	3

The basis for the useful lives of intangible assets is the period of expected benefit attributable to the business combination from which they arose. Goodwill has no residual value.

(k) Government grants

The group has adopted the accrual method of accounting for government grants and included them within accruals and deferred income in the balance sheet and credit them to the profit and loss account

1. ACCOUNTING POLICIES (continued)

over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

(l) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Any subsequent gain or loss arising from a change in fair value is recognised in profit or loss.

(m) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(n) Impairment

Financial assets (including trade and other debtors)

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. This assessment is made at each reporting date.

An impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

For the purpose of impairment testing, assets that can-

not be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed on intangible assets excluding goodwill only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and

1. ACCOUNTING POLICIES (continued)

prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Multi-employer plans

Where there is insufficient information available to the Society to adopt defined benefit accounting, in respect of multi-employer plans in which it participates, the plan is accounted for as a defined contribution plan.

(p) Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

(q) 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 Ornuva 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.

(r) Leases

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

(s) Interest payable and receivable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the

1. ACCOUNTING POLICIES (continued)

discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

(t) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

For investment property, deferred tax is provided at the rates and allowances applicable to the sale of the property.

Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are

recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(u) Non recurring items

Non recurring items relate to rationalisation costs and are disclosed separately on the face of the Profit and Loss account.

2. SALES BY MARKET

	2015 €(000)	2014 €(000)
Ireland	369,702	404,080
United Kingdom	49,531	42,108
Other	669	735
	419,902	446,923

Sales in Ireland include sales to Ornua Co-Operative Limited for export both inside and outside the E.U.

The amount of turnover by business unit is as follows:

	2015 €(000)	2014 €(000)
Consumer Foods	80,417	75,266
Dairy Ingredients	99,532	135,795
Agri Business	101,356	102,787
Marts	86,497	80,981
Other Activities	52,100	52,094
	419,902	446,923

3. OPERATING EXPENSES

Included in operating expenses are the following:

	Notes	2015 €(000)	2014 €(000)
Depreciation	9	4,417	4,741
Amortisation of intangibles	8	2,450	1,023
Restructuring costs (i)		1,350	3,132

(i) The restructuring costs of €1,350,000 in 2015 relate primarily to redundancy costs. The restructuring costs of €3,132,000 in 2014 relates to redundancy costs of €1,989,000, a write-down of fixed assets of €848,000 and a loss on disposal of fixed assets of €295,000 on the closure of the liquid milk processing plant in Sligo.

4. OTHER OPERATING INCOME

	Notes	2015 €(000)	2014 €(000)
Amortisation of government grants	19	41	42
Profit on disposal of tangible assets		321	154
Pension past service credit (i)		-	2,574
		362	2,770

(i) The past service credit of €2,574,000 in 2014, related to a Section 50 application for one of the Group's defined benefit pension schemes which was approved by the Irish Pensions Board during that year.

5. INCOME FROM OTHER FINANCIAL ASSETS

	2015 €(000)	2014 €(000)
Investment income (i)	202	254
Profit on disposal of financial assets (ii)	7	898
	209	1,152

(i) Investment income relates to dividends from financial investments.

(ii) The profit on disposal of €7,000 in 2015 arose on the sale of unquoted investments for a consideration of €14,000 and which were held at a cost of €7,000 (Note 11(iii)). The profit on disposal of €898,000 in 2014 arose on the sale of unquoted investments which had a carrying value of €1,359,000 (note 11(iii)).

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

	Notes	2015 €(000)	2014 €(000)
Bank interest and charges		1,186	1,008
Lease charges		-	17
Net interest expense on defined benefit liabilities	26	172	240
Discount on deferred consideration	15	453	-
		1,811	1,265

7. TAXATION

	2015 €(000)	2014 €(000)
Current taxation:		
Current tax on income for the period	870	776
Deferred taxation:		
Origination and reversal of timing differences	(1,282)	782
Total taxation	(412)	1,558
Recognised in the Profit and Loss Account	(412)	1,558
Recognised on Other Comprehensive Income	-	-
	(412)	1,558
<i>Analysis of current tax recognised in Profit and Loss Account:</i>		
Irish corporation tax	429	776
Foreign tax	441	-
Total current tax recognised in Profit and Loss Account	870	776
<i>Factors affecting current tax charge for year:</i>		
Tax charge for year		
(Loss)/profit excluding taxation	(3,979)	8,253
Tax using the Irish corporation tax rate of 12.5%	(497)	1,032
Effect of tax rates in foreign jurisdictions	193	-
Additional tax on profit liable at other than standard rate	71	161
Excess of depreciation over capital allowances	248	174
Tax losses carried forward/(utilised)	186	(48)
Permanent differences and other timing differences	(590)	279
Effect of tax on associate and joint ventures	(23)	(40)
Total tax expense included in Profit and Loss Account	(412)	1,558

7. TAXATION (continued)

	ASSETS		LIABILITIES		NET	
	2015 €(000)	2014 €(000)	2015 €(000)	2014 €(000)	2015 €(000)	2014 €(000)
Accelerated capital allowances	-	-	(93)	(306)	(93)	(306)
Intangible assets	-	-	(3,349)	-	(3,349)	-
Employee benefits	21	-	-	-	21	-
Financial investments	-	-	(4,695)	(6,033)	(4,695)	(6,033)
Other	49	-	(455)	-	(406)	-
Deferred tax assets/(liabilities)	70	-	(8,592)	(6,339)	(8,522)	(6,339)

In addition to the deferred tax asset above, the Group has additional unrecognised deferred tax assets of €3,443,731 (2014: €2,336,136). Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

	Notes	GOODWILL		OTHER INTANGIBLE ASSETS		
		Goodwill €(000)	Brands €(000)	Customer Relationships €(000)	Software €(000)	Total €(000)
Cost						
At 1 January 2015		10,683	-	-	1,819	1,819
Additions		-	-	-	77	77
Acquired in business combination	23	21,738	16,964	2,446	-	19,410
Translation adjustment		(177)	(138)	(19)	-	(157)
At 31 December 2015		32,244	16,826	2,427	1,896	21,149
Amortisation						
At 1 January 2015		1,574	-	-	797	797
Amortisation for year	3	1,259	565	170	456	1,191
At 31 December 2015		2,833	565	170	1,253	1,988
Net Book Value						
At 31 December 2015		29,411	16,261	2,257	643	19,161
At 31 December 2014		9,109	-	-	1,022	1,022

Goodwill and other intangibles are being amortised in line with the accounting policy at Note 1(j). The estimated useful lives of goodwill, brands and customer relationships are derived by benchmarking the amortisation period to peers engaged in similar activities and the required payback period for the investment.

9. TANGIBLE ASSETS

	Notes	Land & Buildings €(000)	Plant Machinery & Equipment €(000)	Motor Vehicles €(000)	Total €(000)
Cost					
At 1 January 2015		45,013	120,517	5,770	171,300
Additions		1,243	1,343	-	2,586
Disposals		(15)	(2,357)	(242)	(2,614)
Acquired in business combination	23	-	2	-	2
Transfer to investment properties	10	(1,522)	-	-	(1,522)
At 31 December 2015		44,719	119,505	5,528	169,752
Depreciation					
At 1 January 2015		28,468	108,013	5,072	141,553
Charge for year	3	1,570	2,555	292	4,417
Disposals		(15)	(2,352)	(238)	(2,605)
Transfer to investment properties	10	(1,141)	-	-	(1,141)
At 31 December 2015		28,882	108,216	5,126	142,224
Net Book Value					
At 31 December 2015		15,837	11,289	402	27,528
At December 2014		16,545	12,504	698	29,747

Fixed assets are being depreciated in line with the accounting policy at Note 1(h).

10. INVESTMENT PROPERTIES

	Notes	2015 €(000)	2014 €(000)
At 1 January		3,011	3,011
Transfer from tangible fixed assets (i)	9	381	-
Fair value movement (i)		479	-
At 31 December		3,871	3,011

- (i) A number of properties were reclassified as investment properties on 31 December 2015. They were transferred from tangible fixed assets at their net book value of €381,000, and revalued at a value of €860,000. This led to a fair value adjustment of €479,000.
- (ii) Included in investment properties is land held as investment property by a subsidiary company North Western Livestock Holdings Limited, in which the Society has a 70.91% shareholding. This land was valued by the Directors on an open market basis of €2,300,000 at the current, comparative and transition reporting dates.
- (iii) €770,000 of investment property at 31 December 2015 is based on a valuation by an external independent valuer, DM Auctions Limited.
- (iv) The directors value the full investment portfolio every year.

11. FINANCIAL ASSETS

(i) Investment in Associate

	2015 €(000)	2014 €(000)
At 1 January	280	236
Share of profit of associate after taxation	156	153
Dividend from associate	(96)	(109)
At 31 December	340	280

The carrying value of €340,000 represents the Society's 27.27% investment in County Mayo Radio Ltd.

(ii) Investment in Joint Venture

	2015 €(000)	2014 €(000)
At 1 January	167	1
Share of profit of joint venture after taxation	29	166
At 31 December	196	167

The carrying value of €196,000 represents the Society's 50% interest in Glanóir Energy Limited, a joint venture with HDS Energy Limited ("HDS") to construct and operate a biomass energy system.

The Society's interest in the gross assets and liabilities of its joint venture are as follows:

	2015 €(000)	2014 €(000)
Share of gross assets	2,435	2,766
Share of gross liabilities	(2,239)	(2,599)
At 31 December	196	167

There are no capital commitments relating to the joint venture at 31 December 2015 (2014: Nil).

11. FINANCIAL ASSETS (continued)

(iii) Other Investments

	Quoted Investments 2015 €(000)	Unquoted Investments 2015 €(000)	Convertible Loan Stock 2015 €(000)	Total 2015 €(000)	Total 2014 €(000)
At 1 January	18,855	217	2,141	21,213	20,322
Loan stock granted (i)	-	-	505	505	461
Loan stock redeemed(i)	-	-	(360)	(360)	(362)
Disposals (ii)	-	(7)	-	(7)	(1,359)
Investment redeemed (iii)	-	(45)	-	(45)	(45)
Fair value movement (iv)	(4,534)	-	-	(4,534)	2,196
At 31 December	14,321	165	2,286	16,772	21,213

Quoted investments are held at fair value. The unquoted investments and convertible loan stock are held at cost. In the opinion of the directors, the value of the investments is not less than their carrying value as shown above.

- (i) Convertible loan stock has been issued by Ornua Co-operative Limited (Ornua) to the Society. During the year €505,000 of loan notes were redeemed (2014: €461,000) and loan notes of €360,000 were granted (2014: €362,000). The allocation of Convertible loan stock is based on the level of trading with Ornua. The loan stock is convertible into cash over a six year period which starts five years from the date of issue.
- (ii) During 2015 unquoted investments with a book value of €7,000 were sold for €14,000 (Note 5). During 2014 quoted investments with a book value of €1,359,000 were sold for €2,257,000 (Note 5).
- (iii) During 2015 and 2014 an investment the Society holds through one of its subsidiaries was partly redeemed at cost.
- (iv) On transition to FRS102 (Note 29) quoted investments within financial assets, with a book value of €727,000 were revalued to market value (fair value) on 1 January 2014. This gave rise to an uplift to financial assets of €15,932,000 which was brought to revenue reserves. On 31 December 2014, this uplift to market value had increased by a further €2,196,000 to €18,855,000. At 31 December 2015, the fair value of the quoted investments had decreased by €4,534,000 to €14,321,000.

12. STOCKS

	2015 €(000)	2014 €(000)
Raw materials	4,080	2,959
Finished goods and goods for resale	17,488	16,221
Expense stock	2,306	1,900
	23,874	21,080

- (i) Stock is valued at the lower of cost and net realisable value.
- (ii) The replacement cost of stocks is not materially different from the carrying value as stated above.
- (iii) Raw materials, consumables and movements in finished goods and work in progress recognised in cost of sales in the year amounted to €315,060,000 (2014: €343,329,000).

13. DEBTORS

	Notes	2015 €(000)	2014 €(000)
Trade debtors		29,986	33,874
Other debtors and prepayments		3,700	3,363
Derivative asset	27	1,129	201
V.A.T.		3,074	2,765
		37,889	40,203

14. BANK AND CASH

The bank and cash balance of €22,857,000 at 31 December 2015 (2014: €11,742,000) contains €82,000 of restricted cash (2014: €491,000).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Notes	2015 €(000)	2014 €(000)
Trade creditors and accruals (i)		52,804	49,434
Deferred consideration (ii)		23,390	-
Derivative liability	27	-	220
Bank overdrafts and revolving credit facility		9,830	2,319
Bank loans (iii)		4,945	5,985
PAYE/PRSI		365	821
Corporation tax		366	585
		91,700	59,364

- (i) Trade creditors and accruals include amounts owing to suppliers who have a reservation of title clause in their contracts of sale.
- (ii) The deferred consideration of €22,937,000 is in respect of deferred consideration payable on the acquisition of subsidiary undertaking during the year (Note 23). This amount represents the present value of €23,480,000 discounted at 2.37%. The discount for the 10 months to 31 December 2015 of €453,000 is charged to the profit and loss account (Note 6).
- (iii) The maturity of bank loans is analysed in Note 17.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 €(000)	2014 €(000)
Bank loans (i)	16,682	4,880
Minority shareholders loans	579	579
	17,261	5,459

(i) The maturity of bank loans is analysed in Note 17.

17. INTEREST BEARING LOANS AND BORROWINGS

	2015 €(000)	2014 €(000)
Creditors: amounts falling due within one year		
Secured bank loans	4,945	5,985
Bank overdrafts and revolving credit facility	9,830	2,319
	14,775	8,304
Creditors: amounts falling due after more than one year		
Secured bank loans	16,682	4,880
Total	31,457	13,184

Bank borrowings are secured by a fixed charge over certain of the fixed assets of the Society and its subsidiaries, and a floating charge over all the assets of the Society and its subsidiaries.

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)
Repayable other than by instalment:					
Bank overdrafts and revolving credit facility	9,830	-	-	-	9,830
Repayable by instalment:					
Secured bank loans	4,945	6,307	10,375	-	21,627
	14,775	6,307	10,375	-	31,457

18. PROVISION FOR LIABILITIES

	Notes	Restructuring €(000)	Deferred Taxation €(000)	Total €(000)
At 1 January		449	6,339	6,788
Profit and loss account charge/(credit)		1,350	(1,282)	68
Deferred tax arising on business combination	23	-	3,494	3,494
Paid during year		(725)	-	(725)
Translation adjustment		-	(29)	(29)
At 31 December		1,074	8,522	9,596

The restructuring provision relates to the cost of restructuring announced during 2015 and previous years and relates primarily to redundancy costs.

19. CAPITAL GRANTS

	Notes	2015 €(000)	2014 €(000)
At 1 January		422	464
Amortised during the year	4	(41)	(42)
At 31 December		381	422

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. Grants awarded were capital in nature and there are no outstanding unfulfilled conditions.

20. SHARE CAPITAL

	2015 €(000)	2014 €(000)
At 1 January	10,019	9,141
Share applications	41	68
Shares redeemed	(83)	(133)
Issue of bonus shares	150	201
Shares issued out of equity reserve	1,083	742
Shares issued in lieu of dividend	25	-
At 31 December	11,235	10,019

21. OTHER RESERVES

Other reserves shown on the Society's consolidated statement of changes in equity are as follows:

Equity reserve

The equity reserve relates to funds received from suppliers that are held awaiting conversion into ordinary share capital. At 31 December 2015, amounts totalling €293,000 were received from certain suppliers and will be used to fund the issue of shares to these suppliers in future years. These funds will be recorded in the equity reserve until the shares are issued.

Bonus reserve

The transfer from Revenue Reserves to the Bonus Reserve 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.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Minority interests

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. PROFIT AND LOSS ACCOUNT

	2015 €(000)	2014 €(000)
At 1 January	36,763	36,710
(Loss)/profit for year	(4,597)	5,513
Dividends paid	(203)	(184)
Bonus reserve	(150)	(150)
Other comprehensive income	1,783	(5,126)
At 31 December	33,596	36,763

Dividends proposed at 31 December 2015 amounted to €225,000 and in accordance with Financial Reporting Standards are not recognised in the financial statements until approved.

23. ACQUISITION OF SUBSIDIARY UNDERTAKING

On 27 February 2015, the Society acquired the entire share capital of My Goodness Limited, a UK-based sports nutrition company, for a consideration of €39,703,000 plus expenses of €474,000.

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

	Notes	Book value €(000)	Fair Value Adjustment (i) €(000)	Total €(000)
Intangible assets – brands	8	-	16,964	16,964
Intangible assets – customer relationships	8	-	2,446	2,446
Property, plant and equipment	9	2	-	2
Stock		535	-	535
Debtors and prepayments		990	-	990
Creditors		(1,537)	-	(1,537)
Corporation tax		149	-	149
Cash		2,384	-	2,384
Deferred tax liability	18	-	(3,494)	(3,494)
Fair value of net assets acquired		2,523	15,916	18,439
Goodwill arising on acquisition	8			21,738
Total acquired				40,177
Satisfied by:				
Cash consideration				16,766
Deferred consideration	15			22,937
Acquisition costs				474
Total cost of acquisition				40,177

(i) The fair value adjustment relates to the valuation of intangible assets on acquisition and the related deferred tax liability.

(ii) The rate of exchange between Euro and GBP on the date of acquisition was 0.7278.

24. 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 2015 amounted to €1,735,000 (2014: €1,892,000) and €720,000 (2014: €624,000) respectively. The net trading balances outstanding to the Society at 31 December 2015 were €28,000 (2014: €25,000).

Total compensation of Directors and key management personnel in the year amounted to €1,886,000 (2014: €1,788,000).

This is broken down as follows:

	2015 €(000)	2014 €(000)
Directors' remuneration	226	245
<i>Senior management team:</i>		
Basic salary	1,203	1,150
Performance related bonus	219	199
Other benefits	238	194
Total senior management team remuneration	1,660	1,543
Total Directors' and senior management team remuneration	1,886	1,788

25. COMMITMENTS

(a) Capital commitments were €1,013,000 at 31 December 2015 (2014: €414,000).

(b) The total of future minimum lease payments under non-cancellable operating leases at 31 December are as follows:

	2015 €(000)	2014 €(000)
<i>Amounts due:</i>		
Within one year	119	125
Between two and five years	175	150
More than five years	-	-
Total	294	275

The total amount charged to the Profit and Loss Account for 2015 in respect of non-cancellable operating leases was €153,000 (2014: €162,000).

(c) At the year end purchase commitments on forward contracts for certain raw materials not yet provided for in the financial statements amounted to €39,682,000 (2014: €30,748,000).

26. RETIREMENT BENEFIT OBLIGATIONS

(a) 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.

Net pension liability/asset:

	2015 €(000)	2014 €(000)
Defined benefit obligation	(50,156)	(50,730)
Plan assets	44,035	42,071
Net pension liability before deferred tax	(6,121)	(8,659)
Deferred tax liability	(126)	-
Net pension deficit	(6,247)	(8,659)

Movements in present value of defined benefit obligation:

	2015 €(000)	2014 €(000)
At 1 January	50,730	41,942
Net current service cost	1,031	770
Interest expense	1,057	1,560
Employee contributions	349	345
Change in assumptions	(1,639)	10,259
Experience losses	505	167
Benefits paid	(1,946)	(1,513)
Past service losses/(gains)	69	(2,800)
At 31 December	50,156	50,730

Movements in fair value of plan assets:

	2015 €(000)	2014 €(000)
At 1 January	42,071	34,931
Interest on plan assets	885	1,320
Return on plan assets less interest income	938	5,283
Contributions by employer and members	2,087	2,050
Benefits paid	(1,946)	(1,513)
At 31 December	44,035	42,071

26. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2015 €(000)	2014 €(000)
Charged/(credited) to operating profit:		
Current service cost	1,031	770
Past service charge/(credit)	69	(2,800)
Total	1,100	(2,030)

	2015 €(000)	2014 €(000)
Other finance charge:		
Interest on pension assets	(885)	(1,320)
Interest on pension liabilities	1,057	1,560
Net interest cost included in finance costs	172	240

The fair value of the plan assets and the return on those assets were as follows:

	2015 €(000)	2014 €(000)
Equities	17,685	21,717
Bonds	20,817	19,591
Property	542	417
Diversified growth fund	4,991	-
Cash	-	346
	44,035	42,071

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

	2015 %	2014 %
Rate of inflation	1.50	1.50
Rate of increase in salaries	2.00	2.00
Discount rate	2.30	2.10

26. RETIREMENT BENEFIT OBLIGATIONS (continued)

In valuing the liabilities of the pension scheme at 31 December 2015, mortality assumptions have been made as set out 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: 21.0 years (male), 23.5 years (female)
- Future retiree upon reaching 65: 23.5 years (male), 25.7 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 last actuarial valuations in respect of these schemes were carried out at 1 January 2015 and subsequently updated to 31 December 2015 for FRS102 “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 FRS102 have been calculated by qualified independent actuaries based on the most recent full actuarial valuations at 1 January 2015, updated to 31 December 2015.

(b) Defined contribution schemes

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was €497,000 (2014: €516,000).

(c) 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 FRS102.

The most recent full actuarial valuation of the ICOS Pension Scheme was carried out on 1 July 2014. The report is available for inspection by Scheme members but is not available to the public.

The last actuarial funding certificate with an effective date of 8 April 2015 confirmed that the Scheme satisfied the minimum funding standard set out in the Pensions Act. A funding standard reserve certificate with an effective date of 8 April 2015 confirmed that the Scheme had sufficient additional resources to satisfy the funding standard reserve requirement set out in the Pensions Act. In the most recent ICOS annual report for the year ended 30 June 2015, the Scheme actuary confirmed that he is satisfied that he would have been able to certify that the Scheme satisfied the funding standard and the funding standard reserve set out in the Pensions Act as at 30 June 2015. The financial assumptions relating to the return on investment, the rate of increase in pensionable pay or salaries, and price inflation are outlined in the actuarial valuation report.

The total expense relating to this plan in the current year was €425,000 (2014: €492,000).

27. FINANCIAL INSTRUMENTS

The carrying amounts of the derivative assets and liabilities include:

	2015 €(000)	2014 €(000)
<i>Forward exchange contracts</i>		
Fair value of financial assets	1,129	201
Fair value of financial liabilities	-	(220)
	1,129	(19)

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

The Group uses cash flow hedges in respect of foreign exchange risks in highly probable forecast transactions. It achieves this by designating its forward exchange contracts as hedging instruments to reduce its exposure to the variability of the Euro equivalent of future cash inflows and outflows denominated in Sterling, and in respect of certain Euro grain purchases whose price is linked to the US Dollar.

The following movements occurred during the year in respect of the Group's cash flow hedges:

	2015 €(000)	2014 €(000)
Change in fair value of the hedging instrument recognised in other comprehensive income for the period	1,148	56
	1,148	56

The cash flows associated with cash flow hedging instruments are all expected to occur within one year.

28. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Society's main accounting policies affecting its results and financial condition are set out in Note 1 to the financial statements. Judgements and assumptions have been made by management by applying the Society's accounting policies in certain areas. Actual results may differ from estimates calculated using these judgements and assumptions. Key sources of estimation uncertainty and critical accounting judgements are as follows:

Business Combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of intangible assets which the Society has valued based on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after tax cash flows expected to be generated from the intangible asset using risk adjusted discount rates, revenue forecasts, estimated customer attrition and royalty savings as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Goodwill

The Group has capitalised goodwill of €29,411,000 at 31 December 2015 (2014: €9,109,000) as detailed in Note 8. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicate potential impairment exists. In assessing impairment there is a degree of estimation and uncertainty around future performance and cash flows.

Retirement Benefit Obligations

The Group operates a number of defined benefit retirement plans which are set out in Note 26. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries and updated at least annually and totals €6,121,000 at 31 December 2015 (2014: €8,659,000).

The size of the obligation is sensitive to actuarial assumptions. The key assumptions are the discount rate, the rate of inflation, life expectancy, pension benefits and rate of salary increases. Plan assets are also sensitive to asset returns and the level of contributions made by the Group.

Investment Properties

The Group holds investment properties with a fair value of €3,871,000 (2014: €3,011,000). These properties are valued at fair value by the Directors. Fair value is defined as the price that would be received if the asset was sold in an orderly transaction between market participants based on the asset's highest and best use. Valuations are reviewed each year by the Directors with movements in fair value recognised in the income statement.

29. EXPLANATION OF TRANSITION TO FRS102 FROM OLD IRISH GAAP

As stated in Note 1, these are the Society's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 profit and loss account and balance sheet, the Society has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting under Irish GAAP. An explanation of how the transition from old Irish GAAP to FRS 102 has affected the Society's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

29. EXPLANATION OF TRANSITION TO FRS102 FROM OLD IRISH GAAP (continued)

Reconciliation of equity at 1 January 2014 and 31 December 2014:

	Notes	1-Jan-2014 Adopted Irish GAAP €(000)	Effect of Transition to FRS102 €(000)	1 Jan 2014 FRS102 €(000)	31-Dec-14 Adopted Irish GAAP €(000)	Effect of Transition to FRS102 €(000)	31-Dec-14 FRS102 €(000)
Fixed assets							
Tangible assets	a,b	34,814	(1,384)	33,430	31,326	(1,579)	29,747
<i>Financial fixed assets</i>							
Investment properties	b	2,300	711	3,011	2,300	711	3,011
Investment in associate		236	-	236	280	-	280
Investment in joint venture		1	-	1	167	-	167
Goodwill		9,645	-	9,645	9,109	-	9,109
Intangibles - software	a	-	827	827	-	1,022	1,022
Other investments	c	4,390	15,932	20,322	3,085	18,128	21,213
		51,386	16,086	67,472	46,267	18,282	64,549
Current assets							
Stocks		23,167	-	23,167	21,080	-	21,080
Debtors	d,e	42,773	126	42,899	39,863	340	40,203
Cash at bank and in hand		8,284	-	8,284	11,742	-	11,742
		74,224	126	74,350	72,685	340	73,025
Creditors: amounts falling due within one year	e	(61,861)	(128)	(61,989)	(59,144)	(220)	(59,364)
Net current assets		12,363	(2)	12,361	13,541	120	13,661
Total assets less current liabilities		63,749	16,084	79,833	59,808	18,402	78,210
Creditors: amounts falling due after more than one year		(11,472)	-	(11,472)	(5,459)	-	(5,459)
Provision for liabilities and charges f		(753)	(5,308)	(6,061)	(755)	(6,033)	(6,788)
Capital grants		(464)	-	(464)	(422)	-	(422)
Net assets excluding net retirement benefit obligations		51,060	10,776	61,836	53,172	12,369	65,541
Retirement benefit obligations		(7,011)	-	(7,011)	(8,659)	-	(8,659)
Net assets including net retirement benefit obligations		44,049	10,776	54,825	44,513	12,369	56,882
Capital and reserves							
Share capital		9,141	-	9,141	10,019	-	10,019
Equity reserve		175	-	175	364	-	364
Capital reserves		3,144	-	3,144	3,144	-	3,144
Revenue reserves	b,c,d,f	25,859	10,851	36,710	24,375	12,388	36,763
Cash flow hedging reserve	e	-	(75)	(75)	-	(19)	(19)
Bonus reserve		379	-	379	328	-	328
Shareholders' funds		38,698	10,776	49,474	38,230	12,369	50,599
Minority interests		5,351	-	5,351	6,283	-	6,283
Equity		44,049	10,776	54,825	44,513	12,369	56,882

29. EXPLANATION OF TRANSITION TO FRS102 FROM OLD IRISH GAAP (continued)

Reconciliation of Profit & Loss Account for the year ended 31 December 2014:

	Notes	Adopted Irish GAAP €(000)	Effect of Transition to FRS102 €(000)	Reclassification €(000)	FRS102 €(000)
Turnover - continuing operations		446,923	-	-	446,923
Cost of sales		(354,217)	-	-	(354,217)
Gross profit		92,706	-	-	92,706
Operating costs	d	(83,789)	66	(5,902)	(89,625)
Other operating income		-	-	2,770	2,770
Group operating profit - continuing operations		8,917	66	(3,132)	5,851
Share of operating profit of associate		186	-	(33)	153
Share of operating profit of joint venture		191	-	(25)	166
Total operating profit		9,294	66	(3,190)	6,170
Exceptional items		(2,234)	-	2,234	-
Net fair value movement on quoted investments	c	-	2,196	-	2,196
Income from other financial assets		-	-	1,152	1,152
Investment income		254	-	(254)	-
Net interest payable and similar charges	g	(982)	(283)	-	(1,265)
Profit before taxation		6,332	1,979	(58)	8,253
Taxation	f	(891)	(725)	58	(1,558)
Profit after taxation		5,441	1,254	-	6,695

Reconciliation of Profit & Loss Account and Equity for 2014:

	Notes	Profit for the year 31-Dec-14 €(000)	Equity as at 31-Dec-14 €(000)	Equity as at 01-Jan-14 €(000)
Amount under old Irish GAAP		5,441	44,513	44,049
Change 1	a	-	-	-
Change 2	b	-	154	154
Change 3	c	2,196	18,128	15,932
Change 4	d	66	139	73
Change 5	e	-	(19)	(75)
Change 6	f	(725)	(6,033)	(5,308)
Change 7	g	(283)	-	-
Amount under FRS102		6,695	56,882	54,825

29. EXPLANATION OF TRANSITION TO FRS102 FROM OLD IRISH GAAP (continued)

Notes to the reconciliation tables:

- a. Computer software of €827,000 was transferred from fixed assets on 1 January 2014 and included in intangible assets. At 31 December 2014, €1,022,000 of computer software was transferred from fixed assets to intangible assets in line with FRS102.
- b. Investment properties with a net book value of €557,000 were transferred from fixed assets to investment properties at 1 January 2014 and 31 December 2014. The fair value of these investment properties was €711,000, resulting in a fair value uplift of €154,000 which was brought to revenue reserves.
- c. Quoted investments within financial assets with a book value of €727,000 were revalued to market value on 1 January 2014. This gave rise to an uplift to financial assets of €15,932,000 which was brought to revenue reserves. On 31 December 2014, this uplift to market value had increased by a further €2,196,000 to €18,128,000.
- d. Certain debtors denominated in sterling, which were previously valued at forward contract rates, were revalued to spot rate, which gave rise to a foreign currency gain on 1 January 2014 of €73,000. This was subsequently reversed in the 2014 Profit and Loss Account, when the actual gain was realised. At 31 December 2014 certain debtors which were previously valued at forward contract rates, were revalued to spot rate, which gave rise to a foreign currency gain of €139,000 at 31 December 2014. The net impact on the profit and loss account in 2014 was €66,000.
- e. Adjustments related to the initial recognition of derivative assets and liabilities arising from the Group's forward exchange contracts on transition to FRS102, and their subsequent measurement to 31 December 2014.
- f. A deferred tax liability of €5,308,000 (based on a capital gains tax rate of 33%) was recognised on the balance sheet at 1 January 2014 to reflect the deferred tax arising on the uplift of €15,932,000 to market value of the quoted investments and the increase in value of the investment properties by €154,000. On 31 December 2015 this deferred tax liability was increased by a further €725,000 to €6,033,000 (based on a capital gains tax rate of 33%) to reflect the further increase in the market value of the quoted investments.
- g. The restatement of Retirement Benefit Obligations accounting under FRS102, resulted in an increased pension interest charge in 2014 of €283,000, and a corresponding decrease in the actuarial gain in the "Statement of Other Comprehensive Income" in 2014. There was no change to the net liability for Retirement Benefit Obligations.

30. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

Subsidiaries – Republic of Ireland	% Holding	Activity
Aurivo Consumer Foods Ltd	100%	Manufacture of Dairy Products
Aurivo Dairy Ingredients Ltd	100%	Manufacture of Dairy Products
Earrai Coillte Chonnacht Teoranta (ECC Teo)	66.67%	Timber Production
North Western Livestock Holdings Ltd	70.91%	Holding company
Ballina Milk Co. Ltd	100%	Non Trading
Connacht Gold Ltd	100%	Non Trading
Connacht Gold Properties Ltd	100%	Non Trading
CG Training Limited	75%	Non Trading
Moy Valley Seed Potato Company Ltd	100%	Non Trading
Palmar Ltd	100%	Non Trading
Sligo Dairies Ltd	100%	Non Trading
Subsidiaries – United Kingdom	% Holding	Activity
Aurivo (NI) Ltd	100%	Milk Trading and Retail
Connacht Gold (Northern Ireland) Ltd	100%	Milk Trading
My Goodness Ltd	100%	Sports Nutrition
Associate - Republic of Ireland	% Holding	Activity
County Mayo Radio Ltd	27.27%	Radio Station
Joint Venture- Republic of Ireland	% Holding	Activity
Glanóir Energy Ltd	50%	Biomass Energy

All subsidiaries, associates and joint ventures operate in the Republic of Ireland and the United Kingdom. The addresses of the Registered Offices of the subsidiaries, associate and joint venture, are available at Aurivo Co-operative Society Limited, Finisklin Business Park, Sligo, Co. Sligo.

All of the subsidiaries incorporated under the Companies Acts 2014 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 357 of the Companies Act 2014 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.

31. APPROVAL OF BOARD OF DIRECTORS

The financial statements were approved by the Board of Directors on 16 March 2016.







Co-operative Society Ltd.

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Cover image:

*Aaron Killoran, son of
Aurivo Milk Supplier of
the Year, Gerard Killoran,
Bunninadden, Co Sligo*

