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As your Chairman I am pleased to report that the Society has delivered another very strong trading performance in 2016.

Together the divisions yielded an increase in operating profit before trade bonuses of €0.544 million. This was achieved through (i) mill operational efficiencies made possible by the completion of the expansion programme (ii) strong fertiliser and non – agri performances in our stores (iii) completion of a new store in Lowertown and (iv) acquisition of O'Sullivan's Allcare Pharmacy in Bantry in September. All in all a very satisfactory result despite it being a difficult year for dairy farmers.

It was noted last year that where investments have a reliable market value they must be reported in the financial statements at that market value under Financial Reporting Standard 102, the impact being that profits or losses for those investments are reported on the market value differences from one year to the next rather than on the difference between what is paid for the investment and what was realised on the sale of the investment. At year end, the Aryzta shares held by the Society were €1M lower in value than on December 31st 2015 and One51 shares held were €439K lower, giving rise to a €1.4M unrealised loss as part of investment income (€1.7M unrealised loss in 2015).

Apart from market value movement, income from investment securities has been positive. In addition, the performance of both Drinlis and Shinagh Estates contributed positively to profit for the financial year. The German property has seen a significant increase in performance compared with 2015, the building being almost at capacity throughout the year and the 2015 tenant reorganisation costs not having to be repeated in 2016. With one of the main tenants set to vacate in 2018, finding a new anchor tenant together with strengthening existing leases and again refinancing the loan on the property provides significant challenges for 2017.

Carbery reported another strong performance with Operating Profit before exceptional items increasing by 18% compared with 2015. This can be attributed to strong performances from its Dairy and Nutrition divisions in Ireland and its international Taste and Natural Extracts division, Synergy, which continues to grow its customer base.

Milk supply to the Society increased by 3.7% to in excess of 171 million litres. Dairy markets which were weak coming into the year due in the main to over supply strengthened somewhat as the year progressed as lower farm gate milk prices curtailed output. I am happy to report that both Carbery and the Society supported the price during this difficult period. Carbery, from a €5.0 million stability fund and the Society to the amount of 0.50 cents per litre. In addition subsequent to year end Carbery paid the equivalent of a 1.0 cent per litre bonus on all milk supplied in 2016 while the Society paid 0.25 cents per litre.

As we compete with our dairy products in world markets, quality will always be of critical importance. To this end the Sustainable Dairy Assurance Scheme is now regarded as a minimum requirement. The Society continues to encourage more of its suppliers to participate in the scheme and is hopeful of full compliance by year end.

Our stores division performed very satisfactorily in 2016. Whilst maintaining turnover in what was a difficult year for farmers it managed to increase profitability. A new branch store in Lowertown

was completed early in the year and is trading above expectations. This development regrettably had to result in the closure of Goleen branch which had served that community well over many years. This closure marks the culmination of a programme of branch store restructuring that involved some painful closures and the development of a small number to modern day standards. We can now look forward to a sustainable profit stream from this activity for some years ahead.

As effective the 1st September 2016 the Society purchased the pharmacy business in Bantry of O'Sullivan's Allcare Pharmacy. Your board sees this business as an excellent fit to our existing pharmacy businesses and we look forward to its performance in the years ahead.

In the year our mill achieved its highest output to date reflecting the increased dairy production in the post quota environment. Profitability also increased arising from better margins with lower production costs. Our advisory services both nutritional and general farming advice are always available to those seeking assistance. This service is an important support to all our farmers.

Your board has announced the following trade bonuses for the year: 0.25 cents per litre on milk supplied; €10.00 per tonne on ruminant feed; €5.00 per tonne on pig feed and €7.50 per tonne on fertiliser.

As Brexit negotiations loom a benign trade deal with Britain is crucial. For the moment the uncertainty around the issue prevails, with the associated risk to dairy and beef farmers. One would hope that despite the early posturing from both sides, that common sense will win out and ensure that the important trade with our nearest neighbour is protected.

As I leave the board after a sometimes challenging but always enjoyable tenure it is a source of immense satisfaction that Drinagh has succeeded in making the transition from a traditional co-operative to a well resourced modern diversified business. I am grateful to my colleagues for their support, help and guidance during the year and for appointing me as Chairman. I also wish to thank fellow outgoing board member Jerry Hegarty for his contribution to the Society over the years. I would like to acknowledge our milk suppliers who continue to be amongst the best in the country despite farming marginal land in many cases. Thanks to all our customers for their loyal trade and thanks to management and staff for their hard work and commitment to the Society and their help to me as Chairman. I wish you all and the Society the very best into a future that will bring challenges, surprises and change.

A handwritten signature in black ink, appearing to read 'Richard Connell'.

Richard Connell
Chairman

MEMBERS OF BOARD OF DIRECTORS AS AT 31st DECEMBER 2016

Drinagh:

Raymond Collins
William Collins

South West:

Michéal Leahy
Jerry Hegarty

South:

Donie O'Donovan ¹
Jerome O'Mahony ^{1,3}

North:

John O'Mahony
James O'Donovan

East:

Derry Scannell
Ian Kingston ²

West:

Mary Hayes ²
Richard Connell ^{2,3}

Castletownbere:

T J Sullivan ^{1,3}

1 Member of Audit Committee

2 Member of Investment Committee

3 Member of Remuneration Committee

OTHER INFORMATION

Chairman:

Richard Connell

Vice-Chairman:

TJ Sullivan

Chief Executive and Secretary:

Joe O'Sullivan

Solicitors:

Murphy, Long & Taaffe,
Bandon

Bankers:

Allied Irish Banks plc,
Dunmanway Branch

Registered Office:

Drinagh, Co. Cork

Auditor:

Crowley & McCarthy
Chartered Accountants
& Registered Auditors
Clonakilty, Co. Cork

Drinagh Co-Operative Limited
Board Responsibilities Statement
For the Year Ended 31 December 2016

The Board of Directors is responsible for preparing the financial statements in accordance with applicable Irish law and regulations.

The Industrial and Provident Societies Acts 1893 to 2014 require the Board of Directors to prepare financial statements which give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for each financial year. Under that law, the Board has elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Standards (Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

In preparing these financial statements, the Board is required to:

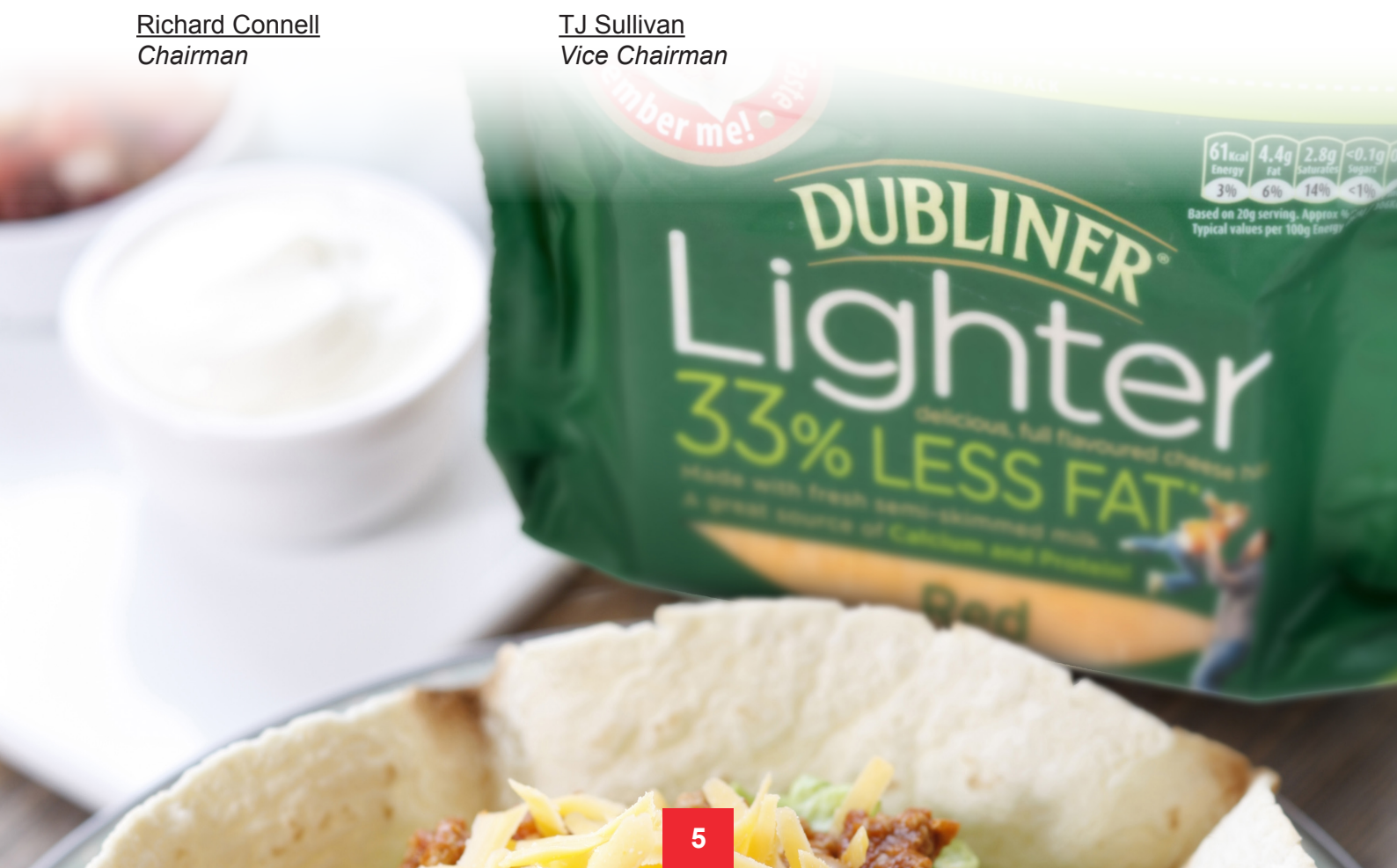
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and which enables it to ensure that the financial statements are prepared in accordance with Irish Generally Accepted Accounting Practice and comply with the Industrial and Provident Societies Acts 1893 to 2014. The Board is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors on 26th April 2017:

Richard Connell
Chairman

TJ Sullivan
Vice Chairman



Drinagh Co-Operative Limited
Independent Auditors Report to the Members of Drinagh Co-Operative Limited

We have audited the financial statements of Drinagh Co-operative Ltd for the year ended 31 December 2016 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes. The relevant 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 issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

This report is made solely to the society's members, as a body pursuant to Section 13 of the Industrial and Provident Societies Acts, 1893. 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 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 to the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and Auditor

As explained more fully in the Board Responsibility Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2016 and of its profit for the year ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland

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

Derry Crowley,
for and on behalf of Crowley & McCarthy

Chartered Accountants

Statutory Audit Firm

Building G,
West Cork Technology Park,
Clonakilty, Co. Cork

26th April 2017

Drinagh Co-Operative Limited
Consolidated Income Statement For the Year Ended 31 December 2016

| | Notes | 2016 | 2015 |
|---|-------|--------------------------------|--------------------------------|
| | | € | € |
| Turnover | 5 | 109,726,259 | 109,008,138 |
| <u>Operating Costs</u> | | | |
| Cost of Sales | | 91,663,332 | 93,873,952 |
| Production Costs | | 1,585,331 | 1,501,324 |
| Trade Bonus | 6 | 3,067,419 | 1,142,711 |
| Wages & Salaries | 7 | 8,146,365 | 7,716,073 |
| Other Operating Costs/(Profit) | 8 | <u>4,083,730</u> (108,546,177) | <u>3,579,701</u> (107,813,761) |
| Operating Profit | 9 | 1,180,082 | 1,194,377 |
| Share of Operating Results of Associate and Joint Venture | | 7,628,107 | 5,842,677 |
| Investment & Other Income | 10 | 104,616 | 693,020 |
| Interest Payable & Similar Charges | 11 | <u>(645,036)</u> | <u>(789,129)</u> |
| Profit on Ordinary Activities before Taxation | | 8,267,769 | 6,940,945 |
| Taxation on Ordinary Profit | 12 | <u>(835,105)</u> | <u>(1,409,889)</u> |
| Profit for the Financial Year | | <u><u>7,432,664</u></u> | <u><u>5,531,056</u></u> |

The Income Statement has been prepared on the basis that all operations are continuing operations.

Signed on behalf of the Board of Directors on 26th April 2017:

Richard Connell
Chairman

TJ Sullivan
Vice Chairman

Drinagh Co-Operative Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2016

| | Notes | 2016 € | 2015 € |
|---|-------|------------------|------------------|
| Consolidated Profit for the Financial Year | | 7,432,664 | 5,531,056 |
| Share of Remeasurement (Loss)/Gain Recognised on Defined Benefit Schemes of Associate | | (315,471) | 642,266 |
| Share of Movement on Deferred Tax Relating to Defined Benefit Schemes of Associate | | 26,834 | (80,283) |
| Redemption Reserve Movement of Associate | | (25,639) | (7,858) |
| Share of Loss of Hedge Instrument of Associate | | (380,836) | (135,434) |
| Share of Currency Translation Differences on Net Assets of Foreign Investments of Associate | | 8,601 | 3,139,427 |
| Total Comprehensive Income for the Financial Year | | 6,746,153 | 9,089,174 |



Drinagh Co-Operative Limited
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016

| | Share Capital | Profit & Loss Account | Other Reserves (Note 24) | Total Equity |
|--|--------------------------|--------------------------------------|-------------------------------------|-------------------------|
| | € | € | € | € |
| Balance at 1 January 2015 | <u>6,269,562</u> | <u>66,485,013</u> | <u>36,779,362</u> | <u>109,533,937</u> |
| Profit for the Year | - | 5,531,056 | - | 5,531,056 |
| Other Comprehensive Income | <u>-</u> | <u>554,125</u> | <u>3,003,993</u> | <u>3,558,118</u> |
| Total Comprehensive Income for the Year | - | 6,085,181 | 3,003,993 | 9,089,174 |
| Transfer to Fair Value Investment Reserve | - | 1,175,198 | (1,175,198) | - |
| Issue of Bonus Shares | 68,296 | (68,296) | - | - |
| Dividend & Share Interest Paid (Note 13) | - | (266,003) | - | (266,003) |
| Bonus on Share Redemption | - | - | (16,461) | (16,461) |
| Shares Subscribed for in the Year | 9,900 | - | - | 9,900 |
| Shares Cancelled during the Year | <u>(116,035)</u> | <u>-</u> | <u>-</u> | <u>(116,035)</u> |
| Balance at 31 December 2015 | <u>6,231,723</u> | <u>73,411,093</u> | <u>38,591,696</u> | <u>118,234,512</u> |
| Profit for Year | - | 7,432,664 | - | 7,432,664 |
| Other Comprehensive Income | <u>-</u> | <u>(314,276)</u> | <u>(372,235)</u> | <u>(686,511)</u> |
| Total Comprehensive Income for the Year | - | 7,118,388 | (372,235) | 6,746,153 |
| Transfer to Fair Value Investment Reserve | - | 949,271 | (949,271) | - |
| Issue of Bonus Shares | 67,075 | (67,075) | - | - |
| Dividend & Share Interest Paid (Note 13) | - | (263,280) | - | (263,280) |
| Bonus on Share Redemption | - | - | (8,522) | (8,522) |
| Shares Subscribed for in the Year | 6,895 | - | - | 6,895 |
| Shares Cancelled during the year | <u>(63,806)</u> | <u>-</u> | <u>-</u> | <u>(63,806)</u> |
| Balance at 31 December 2016 | <u>6,241,887</u> | <u>81,148,397</u> | <u>37,261,668</u> | <u>124,651,952</u> |

Drinagh Co-Operative Limited
Consolidated Statement of Financial Position
For the Year Ended 31 December 2016

| | Notes | 2016 € | 2015 € |
|--|-------|--------------------|--------------------|
| <u>Fixed Assets</u> | | | |
| Intangible Assets | 14 | 3,837,599 | 2,409,360 |
| Tangible Assets | 15 | 25,023,870 | 23,919,496 |
| Financial Assets | 16 | 85,666,325 | 81,813,540 |
| | | <u>114,527,794</u> | <u>108,142,396</u> |
| <u>Current Assets</u> | | | |
| Stocks | 17 | 9,115,490 | 8,071,644 |
| Debtors | 18 | 23,333,731 | 24,225,944 |
| Cash and Bank Balances | | 2,160,427 | 1,342,477 |
| | | <u>34,609,648</u> | <u>33,640,065</u> |
| Creditors: amounts falling due within one year | 19 | (19,861,211) | (10,042,365) |
| Net Current Assets | | <u>14,748,437</u> | <u>23,597,700</u> |
| Total Assets less Current Liabilities | | 129,276,231 | 131,740,096 |
| Creditors: amounts falling due after more than one year | 20 | (1,279,792) | (9,648,576) |
| Provision for liabilities | 21 | (3,344,487) | (3,857,008) |
| Net Assets | | <u>124,651,952</u> | <u>118,234,512</u> |
| Financed By: | | | |
| <u>Capital and Reserves</u> | | | |
| Called up Share Capital | 23 | 6,241,887 | 6,231,723 |
| Profit & Loss Account | | 81,148,397 | 73,411,093 |
| Other Reserves | 24 | 37,261,668 | 38,591,696 |
| Total Equity | | <u>124,651,952</u> | <u>118,234,512</u> |

Signed on behalf of the Board of Directors on 26th April 2017:

Richard Connell
Chairman

TJ Sullivan
Vice Chairman

Drinagh Co-Operative Limited
Consolidated Statement of Cash Flows For the Year Ended 31 December 2016

| | Notes | 2016 € | 2015 € |
|---|-------|-------------------------|-----------------------|
| Net Cash Flows from Operating Activities | 25 | <u>4,131,623</u> | <u>2,760,690</u> |
| <u>Cash Flows from Investing Activities</u> | | | |
| Purchase of Fixed Assets | | (2,539,549) | (4,329,280) |
| Purchase of Investments | | (1,642,739) | (117,405) |
| Proceeds of Sale of Investments | | 31,295 | 111,050 |
| Proceeds of Sale of Fixed Assets | | 21,500 | 464,478 |
| Investment Income | | 444,584 | 578,411 |
| Taxation Paid | 26 | (105,038) | (75,487) |
| Rental and Other Income | | <u>1,132,549</u> | <u>655,708</u> |
| Net Cash Flows from Investing Activities | | <u>(2,657,398)</u> | <u>(2,712,525)</u> |
| <u>Cash Flows from Financing Activities</u> | | | |
| (Repayment of) / Increase in Borrowings | | (491,243) | 1,441,986 |
| Interest Paid | | (293,202) | (238,893) |
| Equity Dividend Paid | | (62,025) | (61,804) |
| Issue of Ordinary Shares | | 6,895 | 9,900 |
| Redemption of Ordinary Shares | | <u>(72,328)</u> | <u>(132,496)</u> |
| Net Cash Flows from Financing Activities | | <u>(911,903)</u> | <u>1,018,693</u> |
| Net Increase in Cash and Cash Equivalents | | 562,322 | 1,066,858 |
| Cash and Cash Equivalents at Beginning of Financial Year | | 986,942 | (79,916) |
| Cash and Cash Equivalents at End of Financial Year | 27 | <u><u>1,549,264</u></u> | <u><u>986,942</u></u> |

Drinagh Co-Operative Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General Information

These financial statements comprising the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes 1 to 33 constitute the Consolidated Financial Statements of Drinagh Co-operative Ltd for the financial year ended 31 December 2016.

Drinagh Co-operative Ltd is a Society registered in the Republic of Ireland under the Industrial and Provident Societies Acts 1893 to 2014. The Registered Office is Drinagh, County Cork, which is also the principal place of business for the Society. The nature of the Society's core operations are milk supply, mill and agri-trading.

Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the Society.

2. Principal Accounting Policies

Basis of Preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention, modified to include certain financial instruments at fair value. They have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

Basis of Consolidation

The Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows include the Financial Statements of the Society and of its subsidiary undertakings made up to 31 December 2016 and also the Group's share of the post acquisition profits of associated undertakings and joint venture.

Financial Fixed Assets

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Income Statement.

A subsidiary is an entity controlled by the Society. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the society holds a long-term interest and where the company has significant influence. The society considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the society has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Revenue

Revenue is stated net of trade discounts, volume rebates, VAT and similar taxes and derives from the provision of goods and services falling within the Society's ordinary activities. Revenue on the sale of goods is recognised when the Society has transferred the significant risk and reward of ownership in the goods, which usually takes place when the goods are physically delivered to the buyer. Deposits received from customers in advance of completion of sales of goods at the end of the financial year are not treated as revenue.

Tangible Fixed Assets

All tangible fixed assets, other than investment properties, are initially recorded at historic cost. This includes legal fees, stamp duty and other non-refundable purchases taxes, and also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, which can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality. Freehold land and buildings are subsequently measured under the cost model. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Consolidated Income Statement.

Investment property, which is property held to earn rental returns and/or capital appreciation, is measured on the basis of fair value determined from market based evidence by appraisal undertaken by professional valuers. Surpluses and deficits on valuation are taken to the Consolidated Income Statement. Profits or losses on the sale of investment property included in the Consolidated Income Statement are calculated as the difference between the net sales proceeds and the carrying value.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less residual value, of each asset systematically over its expected useful life, on a straight line basis, as follows:

| | Rate % |
|------------------------|-----------------|
| Land | not depreciated |
| Buildings | 2.5 - 7.5 |
| Machinery and fixtures | 10 - 25 |
| Transport vehicles | 25 |

No depreciation is provided against investment properties. These properties are held for investment purposes only and the Board considers that systematic annual depreciation would be inappropriate. Depreciation is only one of the factors reflected in the annual valuation and the amount of which might otherwise have been shown cannot reasonably be separately identified or quantified.

Stocks

Stocks have been valued at the lower of cost and net realisable value using the first in first out method. Cost consists of direct materials and, in the case of products manufactured by the Society, may also include direct labour costs, together with the relevant production overheads based on normal level of capacity. Net realisable value comprises the normal selling price, less appropriate selling and distribution costs. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Consolidated Income Statement. Reversal of impairment losses are also recognised in the Consolidated Income Statement.

Debtors

Known bad debts are written off and specific provision is made for any amounts, the collection of which is considered doubtful.

Retirement Benefits

The group operates both defined benefit and defined contribution pension schemes for its employees.

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs net of the excess of the expected return on scheme assets over the interest cost on the scheme liabilities. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur.

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

Share Interest

Final share interests to the Society's equity shareholders are recognised as a liability of the Society when approved by the Society's shareholders. Interim share interests are recognised when paid.

Taxation and Deferred Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

Deferred taxation is calculated on the differences in the Society's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Full provision for deferred tax assets and liabilities is made at current tax rates expected to apply in the years in which the timing differences are expected to reverse, based on tax rates on differences that arise between recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on revaluation of fixed assets. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Financial Instruments

The Society has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instrument Issues" of FRS102 to all of its financial instruments. Financial instruments are recognised in the Society's Consolidated Statement of Financial Position when the Society becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the Consolidated Financial Statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share Capital

The share capital of the Society is presented as equity.

Unlisted Investments

The Society holds investments in unlisted equity shares of a number of entities. It is considered by the directors that the fair value of these shares cannot be measured reliably except for shares frequently traded on a grey market. Where the fair value of shares cannot be reliably determined these investments are valued at cost. Where the fair value can be reliably determined these investments are initially recorded at cost plus transaction costs and thereafter valued at fair value based on the bid price on an active grey market at the reporting date. Gains and losses as a result of fair value are recognised in the Consolidated Income Statement.

Listed Investments

The Society holds investments in equitable shares of a number of companies which are listed and actively traded on recognised stock markets. These investments are initially recorded at cost plus transaction costs and thereafter valued at fair value based on the bid price of the securities in an active market at the reporting date. Gains and losses as a result of fair value are recognised in the Consolidated Income Statement.

Cash and Cash Equivalents

Cash consists of cash in hand and demand deposits and bank overdrafts. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Other Financial Assets

Other financial assets include trade debtors for goods sold to customers on short term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Society after deducting all of its liabilities.

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at market interest rates. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the Society's obligations are discharged, cancelled or they expire.

Other Financial Liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment of Financial Assets

At the end of each financial reporting period, the Society assesses whether there is objective evidence of impairment of any financial asset that are measured at cost or amortised cost, including unlisted investment, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Consolidated Income Statement in that financial year.

Intangible Assets - Goodwill

Goodwill is recognised and measured as the excess of the cost paid on the acquisition of businesses and the aggregate of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite life and is amortised through the Consolidated Income Statement in equal instalments over its estimated economic life on a straight line basis. If no reliable estimate can be made of its useful life it is amortised over a maximum ten year period. Goodwill is taken into consideration, when that part of the business which caused the initial entry is subsequently sold or closed, in determining the profit or loss on disposal. Any excess of the aggregate of the fair value of the net assets over the fair value of the acquisition costs is negative goodwill and is credited directly to reserves.

The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Consolidated Income Statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign Currencies

Foreign currency transactions during the year have been translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rate of exchange ruling at the financial year end date. Non monetary items that are measured at historic cost are translated at the foreign exchange rate ruling at the date of the transaction. Non monetary items measured at fair value are translated at the rate of exchange at the date of valuation. The resulting profits and losses are taken to the Consolidated Income Statement.

The assets and liabilities of foreign undertakings are translated at the rate of exchange ruling at the year end date. The results of foreign undertakings are translated at the average monthly rates prevailing during the year. The exchange difference arising on the retranslation of opening net assets is recognised in the Consolidated Statement of Comprehensive Income and accumulated in reserves. All other translation differences are taken to the Consolidated Income Statement.

Drinagh Co-Operative Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

The principal exchange rates used for the translation of results, cash flows, and assets and liabilities into Euro were as follows:

| | 2016 | 2015 | 2016 | 2015 |
|----------|------------|------------|------------|------------|
| | €1 to STG£ | €1 to STG£ | €1 to US\$ | €1 to US\$ |
| Average | 0.81948 | 0.72585 | 1.1069 | 1.1095 |
| Year End | 0.85618 | 0.73720 | 1.05410 | 1.08663 |

Impairment of Assets

Where there is objective evidence that recoverable amounts of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in its impairment loss. Impairment losses are recognised immediately in the income statement, with the exception of losses on previously re-valued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously re-valued increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the income statement, except for impairments on previously re-valued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less costs to sell and its value in use. The value in use of those assets is the present value of cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the Society which is considered by the directors to be a single cash generating unit.

3. Judgements and Key Sources of Estimation Uncertainty

In application of the Society's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The following are the Society's key sources of estimation uncertainty:

Impairment of Trade Debtors

The Society trades with a large and varied number of customers on credit terms. Some debts due may not be paid through the default of a small number of customers. The Society uses estimates based on historic experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis. The total amount of trade debtors at financial year end is disclosed in note 18.

Impairment of Stocks

The Society holds inventories at financial year end as disclosed in note 17. The directors are of the view that an adequate charge has been made to reflect the possibility of stocks being sold at less than cost. However, this estimate is subject to inherent uncertainty.

Useful Lives of Tangible Fixed Assets

Long-lived assets comprising mainly of property, plant and machinery and intangible assets represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 15.

Goodwill

The Society establishes a reliable estimate of the useful life of goodwill on business considerations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating unit to which the goodwill is attributable, any legal regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based on likely timing and level of future profit, together with an assessment of the effect of future tax planning strategies.

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

4. Changes to Disclosures and Comparative Figures

In preparing the Financial Statements for 2016, if necessary, changes to the comparative 2015 figures would be made in order to maintain consistency with the nature of the figures being reported for 2016.

5. Revenue

All revenue activities were wholly undertaken in the Republic of Ireland.

| | 2016 € | 2015 € |
|----------------------|--------------------|--------------------|
| Classes of Turnover: | | |
| Creamery | 52,801,275 | 53,416,957 |
| Mill | 18,224,813 | 17,105,021 |
| Stores | 38,686,073 | 38,471,509 |
| Other | 14,098 | 14,651 |
| | <u>109,726,259</u> | <u>109,008,138</u> |

6. Trade Bonus

| | 2016 € | 2015 € |
|--------------|------------------|------------------|
| Milk Bonus | 2,378,697 | 526,096 |
| Mill Bonus | 502,497 | 442,777 |
| Stores Bonus | 186,225 | 173,838 |
| | <u>3,067,419</u> | <u>1,142,711</u> |

The milk bonus represents the following: (a) 0.50 cent per litre price support between May and December - in total €590K (2015: 0.14 cent per litre price support between June and October - in total €127K) plus (b) 0.86 cent per litre on variable price milk supplied in the calendar year 2016 irrespective of the level of purchases - in total €1.389M (2015: nil) plus (c) 0.25 cent per litre of milk supplied in the calendar year 2016 where purchases from the Society were greater than 7 cent per litre (2015: 0.25 cent per litre of milk supplied in the calendar year 2015 where purchases from the Society were greater than 7 cent per litre); 0.125 cent per litre where purchases were less than 7 cent per litre and greater than 5 cent per litre (2015: 0.125 cent per litre where purchases were less than 7 cent per litre and greater than 5 cent per litre); no bonus applied where purchases were less than 5 cent per litre (2015: no bonus applied where purchases were less than 5 cent per litre) - in total this amounts to €400K (2015: €399K) - this 2016 bonus to be paid on the basis of milk solids (as for 2015).

The mill bonus represents €10.00 per tonne on compound ruminant feed for 2016 (2015: €10.00) and €5.00 per tonne on pig feed (2015: €2.50) and €2.50 per tonne on feed straights (2015: €2.50).

The stores bonus represents €7.50 per tonne on fertilizer purchases in 2016 (2015: €7.50).

7. Employees

The average number of employees during the year, analysed by category, was as follows:

| | 2016 Number | 2015 Number |
|-----------------------|----------------|----------------|
| Production/Operations | 175 | 163 |
| Sales | 2 | 2 |
| Administration | 20 | 20 |
| | <u>197</u> | <u>185</u> |

The aggregate payroll costs of these employees were as follows:

| | 2016 € | 2015 € |
|---------------------------|------------------|------------------|
| Wages and Salaries | 6,920,799 | 6,574,627 |
| Social Welfare Costs | 735,337 | 684,999 |
| Pension and Related Costs | 486,252 | 455,848 |
| Other Costs | 3,977 | 599 |
| | <u>8,146,365</u> | <u>7,716,073</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

8. Other Operating Costs/(Profits)

| | 2016 € | 2015 € |
|---|------------------|------------------|
| Distribution & Selling Costs | 1,152,362 | 1,185,116 |
| Administrative Overhead | 1,362,857 | 1,365,656 |
| Depreciation | 1,388,175 | 996,186 |
| Amortisation of Goodwill | 201,836 | 147,530 |
| Profit on Sale of Tangible Fixed Assets | (21,500) | (114,787) |
| | <u>4,083,730</u> | <u>3,579,701</u> |

The Profit on Sale of Tangible Fixed Assets is derived from the trade-in or disposal of vehicles (2015: the sale of the Bantry branch plus land in Bantry plus the trade-in or disposal of vehicles).

9. Operating Profit

Operating profit is stated after charging/(crediting):

| | 2016 € | 2015 € |
|--|-----------|-----------|
| Depreciation Charge: | | |
| ... Depreciation of Owned Assets (Note 15) | 789,390 | 836,429 |
| ... Depreciation of Assets Held Under Finance Leases (Note 15) | 598,785 | 159,757 |
| Amortisation and Impairment of Intangibles (Note 14) | 201,836 | 147,500 |

10. Investment and Other Income

| | 2016 € | 2015 € |
|---|------------------|--------------------|
| (Loss)/Profit on Sale of Listed Securities | (5,905) | 86,057 |
| Fair Value Adjustment of Investments | (1,447,782) | (1,690,852) |
| Investment Income | 449,654 | 491,909 |
| Impairment in Book Value of Foreign Investment Property | (47,000) | (998,841) |
| Profit on Disposal of Unlisted Investments | 19,316 | 70,494 |
| Rental and Other Income | <u>1,132,549</u> | <u>655,708</u> |
| | <u>100,832</u> | <u>(1,385,525)</u> |
| Share of Associate | | |
| Investment Income | 13,417 | 2,106,819 |
| Other Finance Expense | (9,633) | (28,274) |
| | <u>3,784</u> | <u>2,078,545</u> |
| | <u>104,616</u> | <u>693,020</u> |

11. Interest Payable and Similar Charges

| | 2016 € | 2015 € |
|---|----------------|----------------|
| Interest Payable - Society & Subsidiaries | 293,202 | 238,893 |
| Share of Associate & Joint Venture | | |
| Interest Payable | <u>351,834</u> | <u>550,236</u> |
| | <u>645,036</u> | <u>789,129</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

12. Taxation

| | 2016 € | 2015 € |
|---|------------------|------------------|
| Domestic Current Year Tax | | |
| Corporation Tax on Profit for the Year | 233,496 | 232,979 |
| Adjustment in respect of Prior Years | 22,554 | - |
| Total Current Tax | <u>256,050</u> | <u>232,979</u> |
| Domestic Deferred Tax | | |
| Deferred Tax on Fair Value of Investments | (512,521) | (578,834) |
| Domestic Tax on Profits on Ordinary Activities | (256,471) | (345,855) |
| Share of Tax of Associate Company | 1,079,242 | 1,742,805 |
| Share of Tax of Joint Venture | 12,334 | 12,939 |
| Profit and Loss Account | <u>835,105</u> | <u>1,409,889</u> |
| Factors Affecting the Tax Charge for the Year: | | |
| Profit on Ordinary Activities before Taxation | 8,267,769 | 6,940,945 |
| Less Share of Profit in Associates and Joint Ventures | (7,280,057) | (7,370,985) |
| Profit on Ordinary Activities before Taxation (excluding Profits from Associates, Joint Venture and Subsidiaries) | 987,712 | (430,040) |
| Standard Tax Rate | 12.50% | 12.50% |
| Expected Tax | 123,464 | (53,755) |
| Actual Tax Charge | (256,471) | (345,855) |
| Difference | <u>(379,935)</u> | <u>(292,100)</u> |
| Effects of: | | |
| Prior Year Adjustment | 22,554 | - |
| Depreciation in Excess of Capital Allowances | 90,626 | 57,700 |
| Tax Rate Difference on Passive Income | 11,875 | 11,006 |
| Franked Investment Income not Taxed | (16,363) | (32,530) |
| Disallowable Expenses | (72,086) | (49,766) |
| Tax Rate Difference on Chargeable Gains | (328,520) | (348,929) |
| Other tax adjustments | (88,021) | 70,419 |
| | <u>(379,935)</u> | <u>(292,100)</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

13. Dividends Paid

Share interest of one cent per share on shares issued as at 31 December 2015
(2015: one cent per share on shares issued as at 31 December 2014).

Share of Associate

6.5% annual coupon on 'B' Ordinary Shares

| 2016 | 2015 |
|----------------|----------------|
| € | € |
| 62,025 | 61,804 |
| 201,255 | 204,199 |
| <u>263,280</u> | <u>266,003</u> |

14. Intangible Assets

Cost

At 1 January 2016

Additions

At 31 December 2016

Amortisation

At 1 January 2016

Amortised during the year

At 31 December 2016

Net Book Value

At 31 December 2016

At 31 December 2015

Goodwill

€

2,950,200

1,630,075

4,580,275

540,840

201,836

742,676

3,837,599

2,409,360

Goodwill arose on the acquisition of GWB Trading Ltd in 2012 and is being amortised over the estimate of useful life of 20 years, in accordance with the company's accounting policy. At the financial year end date the remaining amortisation period is 15.3 years.

On 31 August 2016 the Society purchased 100% of the share capital of James O'Sullivan (Chemist) Ltd, which operates a pharmacy business. The results from the date of acquisition have been included in the Consolidated Income Statement for the year ended 31 December 2016.

The cost of the acquisition was €1.876 million made up as follows:

| | € |
|-------------------------|------------------|
| Goodwill | 1,630,075 |
| Tangible Assets | 108,455 |
| Debtors and prepayments | 137,975 |
| Stocks | 115,234 |
| Cash and bank | 55,510 |
| Creditors and accruals | <u>(170,849)</u> |
| | <u>1,876,400</u> |

The goodwill is being amortised over the estimate of useful life of 10 years in accordance with the company's accounting policy. At the financial year end date the remaining amortisation period is 9.7 years.

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

15. Tangible Assets

| | Investment Property | Land & Buildings | Machinery & Fixtures | Transport Vehicles | Total |
|-----------------------------------|--------------------------------|---------------------------------|-------------------------------------|-------------------------------|-------------------|
| | € | € | € | € | € |
| Cost | | | | | |
| At 1 January 2016 | 11,747,000 | 13,448,411 | 14,801,940 | 3,743,710 | 43,741,061 |
| Additions | - | 707,534 | 1,189,040 | 642,975 | 2,539,549 |
| Provision for Impairment in Value | (47,000) | - | - | - | (47,000) |
| Disposals | - | - | - | (395,623) | (395,623) |
| At 31 December 2016 | <u>11,700,000</u> | <u>14,155,945</u> | <u>15,990,980</u> | <u>3,991,062</u> | <u>45,837,987</u> |
| Accumulated Depreciation | | | | | |
| At 1 January 2016 | - | 6,301,381 | 10,404,030 | 3,116,154 | 19,821,565 |
| Profit and Loss Charge | - | 268,612 | 753,220 | 366,343 | 1,388,175 |
| Disposals | - | - | - | (395,623) | (395,623) |
| At 31 December 2016 | <u>-</u> | <u>6,569,993</u> | <u>11,157,250</u> | <u>3,086,874</u> | <u>20,814,117</u> |
| Net Book Value | | | | | |
| At 31 December 2016 | <u>11,700,000</u> | <u>7,585,952</u> | <u>4,833,730</u> | <u>904,188</u> | <u>25,023,870</u> |
| At 31 December 2015 | <u>11,747,000</u> | <u>7,147,030</u> | <u>4,397,910</u> | <u>627,556</u> | <u>23,919,496</u> |

Freehold land which is not depreciated is included in land and buildings.

The investment property was valued at its fair value, in accordance with accepted industry methodology, by independent external professional valuers, Pelham Partnership Limited, London. Hypothekenbank Frankfurt AG (owned by Commerzbank) holds the title deeds to the investment property in respect of the Bank Loan to Drinagh Co-Operative Limited GmbH (a wholly owned subsidiary of the Society). There is no other security in place in respect of this loan.

The title deeds to the Society's other properties are deposited with Allied Irish Banks, plc. In addition, Allied Irish Banks plc holds a fixed charge over specific land and premises of the Society and a floating charge over all the assets of the Society.

Included in Transport Vehicles are leased assets as follows:

| | Leased Assets |
|---------------------------------|--------------------------|
| | € |
| Cost | |
| At 1 January 2016 | 2,888,138 |
| Additions | 179,000 |
| Disposals | (76,000) |
| At 31 December 2016 | <u>2,991,138</u> |
| Accumulated Depreciation | |
| At 1 January 2016 | 892,916 |
| Profit and Loss Charge | 598,785 |
| Disposals | (76,000) |
| At 31 December 2016 | <u>1,415,701</u> |
| Net Book Value | |
| At 31 December 2016 | <u>1,575,437</u> |
| At 31 December 2015 | <u>1,995,222</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

16. Financial Assets

| | | 2016 € | 2015 € |
|---|-----|-------------------|-------------------|
| Investment in Associated Undertaking | (a) | | |
| At Cost | | 2,085,073 | 2,085,073 |
| Group Share of Post Acquisition Net Assets | | 63,895,619 | 58,631,905 |
| Loan to Associated Undertakings | | <u>6,908,647</u> | <u>6,908,647</u> |
| | | <u>72,889,339</u> | <u>67,625,625</u> |
| Investment in Joint Venture Undertaking | (b) | | |
| At Cost | | 50 | 50 |
| Group Share of Post Acquisition Net Liabilities | | (788,581) | (825,582) |
| Loan to Joint Venture | | <u>323,000</u> | <u>323,000</u> |
| | | <u>(465,531)</u> | <u>(502,532)</u> |
| Listed Securities | (c) | 9,146,958 | 10,033,150 |
| Unlisted Investments | (c) | 4,095,559 | 4,657,297 |
| | | <u>85,666,325</u> | <u>81,813,540</u> |

(a) Investment in Associated Undertaking

The investment in the associated undertaking comprises a 34.40% (2015: 34.91%) interest in Carbery Creameries Limited, which is engaged in the development, management and supply of cheeses, alcohol and select food ingredients plus 40% (2015: 40%) in Shinagh Estates Limited, which is a holding investment company. During 2016 under Carbery's Milk Supply Share Scheme, the 'B' Ordinary Shares increased by 1,239,037, thereby decreasing the shareholding % of Drinagh Co-operative Ltd. During 2013 the Society invested €2,000,000 in acquiring ordinary shares in Carbery Investments (Drinagh) Limited, a subsidiary of Carbery Creameries Limited. These shares do not carry any voting rights until after the seventh anniversary of allotment.

The loan to the associated undertakings comprises an interest free loan for €6,908,647 (2015: €6,908,647) to Carbery Creameries Ltd with no fixed repayment term (it is subordinated to the rights of the associate's bankers).

(b) Investment in Joint Venture Undertaking

The investment in Joint Venture represents a 50% (2015: 50%) share in Drinlis Properties Limited, a company engaged in property investment.

The loan to the joint venture undertaking is an interest free loan with no fixed repayment term.

(c) Other Financial Investments

| | Listed Investments € | Unlisted Investments € |
|--|----------------------------|------------------------------|
| Cost | | |
| At 1 January 2016 | 10,033,150 | 4,790,637 |
| Additions/(Disposals) | 136,208 | (122,346) |
| Revaluation | <u>(1,022,400)</u> | <u>(439,393)</u> |
| At 31 December 2016 | <u>9,146,958</u> | <u>4,228,899</u> |
| Provision for Diminution in Value | | |
| At 1 January 2016 | - | 133,340 |
| Increase in Provision for Year | <u>-</u> | <u>-</u> |
| At 31 December 2016 | <u>-</u> | <u>133,340</u> |
| Net Book Value | | |
| At 31 December 2016 | <u>9,146,958</u> | <u>4,095,559</u> |
| At 31 December 2015 | <u>10,033,150</u> | <u>4,657,297</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

16. Financial Assets (cont.)

The listed investments, all of which are equity investments listed on recognised stock exchanges, are measured at fair value through the income statement in line with the company accounting policy. The fair value was determined with reference to bid price at the financial year end date.

Included in the unlisted investments are shares in One51 plc for which a grey market exists. These unlisted investments, are measured at fair value through the income statement in line with the company accounting policy. The fair value was determined with reference to bid price at the financial year end date.

In the opinion of the Board of Directors, the value of the Society's other Unlisted Investments is not less than cost.

(d) Subsidiary Companies

| <i>Name</i> | <i>Principal Activities</i> | <i>Group Interest</i> | <i>Address of Registered Office</i> |
|------------------------------------|-----------------------------|-----------------------|-------------------------------------|
| Drinagh Sales Limited | Retailing | 100% | Drinagh, Co. Cork |
| Drinagh Co-Operative GmbH | Property investment | 100% | Leipzig, Germany |
| G.W.B. Trading Limited | Dormant | 100% | Drinagh, Co. Cork |
| James O'Sullivan (Chemist) Limited | Pharmacy | 100% | Drinagh, Co. Cork |

17. Stocks

| | 2016 € | 2015 € |
|----------------|------------------|------------------|
| Finished Goods | 8,493,246 | 7,683,421 |
| Raw Materials | 358,088 | 177,643 |
| Expense Stocks | 264,156 | 210,580 |
| | <u>9,115,490</u> | <u>8,071,644</u> |

Stocks considered obsolete are written down to net realisable value. The amount of the provision is €344,943 (2015: €344,943) in the financial year.

18. Debtors

| | 2016 € | 2015 € |
|--------------------------------|-------------------|-------------------|
| Trade Debtors | 10,419,447 | 11,644,688 |
| Carbery Creameries Limited | 11,780,161 | 11,969,688 |
| Withholding Tax | 152,570 | 130,198 |
| Prepayments and Accrued Income | 981,553 | 481,370 |
| | <u>23,333,731</u> | <u>24,225,944</u> |

All debtors are due within 1 year. All trade debtors are due within the company's normal terms, which is 30 days. Trade debtors are shown net of impairment of doubtful debts.

19. Creditors: amounts falling due within one year

| | 2016 € | 2015 € |
|----------------------------------|-------------------|-------------------|
| Bank Overdraft | 611,163 | 355,535 |
| Bank Loans (Note 20) | 8,050,000 | 200,000 |
| Lease Liability (Note 20) | 462,794 | 435,253 |
| Trade Creditors & Accruals | 10,591,835 | 9,119,448 |
| Corporation Tax | (82,351) | (268,182) |
| Others Taxes and Social Welfare: | | |
| PAYE/PRSI | 227,770 | 200,311 |
| | <u>19,861,211</u> | <u>10,042,365</u> |

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

19. Creditors: amounts falling due within one year (cont.)

The repayment terms of trade creditors vary from on demand and ninety days. No interest is payable on trade creditors. Trade creditors include an amount of €4.8M (2015: €3.9M) in respect of goods for which ownership is not passed until payment is made.

Tax and social insurance are subject to terms of the relevant legislation. Interest accrues on late payment however no interest was due at the financial period end.

The terms of the accruals are based on the underlying contracts and other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

20. Creditors: amounts falling due after more than one year

| | 2016 € | 2015 € |
|---|--------------------|------------------|
| Bank Loan | 8,050,000 | 8,250,000 |
| less amount falling due within one year (note 19) | <u>(8,050,000)</u> | <u>(200,000)</u> |
| | <u>-</u> | <u>8,050,000</u> |

The overdraft provided by Allied Irish Bank Plc. is secured by a floating charge over all assets of the Society and is repayable on demand.

The loan is provided by Hypothekenbank Frankfurt AG (owned by Commerzbank) and is secured on a property acquired in Germany by Drinagh Co-Operative GmbH. It is without recourse to that company or Drinagh Co-Operative Limited.

| | 2016 € | 2015 € |
|--|------------------|------------------|
| Lease Liability | 1,742,586 | 2,033,829 |
| less amount falling due within one year (note 19) | <u>(462,794)</u> | <u>(435,253)</u> |
| | <u>1,279,792</u> | <u>1,598,576</u> |
| Repayable as follows: | | |
| Between two and five years | 1,279,792 | 1,598,576 |
| After five years | <u>-</u> | <u>-</u> |
| | <u>1,279,792</u> | <u>1,598,576</u> |
| Total amounts falling due after more than one year | <u>1,279,792</u> | <u>9,648,576</u> |

The effective rate of interest on the leases was 2.61% (2015: 2.66%). The conditions of the leases allow the lessor the right to take possession of the asset if the covenants regarding repayment of the leases are not complied with.

21. Provision for Liabilities

| | 2016 € | 2015 € |
|--------------------------------|------------------|------------------|
| Deferred Taxation | | |
| At 1 January | 3,857,008 | 4,435,842 |
| Charged to income statement | <u>(512,521)</u> | <u>(557,966)</u> |
| Utilised in the financial year | <u>-</u> | <u>(20,868)</u> |
| At 31 December | <u>3,344,487</u> | <u>3,857,008</u> |

22. Pensions

Defined Benefit Schemes

The Irish Co-Operative Societies Pension Scheme

The Society participates in an industry-wide Irish Co-Operative Societies' Pension Scheme. This is a multi-employer defined benefit 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. This is in accordance with the rules of FRS102 section 28.11.

The most recent full actuarial valuation of the Irish Co-operative Societies' Pension Scheme was carried out on 1st July 2014. The report is available for inspection by Scheme members but is not available to the public.

The most recent Actuarial Funding Certificate with an effective date of 8th April 2015 confirmed that the Scheme satisfied the Funding Standard set out in Section 44(1) of the Pensions Act, 1990 at that effective date. The most recent Funding Standard Reserve Certificate also with an effective date of 8th April 2015 confirmed that the Scheme had sufficient additional assets to satisfy the Funding Standard Reserve requirement set out in Section 44(2) of the Pensions Act 1990 as at that effective date.

Market conditions in the period from the last certification date have been adverse. While the Scheme's investments recorded modest growth in the period, it wasn't sufficient to offset the growth in liabilities associated with a decline in long term interest rates. As a result, whilst the Actuary is reasonably satisfied that the Scheme met the Funding Standard at 30th June 2016, he is not satisfied that it would have met the Funding Standard Reserve at that date.

Since this certification date market conditions have improved to such an extent that, based on calculations undertaken as at 31st December 2016, the Actuary considers it likely that the Scheme was in a position to satisfy both the Funding Standard and the Funding Standard Reserve at that date.

The Dairy Executives' Pension Fund

The Society participates in an industry-wide Dairy Executives' Pension Scheme. This is a multi-employer defined benefit 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. This is in accordance with the rules of FRS102 section 28.11.

The most recent actuarial valuation of the Dairy Executives' Pension Fund was carried out on 31st March 2016. The Actuarial Valuation Report is available for inspection by scheme members but is not available to the public. This report confirms that the Scheme met the Funding Standard and the Actuary has completed an Actuarial Funding Certificate confirming this outcome.

The Actuarial Valuation Report also confirms that the Scheme satisfied the Funding Standard Reserve and the Actuary has completed a Funding Standing Reserve Certificate confirming this outcome.

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. Effective February 28th 2015 the Society ceased contributing to the Scheme.

Defined Contribution Pension Schemes

The Society operates defined contribution pension schemes for some of its employees which require contributions to be made to separately administered funds. The contributions payable by the Society are charged to operating profit in the year in which they relate and amounted to €354,069 (2015: €321,792).

23. Called up Share Capital

Allotted, called up and fully paid shares of €1 each:

| | 2016 € | 2015 € |
|----------------------------------|------------------|------------------|
| At 1 January | 6,231,723 | 6,269,562 |
| Bonus Shares Issued (see below) | 67,075 | 68,296 |
| Subscribed for during the year | 6,895 | 9,900 |
| Shares cancelled during the year | (63,806) | (116,035) |
| At 31 December | <u>6,241,887</u> | <u>6,231,723</u> |

The ordinary shares have no right to fixed income.

During the year the Society issued the following bonus shares:

| | 2016 € | 2015 € |
|--|---------------|---------------|
| Based on trading with the Society for 2015 (2015: for 2014): | <u>67,075</u> | <u>68,296</u> |

24. Other Reserves

| | Capital Reserves € | Redemption Reserve € | Fair Value Investment Reserve € | Total € |
|--|--------------------------|----------------------------|--|-------------------|
| As at 1st January 2016 | 30,752,285 | 8,522 | 7,830,889 | 38,591,696 |
| Currency Translation Gain on Net Assets of Associate | (372,235) | - | - | (372,235) |
| Bonus on Share Redemption | - | (8,522) | - | (8,522) |
| Transfer to Profit & Loss Account | - | - | (949,271) | (949,271) |
| As at 31 December 2016 | <u>30,380,050</u> | <u>-</u> | <u>6,881,618</u> | <u>37,261,668</u> |

The capital reserve represents pre-acquisition profits of associates plus currency translation gains/(losses) on net assets of associates over time.

During 2013, €50,000 was transferred to a Redemption Reserve to enable on a first come first served basis the issue of one bonus share in respect of every one of the first five hundred shares or part thereof held at 31st December 2012 to members who cancel their membership of the Society.

The Fair Value Investment Reserve represents the un-realised profits derived from re-stating at fair value those investments which can be reliably measured as such.

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

25. Net Cash Flows from Operating Activities

| | 2016 € | 2015 € |
|---|------------------|------------------|
| Consolidated Profit for the Financial year | 7,432,664 | 5,531,056 |
| <i>Adjustments for:</i> | | |
| Share of Operating Results of Associate and Joint Venture | (7,628,107) | (5,842,677) |
| Investment & Other Income | (104,616) | (693,020) |
| Interest Payable & Similar Charges | 645,036 | 789,129 |
| Taxation charge in the Income Statement | 835,105 | 1,409,889 |
| Depreciation of Tangible Fixed Assets | 1,388,175 | 996,186 |
| Profit on Sale of Tangible Fixed Assets | (21,500) | (114,787) |
| Amortisation of Goodwill | 201,836 | 147,500 |
| Tax paid on operating activities (note 26) | 34,819 | (449,472) |
| Increase in Stocks | (1,043,846) | (124,711) |
| Decrease in Debtors | 892,213 | 692,278 |
| Increase in Creditors | 1,499,844 | 419,319 |
| Net Cash Inflow/(Outflow) from Operating Activities | <u>4,131,623</u> | <u>2,760,690</u> |

26. Tax Paid

| | 2016 € | 2015 € |
|----------------------------------|---------------|----------------|
| Tax Paid on Operating Activities | (34,819) | 449,472 |
| Tax Paid on Investing Activities | 105,038 | 75,487 |
| | <u>70,219</u> | <u>524,959</u> |

27. Components of cash and cash equivalents

| | 2016 € | 2015 € |
|---------------------------|------------------|----------------|
| Cash and Bank and In Hand | 2,160,427 | 1,342,477 |
| Bank Overdraft | (611,163) | (355,535) |
| | <u>1,549,264</u> | <u>986,942</u> |

28. Related Party Transactions

Members of the Board of Directors and their families trade with the Society on a normal commercial basis. The level of purchases from and sales to the members of the Board of Directors and their families by the Society amounted to €1,768,712 (2015: €1,655,258) and €827,996 (2015: €704,324) respectively. At 31 December trading balances amounted to €291,443 (2015: €198,406).

Total sales to Carbery Creameries Limited for the year were €51,077,883 (2015: €53,116,688).

Board members who attend monthly, special, audit committee and investment committee meetings receive a fee of €150 per full day meeting attended plus mileage allowance (both of which are subjected to PAYE, PRSI and Levies in arriving at the net amount paid). Board members who attend other meetings (including certain courses) on Society business receive the same fee and are re-imbursed for expense outlay incurred. Board members who attend relevant continuing education courses have associated costs re-imbursed.

In 2016 there were 12 monthly meetings, 2 special meetings, 4 audit committee meetings and 2 investment committee meetings. The following schedule sets out the total number of meetings for which Board members received a fee plus the total amount which was paid to the Board members (before the deduction of PAYE, PRSI and Levies) associated with those meetings, attendance at courses and any other re-imbursed expenditure including continuing education courses.

Drinagh Co-Operative Limited
Notes to the Financial Statements For the Year Ended 31 December 2016

| Board Member | No. of Meetings | € | Also a Member of: |
|--------------------------------|-----------------|---------------|---|
| Raymond Collins (from June'16) | 8 | 1,308 | |
| William Collins (from June'16) | 8 | 1,212 | |
| Richard Connell | 17 | 5,917 | Audit Committee to June '16; Investment Committee from June '16; Remuneration Committee |
| David Connolly (to June'16) | 7 | 1,271 | Investment & Remuneration Committees to June '16 |
| Derry Connolly (to June'16) | 8 | 1,224 | Audit & Remuneration Committees to June '16 |
| Jerry Hegarty | 13 | 2,223 | |
| Mary Hayes | 16 | 3,072 | Investment Committee |
| Ian Kingston | 16 | 2,664 | Investment Committee |
| Michéal Leahy | 16 | 2,712 | Audit Committee to June'16 |
| Patrick McCarthy (to June '16) | 6 | 968 | |
| Donie O'Donovan | 16 | 2,544 | Audit Committee (from June'16) |
| James O'Donovan | 12 | 1,980 | |
| Jerome O'Mahony | 15 | 2,407 | Audit Committee (from June'16), Remuneration Committee |
| John O'Mahony | 14 | 2,478 | |
| T.J. Sullivan | 16 | 3,720 | Audit & Remuneration Committees from June '16 |
| Derry Scannell (from June'16) | 8 | 1,380 | |
| | | <u>37,080</u> | |

Key Management Personnel Compensation

Board members as listed above and senior employees who have authority and responsibility for planning, directing and controlling the activities of the Society are considered to be key management personnel. Total remuneration in respect of key management personnel in 2016 amounted to €802,197 (2015: €735,351).

29. Capital Commitments

Future capital expenditure approved by the Board of Directors but not provided for in these financial statements is as follows:

| | 2016 € | 2015 € |
|-----------------------------------|-----------|-----------|
| Contracted for | 600,000 | 1,283,000 |
| Authorised but not Contracted for | - | 77,000 |

30. Financial Instruments

The analysis of the carrying amounts of the financial instruments of the Society required under section 11 of FRS 102 is as follows:

| | 2016 € | 2015 € |
|--|------------|------------|
| Financial Assets at Fair Value through the Income Statement | | |
| Listed fixed asset investments | 9,146,958 | 10,033,150 |
| Unlisted fixed asset investments | 3,075,749 | 3,515,141 |
| Financial Assets that are Equity Instruments | | |
| Measured at Cost less Impairment | | |
| Unlisted fixed asset investments | 1,019,810 | 1,142,155 |
| Financial Assets that are Debt Instruments | | |
| Measured at Amortised Cost | | |
| Trade debtors (including Carbery balance) | 22,199,608 | 23,614,377 |
| Other debtors | 152,570 | 130,198 |
| Financial Liabilities Measured at Amortised Cost | | |
| Bank and other loans | 8,661,163 | 8,605,535 |
| Trade creditors | 10,591,835 | 9,119,448 |

31. Contingent Liabilities

A capital contribution received from a supplier of €192K is repayable under certain conditions as set out in the agreement with that supplier.

32. Events after the Balance Sheet Date

There have been no significant events affecting the Society since the year end.

33. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 26th April 2017



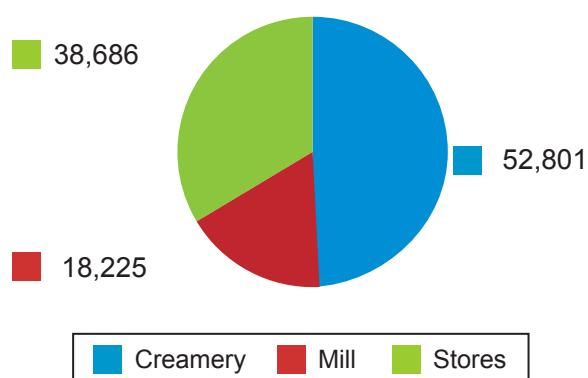
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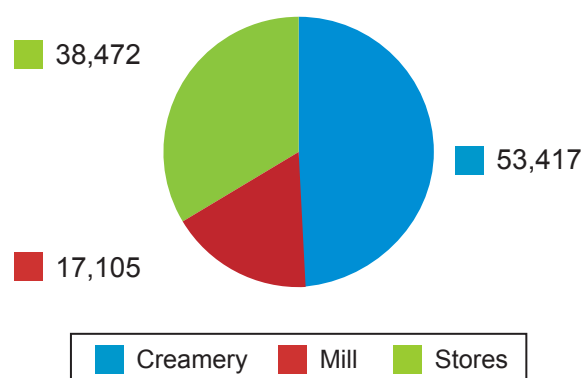
Appendix I Group Turnover

| | 2016 € | 2015 € |
|----------------|--------------------|--------------------|
| Creamery | 52,801,275 | 53,416,957 |
| Mill | 18,224,813 | 17,105,021 |
| Stores | 38,686,073 | 38,471,509 |
| Other Turnover | 14,098 | 14,651 |
| | <u>109,726,259</u> | <u>109,008,138</u> |

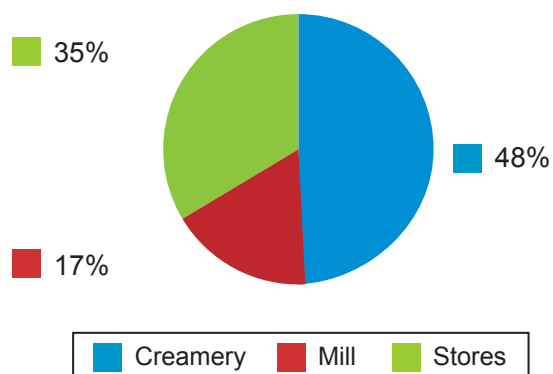
**2016 Dept Turnover
€'000s**



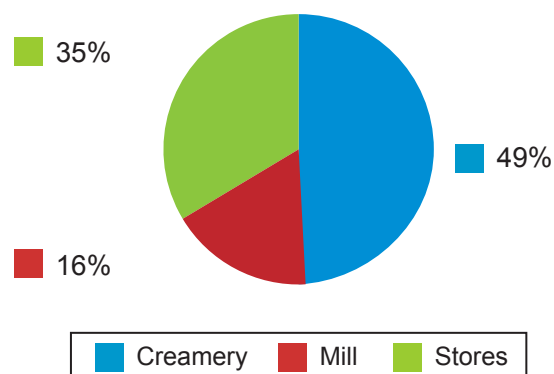
**2015 Dept Turnover
€'000s**

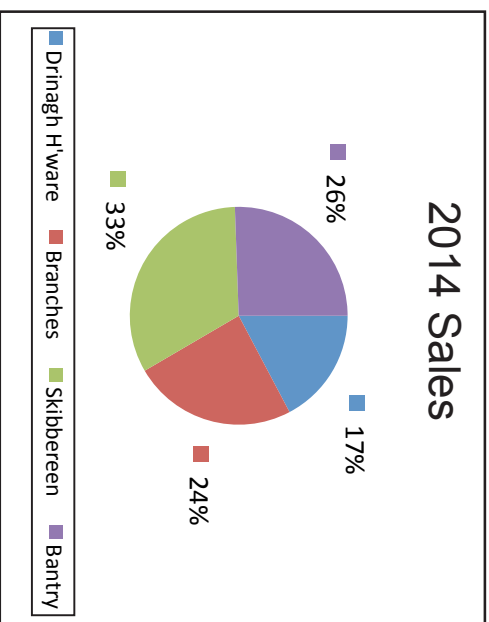
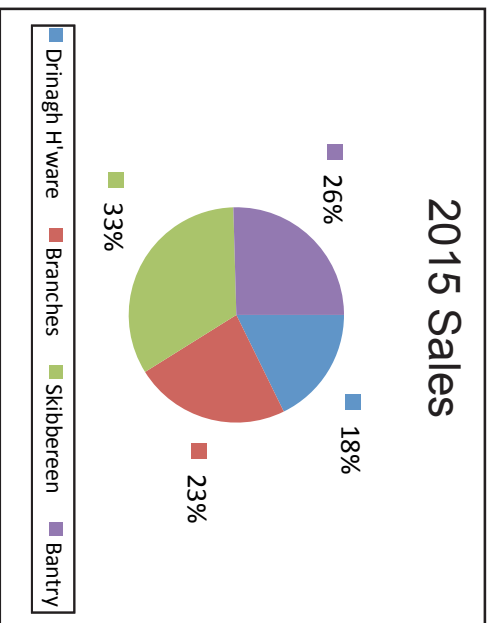
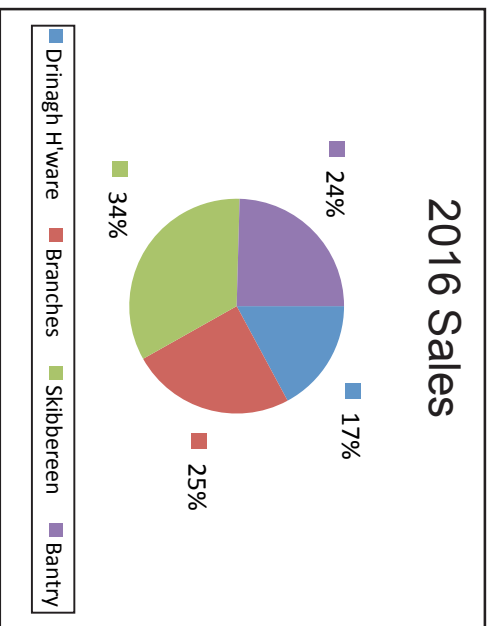
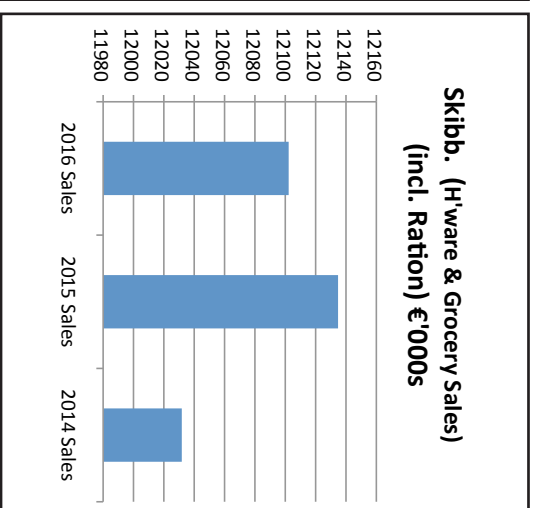
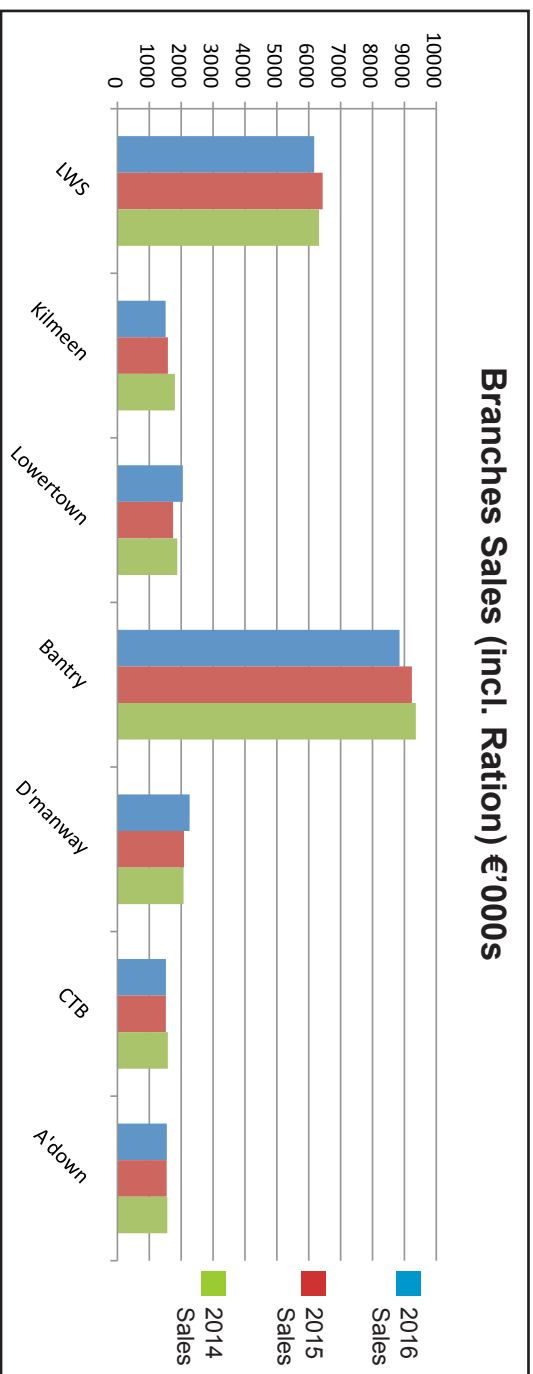


2016 Dept Turnover Split



2015 Dept Turnover Split





Appendix II

Operating Costs Analysis

| | 2016 | 2015 |
|--|------------------|------------------|
| | € | € |
| <u>Production Costs</u> | | |
| Packaging | 192,866 | 171,758 |
| Fuel & Oil | 65,143 | 83,035 |
| Electricity | 479,778 | 453,989 |
| Laboratory Expenses | 16,143 | 14,851 |
| Cleaning, Protective Clothing & Pest Control | 153,740 | 118,546 |
| Maintenance, Repairs & Parts | 677,661 | 659,145 |
| | <u>1,585,331</u> | <u>1,501,324</u> |
| <u>Administrative Overhead</u> | | |
| Rates & Insurance | 436,795 | 409,998 |
| Advertising, Printing & Stationery | 159,005 | 190,392 |
| Computer Services | 127,017 | 109,407 |
| Postage & Telephone | 111,095 | 116,268 |
| Audit, Legal & Consultancy | 275,024 | 297,645 |
| Committee Expenses | 71,321 | 38,776 |
| Sundries | 49,467 | 45,330 |
| Subscriptions | 133,133 | 130,100 |
| Provision for Bad Debts | - | 27,740 |
| | <u>1,362,857</u> | <u>1,365,656</u> |

APPENDICES

Appendix III

Operating Profit + Share of Operating Results of Associate & Joint Venture

| | 2016 | | | | | 2015 | | | | | | |
|-------------------|--------------------------------|--------------|--------------------------|----------------------|------------------------|------------|--------------------------------|--------------|--------------------------|----------------------|------------------------|------------|
| | Drinagh Co-Operative Ltd. € | Carbery € | Drinilis Properties € | Shinagh Estates € | German Subsidiary € | Total € | Drinagh Co-Operative Ltd. € | Carbery € | Drinilis Properties € | Shinagh Estates € | German Subsidiary € | Total € |
| Operating Results | 1,235,960 | 7,530,707 | 65,745 | 31,655 | (55,878) | 8,808,189 | 1,227,654 | 5,665,653 | 43,630 | 133,394 | (33,277) | 7,037,054 |

Appendix IV

Investment & Other Income

| | 2016 | | | | | | 2015 | | | | | |
|----------------------------------|-----------------------------|-----------|-----------------------|-------------------|---------------------|-------------|-----------------------------|-----------|-----------------------|-------------------|---------------------|-------------|
| | Drinagh Co-Operative Ltd. € | Carbery € | Drinilis Properties € | Shinagh Estates € | German Subsidiary € | Total € | Drinagh Co-Operative Ltd. € | Carbery € | Drinilis Properties € | Shinagh Estates € | German Subsidiary € | Total € |
| Income/(Losses) from Investments | 463,067 | 13,417 | - | - | (47,000) | 429,484 | 648,460 | 2,106,819 | - | - | (998,841) | 1,756,438 |
| Fair Value Adjustment | (1,447,782) | - | - | - | - | (1,447,782) | (1,690,852) | - | - | - | - | (1,690,852) |
| Other Income | 120,706 | - | - | - | - | 120,706 | 40,769 | - | - | - | - | 40,769 |
| Rental Income | 63,359 | - | - | - | 948,482 | 1,011,841 | 60,343 | - | - | - | 554,596 | 614,939 |
| Other Finance Income | - | (9,633) | - | - | - | (9,633) | - | (28,274) | - | - | - | (28,274) |
| | (800,650) | 3,784 | - | - | 901,482 | 104,616 | (941,280) | 2,078,545 | - | - | (444,245) | 693,020 |

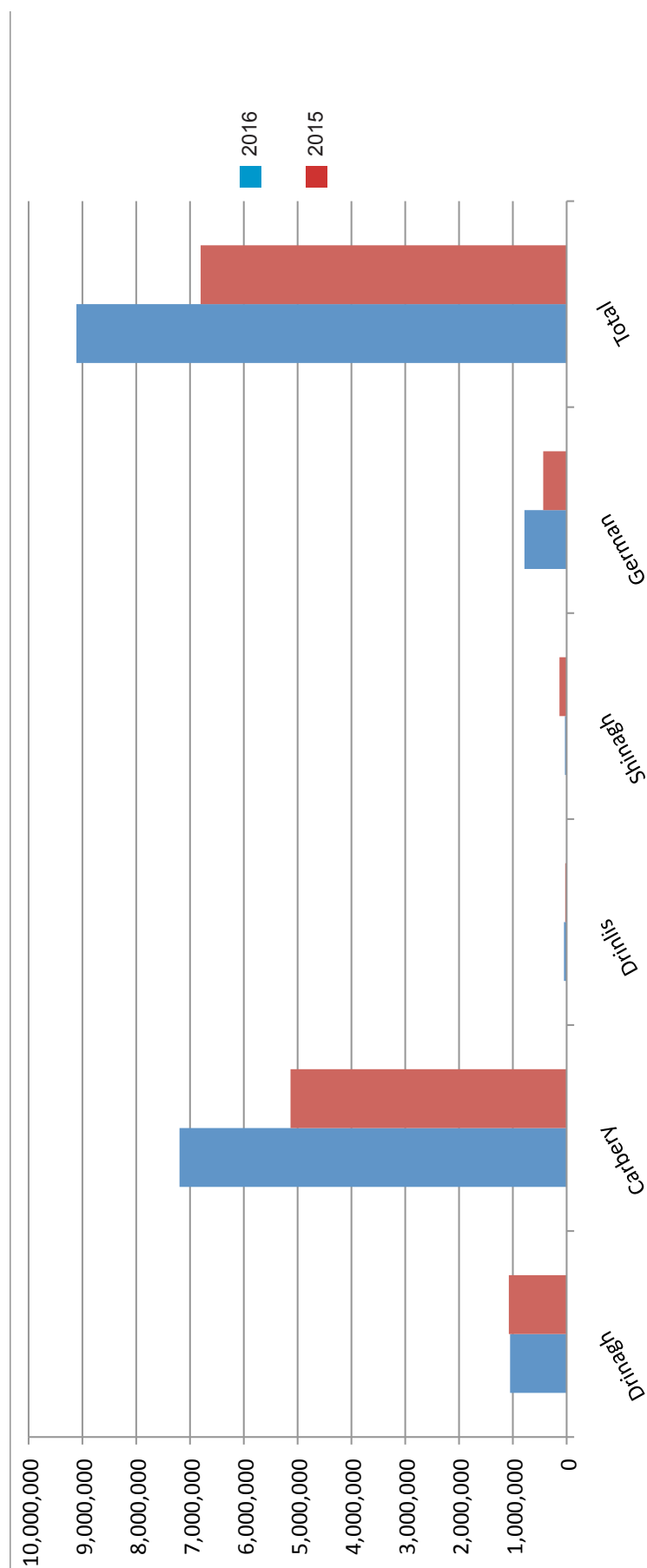
Appendix V

Interest Payable & Similar Charges

| | 2016 | | | | | 2015 | | | | | | |
|-------------------------|---------------------------|---------|--------------------|---------|-------------------|---------|---------------------------|--------|---------|--------------------|-------------------|-------|
| | Drinagh Co-Operative Ltd. | | Drinlis Properties | | German Subsidiary | Total | Drinagh Co-Operative Ltd. | | Carbery | Drinlis Properties | German Subsidiary | Total |
| | € | € | € | € | € | € | € | € | € | € | € | € |
| Bank Interest & Charges | 184,782 | 335,424 | 16,410 | 108,420 | 645,036 | 153,059 | 533,360 | 16,876 | 85,834 | 789,129 | | |

Appendix VI

Operating Profit/(Loss) less Interest Payable & Similar Charges



APPENDICES

Appendix VII

Movement in Profit & Loss Account

| | 2016 | | | | | | 2015 | | | | | |
|--|-----------------------------|-------------|----------------------|-------------------|---------------------|-----------|-----------------------------|-------------|----------------------|-------------------|---------------------|-------------|
| | Drinagh Co-Operative Ltd. € | Carbery € | Drinlis Properties € | Shinagh Estates € | German Subsidiary € | Total € | Drinagh Co-Operative Ltd. € | Carbery € | Drinlis Properties € | Shinagh Estates € | German Subsidiary € | Total € |
| Operating Results (App III) | 1,235,960 | 7,530,707 | 65,745 | 31,655 | (55,878) | 8,808,189 | 1,227,654 | 5,665,653 | 43,630 | 133,394 | (33,277) | 7,037,054 |
| Investment & Other Income | (800,650) | 3,784 | - | - | 901,482 | 104,616 | (941,280) | 2,078,545 | - | - | (444,245) | 693,020 |
| Interest Payable & Similar Charges | (184,782) | (335,424) | (16,410) | - | (108,420) | (645,036) | (153,059) | (533,360) | (16,876) | - | (85,834) | (789,129) |
| Taxation | 256,471 | (1,076,454) | (12,334) | (2,788) | - | (835,105) | 345,855 | (1,723,997) | (12,939) | (18,808) | - | (1,409,889) |
| Profit after Tax | 506,999 | 6,122,613 | 37,001 | 28,867 | 737,184 | 7,432,664 | 479,170 | 5,486,841 | 13,815 | 114,586 | (563,356) | 5,531,056 |
| Dividends | (62,025) | (201,255) | - | - | - | (263,280) | (61,804) | (204,199) | - | - | - | (266,003) |
| Retained Profit for the Year | 444,974 | 5,921,358 | 37,001 | 28,867 | 737,184 | 7,169,384 | 417,366 | 5,282,642 | 13,815 | 114,586 | (563,356) | 5,265,053 |
| Actuarial Gain/(Loss) in Respect of Pension Scheme | - | (315,471) | - | - | - | (315,471) | - | 642,266 | - | - | - | 642,266 |
| Deferred Tax on Actuarial (Gain)/Loss | - | 26,834 | - | - | - | 26,834 | - | (80,283) | - | - | - | (80,283) |
| Bonus on Share Redemption | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair Value Investment Reserve Movement | 949,271 | - | - | - | - | 949,271 | 1,175,198 | - | - | - | - | 1,175,198 |
| Share of Hedge Instrument | - | - | - | - | - | - | - | - | - | - | - | - |
| Redemption Reserve Movement | - | (25,639) | - | - | - | (25,639) | - | (7,858) | - | - | - | (7,858) |
| Issue of Bonus Shares | (67,075) | - | - | - | - | (67,075) | (68,296) | - | - | - | - | (68,296) |
| Movement in Profit & Loss Account | 1,327,170 | 5,607,082 | 37,001 | 28,867 | 737,184 | 7,737,304 | 1,524,268 | 5,836,767 | 13,815 | 114,586 | (563,356) | 6,926,080 |

Appendix VIII

Annual Comparatives

| Financial | 2016 | 2015 | 2014 | 2013 | 2012 | |
|--|----------------|---------|---------|---------|---------|--------|
| Turnover | €000 | 109,726 | 109,008 | 113,422 | 119,189 | 96,976 |
| Consolidated Profit for the Year after Tax | €000 | 7,433 | 5,531 | 11,164 | 8,598 | 4,968 |
| Shareholders Funds | €000 | 124,652 | 118,235 | 109,534 | 89,184 | 82,017 |
| Statistical | | | | | | |
| Number of Milk Suppliers | No. | 586 | 591 | 593 | 605 | 620 |
| Milk Intake | Litres (Mill.) | 171.7 | 165.5 | 150.1 | 144.8 | 137.9 |
| Average Butterfat | % | 4.11 | 4.03 | 3.95 | 3.94 | 3.94 |
| Average Protein | % | 3.48 | 3.48 | 3.43 | 3.41 | 3.36 |