NDC Board Members 2007

Eamonn Bray
Jackie Cahill
Joe Collum
Henry Corbally (Vice-Chairman)
Tom Corcoran
Dominic Cronin (Chairman)
Sean Griffin
David Holmes
Patrick Kelly
Richard Kennedy
Kevin Kiersey (Appointed, November 2007)
Mary Purcell
Gerald Quain
Conor Ryan
Chairman’s Statement

Ireland’s dairy farmers are at the centre of a vibrant and sustainable industry that supplies consumers with an exceptional range of quality foodstuffs and supports employment in many sectors across our country.

Without doubt, 2007 will remain a memorable and positive year for the industry, when a sharp and largely unexpected rise in international dairy prices, linked to surging demand in China, other emerging economies and drought in Australia - brought the benefits of real price rises to farmers for the first time in many years.

As an advocacy and promotional organisation, our remit is to reinforce the message that dairy products remain exceptional value for money to the consumer, particularly in light of recent media coverage on food inflation.

Within the NDC, 2007 was also a year of significant change. The retirement of Aidan McCarthy as Chief Executive provides an opportunity to acknowledge his contribution to the Irish dairy industry over his tenure as CEO. Under his stewardship, the NDC focused on Irish dairy products as a positive resource for the consumer and developed many initiatives to support this, particularly a high-profile series of TV advertisements. On behalf of all at the NDC, I would like to thank Aidan for his many years of service to the industry and to wish him a long and happy retirement.

I would also like to warmly welcome incoming CEO, Helen Brophy, who took up the position in September 2007 and who has begun a process of review that aims to develop the relevancy and the potential of the NDC in the coming years. Communication and advocacy processes require continual reassessment, not simply of individual activities but also of the strategy that moves them forward and the NDC looks forward to working with the new Chief Executive and staff in this process.

On behalf of the Board, may I also thank those, both within and outside the organisation, and in particular the farmers and the co-ops who support our efforts to ensure a vibrant dairy industry for the future.

As Chairman, I would also like to acknowledge the individual contribution of the members of the Board whose contribution is an essential part of the corporate governance structure of the NDC.

It has been my privilege to serve as Chairman over this year and I look forward to the challenges that lie ahead for 2008.

Dominic Cronin, Chairman
Last year saw significant development within the National Dairy Council and the beginning point of a major process of strategic repositioning, which will take full effect over the coming years.

The NDC’s long-standing role as an advocate for the Irish dairy industry has come under pressure in recent years, as the organisation was perceived by some to have become unfocused in its communication activities, and not sufficiently engaged with the needs of the co-operatives who fund it. Of further concern was the decision of some long-standing levy contributors to withhold funding, meaning that a question mark hung over its very existence.

Last year saw the initiation of a major process of review and renewal and I am confident that the organisation is now on course to rectify these deficiencies and to reposition itself as an advocacy group that is a source of credible and valuable information to the public.

While the need for revitalisation was not in doubt, neither is the value of the core remit of the NDC: educating and advising the consumer on the value of dairy products remains as important, if not more important, today than at any other time in the organisation’s history.

This review of the NDC’s activities in 2007, while striving to be sequential and systematic, is, as a consequence of a change of CEO and the review process which followed, best considered as a year bracketed into two halves.

The first part, covering the months of January to September, highlights key promotional activities of the organisation progressed under my predecessor, Mr Aidan McCarthy, who I would like to congratulate on the occasion of his retirement and to thank for his stewardship of the NDC.

The second part has, at its centre, the strategic review process which began with my assumption of the role of CEO in September 2007.

The review process was conceived as thorough and multi-disciplinary from the beginning, and an honest and open engagement with stakeholders internally and externally was central to it. While a number of planned events and promotional activities continued as before, it was inevitable that much of the attention over this period would be on the NDC’s own structures and processes.
Activity highlights: January - August 2007

NDC promotion and information activities in 2007 built on the experience, and insight, gained from previous years and continued to promote the values of Irish milk and dairy products - in particular, targeting key demographics, such as younger people.

Information services
As Irish dairy products face intense competition from imported products, tracking the market performance of Irish suppliers has become an important information gathering activity of the NDC. A quarterly assessment of butter and cheese sales, collated from data supplied from manufacturers, allows the NDC to monitor emerging trends and to supply reliable market information to our stakeholders.

On a monthly basis, the NDC undertakes price and merchandising checks in the multiple retail sector. As staples of the Irish diet, milk and butter are among the most common products to be used as ‘loss leaders’ by retailers. The NDC’s position is that heavy discounting of dairy products has a negative impact on product credibility and the value consumers attach to them. Short-term gains in sales do not guarantee long-term loyalties.

Within the emerging discount retailers segment, a further concern is the lack of exposure for Irish products and the increasing availability of imported milk in Ireland. Irish butter, while enjoying high levels of loyalty among older consumers, continues to lose market share to alternative spreads in other demographics.

Consumer programme

Snack packs
Recognising the opportunities that eating-on-the-go trends such as ‘deskfast’ – breakfast at desk – present for dairy products, the NDC continued its healthy snack-pack promotion in selected staff restaurants and canteens in the Greater Dublin Area.

This programme involved the supply of complimentary packs containing a scone and butter, yogurt, fruit and nutritional leaflets. Approximately 5,500 packs were distributed to employees in companies such as Dell Computers, Accenture, eBay, Dublin City Council and O2 during the promotion. As part of the initiative, the NDC worked closely with catering departments, HR and occupational health advisors to focus on the health benefits of dairy and to encourage the greater availability of dairy products in canteen menus. Theme days, focusing on current issues such as calcium intake, diet and health and wellness, proved to be a valuable mechanism to communicate the benefits of dairy to busy office workers.

Dairy Den
The Dairy Den is an on-going project within the Nutrition Division of the NDC and involves sending information guides on infant nutrition to first-time mothers who are invited to participate in the project.

These guides are posted at appropriate milestones, i.e., a weaning guide when the child reaches four months, an eating guide for two to five year olds and a final guide that deals with healthy snacks and lunchbox options sent out to coincide with the child’s fourth birthday.

The uptake for the Dairy Den is very high, with 350-350 requests processed each month. Parent meetings were also organised in the Dublin area, to provide nutrition information to parents for toddlers and school-aged children.

Schools programme

Education forums
A number of education forums focusing on nutrition and physical activity were conducted, with the aim of communicating the importance of good nutrition and the value of exercise to teenage girls. The programme consisted of a talk on nutrition given by a nutritionist from the NCD, a nutrition quiz and an aerobics session conducted by a qualified instructor.

Teacher training
The nutrition department made presentations at 11 teacher summer courses during 2007, covering Dublin, Mayo, Monaghan, Cavan, Meath and Roscommon and reaching an audience of 270 teachers. The topic for the course was ‘Dairy – not just good for bones’ and its purpose was to re-emphasise the role of dairy as a complete nutritional package.

School milk
The school milk programme has been operational since the 1980s. However, in recent years, the popularity of the scheme has been hampered by the lack of suitable refrigeration facilities. To rectify this, the NDC supported the distribution and allocation of school milk fridges and the programme continued successfully in 2007.

The programme is coordinated by the National Dairies Association with dispensers and fridges distributed free of charge to schools by a registered dairy. This programme is vital for the on-going continuance of the programme as product quality and temperature are central to the attractiveness of milk to school goers.

Summer camps
Milk sponsorship promotions continued to be an important element of the NDC’s work in 2007. Summer camps have become increasingly popular in recent years and encourage physical activity with a range of learning and competitive activities. The camps provide a natural context for the promotion of milk as a healthy, nutritious drink and an ideal opportunity to dispel the myths and misinformation surrounding dairy products generally.

The NDC’s programme of
distribution of flavoured milk packs and information packs continued in 2007. Summer camps focusing on GAA, soccer, hockey, basketball and tennis were among the participants.

The Dublin Parks Tennis Finals in St. Anne’s Park, Raheny, are the culmination of a summer-long schedule of games organised by Dublin City Council. Ice-cold milk, along with nutritional literature, was made available for players and families gathered for the finals. The Samba Soccer Camps took the NDC message to over 70 sporting venues nationwide, the largest since the promotion began, and was supported by the supply of chilled milk and chilled, flavoured milk by dairies close to the soccer camps.

The GAA’s Dublin County Board summer camps provided a further promotional opportunity and the NDC supplied flavoured milk at selected venues and also offered nutritional advice to older participants.

Health professionals programme
Maintaining and developing new contacts with health professionals is an important part of the NDC’s work. Activities in 2007 included:

- One-to-one visits
  These involved show-casing consumer guides to GPs and practice nurses, and identifying areas specific to dairy which should be addressed by NDC nutritionists in the future.

- Public health nurse meetings
  Areas covered included Clare, South Tipperary, Meath, Wexford and Waterford.

- GP surgery lunchtime presentations
  NDC nutritionists presented on nutrition and health topics, highlighting the role of dairy to all members of a GP surgery’s staff. During 2007, areas covered included Galway and Waterford.

NDC nutritionists also lectured in third-level institutes including:

- Dublin Dental School and Hospital;
- UCD, School of Nursing, Midwifery and Health Systems; and,
- Mater Misericordiae University Hospital, Centre for Nurse Education.

Activity highlights September - December 2007
Review process
In September 2007, the new Chief Executive initiated a thorough review of the role of the Council and its relationship to stakeholders, with most of the necessary research and consultation work completed by December 2007. Although its ultimate significance can only be fully understood in terms of the five-year strategy document which was formulated and launched in the early months of 2008, this account of activities gives a fair indication of where the priorities for re-engagement were seen to lie.

Building contacts
An immediate priority identified for the new CEO was to establish meaningful contact with stakeholders in the farming and agri-food community. A number of opportunities were presented in the first weeks of tenure including: the annual Agricultural Science Association (ASA) conference; the National Ploughing Championships; and the World Dairy Summit, which was hosted by Ireland in 2007.

The ASA conference, fortuitously, focused on the new dynamics in the global dairy sector and provided an ideal opportunity to introduce the new Chief Executive to a significant stakeholder group. The Ploughing Championships which followed soon after allowed the NDC, through the support and cooperation of the ICMSA and IFA, to create a strong visual presence, despite a very short lead-in time. This proved very successful with over 300 people attending. Positive feedback indicated an opportunity to roll out this initiative on a national basis which is now in development for the latter half of 2008.

Further public exposure came at the National Dairy Show in Millstreet, Co Cork. The NDC used the opportunity to survey participating farmers and general visitors about perceptions on the health and nutritional benefits of dairy products.

Support activities
A number of decisions were taken to support the strategic review process and to strengthen the profile of the NDC in the short term:

- PricewaterhouseCoopers was recruited to assist the strategy development process and evolve it within as tight a framework as possible.
- Keating & Associates PR was recruited for a four-month period and given a specific brief to re-engage the NDC with national press and reverse the sometimes very negative perception the NDC had acquired in the absence of contact with media.
- A design agency was recruited to review the corporate identity of the NDC, which was recognised as weak. Research was undertaken by TNS MRBI to assess consumer opinions on the redesign and also general consumer awareness and understanding of the NDC.
- A reduction of spend in the NDC’s annual TV advertising campaign to assert itself as a proactive member of the group. A session on Nutri-marketing at the summit was sponsored by the NDC and provided a good opportunity to establish a profile at the conference.

Promotional activity
The calendar of planned events was continued during the review process and was recognised as presenting important learning opportunities for feedback on perceptions of the NDC among the general public.

A health and wellbeing evening was scheduled for October in Cork and, in advance, a decision was taken to raise both the profile and size of venue to increase the visibility of the NDC. This proved very successful with over 300 people attending. Positive feedback indicated an opportunity to roll out this initiative on a national basis which is now in development for the latter half of 2008.

Further public exposure came at the National Dairy Show in Millstreet, Co Cork. The NDC used the opportunity to survey participating farmers and general visitors about perceptions on the health and nutritional benefits of dairy products.
from €1.6 million to €1.4 million was agreed and this facilitated the redirection of resources into new initiatives.

• A review of the School Milk Scheme was initiated and involved research into how the scheme could be redeveloped for the future.

• The nutritionist team completed a sequence of meetings with public health nurses and schools and compiled the claims for submission under Article 14 of the EU’s Health Claim legislation involving specific benefits of dairy products for children. These claims refer to the role of dairy in bone health, dental health and body weight management.

• Internally, the organisation set out to tackle a lack of efficiency in a number of key areas and addressed its IT capability and effectiveness. IT, server and phone systems were upgraded in December.

• Specific focus was given to how short-term promotional campaigns might be developed so the organisation did not lose any momentum during the strategic review process.

• Individual meetings with staff members were conducted to gain insight on their views and attitudes towards the organisation. Staff meetings were introduced and scheduled on a regular basis with minutes recorded.

• Corporate governance was identified as an area to be strengthened within the organisation. Work progressed on the correction of these issues to give the NDC the required capability in order to implement the new strategy and work to the highest levels of accountability.

Consultation process
The review activity incorporated a wide-ranging consultation process which took place over a three-month period. This included face to face meetings with the following co-ops:

- Arrabawn Co-Op
- Callan Creamery
- Centenary Thurles Co-Op
- Clona Dairies (including Lisavaird Co-Op, Bandon Co-Op, Barryroe Co-Op, Drinagh Co-Op)
- Donegal Creamery
- Glanbia Plc
- Irish Dairy Board
- Kerry Group Plc
- Lakeland Dairies Co-Op
- Mullinahone Co-Op
- Newmarket Co-Op
- Town of Monaghan Co-Op
- Wexford Milk Producers Ltd.

Feedback from the meetings was distilled into a summary format and presented at the NDC Board meeting. Meetings also took place with the following agencies/organisations:

- IFA
- ICMSA
- ICOS
- Department of Agriculture, Fisheries and Food
- Food Safety Authority of Ireland
- IBEC
- National Dairies Association
- National Milk Agency
- Safefood

Opportunities to build relations and co-operation across a number of areas were identified as significant for future consideration. Research was undertaken on internationally equivalent dairy councils including:

- Austrian Dairy Council
- Dairy Australia
- Dairy Council for Northern Ireland
- Dairy Farmers of Canada
- Dairy Management Inc. USA
- Dairy Nutrition Council Finland
- Dairy UK
- Danish Dairy Board
- Dutch Dairy Organisation (NZO)
- Global Dairy Platform (GDP)
- Milk Development Council (UK)
- Milk Producers’ Organisation of South Africa
- Norwegian Dairy Council
- The Dairy Council (UK)

The UK and Dutch Dairy Councils proved of particular interest given their recent restructuring and refocusing of operations.

Conclusion
As a result of the review process, I believe that the NDC completed 2007 in its strongest position in years. While there were some hard learnings, the work involved in creating a newly-effective organisation showed a great deal of goodwill towards it.

Going forward, the NDC is now in a strong position to re-engage with stakeholders, to support the growth of the Irish dairy industry and to strengthen the relevancy of dairy to the Irish consumer in the coming years.

I would like to express my gratitude to the members of the NDC Board for their support and encouragement over this time; to our partners in the broader dairy industry for their collaboration and support and all those who have been professionally and personally helpful during the review process.

The end of 2007 saw the NDC ready for the development and roll out of its new five year strategic plan. I look forward to working with you throughout 2008 to sustain our current momentum and to build on the many exciting opportunities that are now arising for the organisation.

Helen Brophy
CEO
**Director’s Report**

**Principal activities**
The company is engaged in the generic promotion of milk and dairy products.

**Results**
The result for the year and the treatment thereof is set out in the net revenue account on page 11.

**Directors**
The directors of the company at 31 December 2007 were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr D Cronin</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr H Corbally (Vice – Chairman)</td>
<td></td>
</tr>
<tr>
<td>Mr E Bray</td>
<td></td>
</tr>
<tr>
<td>Mr J Cahill</td>
<td></td>
</tr>
<tr>
<td>Mr J Collum</td>
<td></td>
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<tr>
<td>Mr T Corcoran</td>
<td></td>
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<tr>
<td>Mr S Griffin</td>
<td></td>
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<tr>
<td>Mr P Kelly</td>
<td></td>
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<tr>
<td>Mr R Kennedy</td>
<td></td>
</tr>
<tr>
<td>Mr K Kiersey</td>
<td></td>
</tr>
<tr>
<td>Mrs M Purcell</td>
<td></td>
</tr>
<tr>
<td>Mr G Quain</td>
<td></td>
</tr>
<tr>
<td>Mr C Ryan</td>
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</tr>
</tbody>
</table>

Mr K Kiersey was appointed to the board on 7 November 2007.
Mr D Holmes resigned from the board on 7 November 2007.
Mr M O’Keefe resigned from the board on the 7 March 2007.

**Auditors**
The auditors, PricewaterhouseCoopers, will continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

**Directors’ responsibilities for the financial statements**
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 1983 and 1990 to 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Books of account**
The measures taken by the directors to secure compliance with the company’s obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at 28 Westland Square, Dublin 2.

On behalf of the board

D Cronin  H Corbally
13 May 2008
Independent auditors’ report to the directors of the National Dairy Council

We have audited the financial statements on pages 11 to 14. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 13.

Respective responsibilities of directors and auditors
The directors’ responsibilities for preparing the directors’ report and the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the statement of directors’ responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company’s members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 1983 and 1990 to 2006. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

• whether the company has kept proper books of account;
• whether the directors’ report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors’ remuneration and directors’ transactions is not disclosed and, where practicable, include such information in our report.

We read the directors’ report and consider the implications of our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Auditing Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company’s circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements:

• give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company’s affairs as at 31 December 2007 and of its deficit for the year then ended; and,
• have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 1983 and 1990 to 2006.

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

In our opinion, the information given in the directors’ report on page 9 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
13 June 2008
## Net Revenue Account
Year ended 31 December 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit)/surplus before taxation</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Notes 2</td>
<td>(74,461)</td>
<td>205,996</td>
</tr>
<tr>
<td>Taxation</td>
<td>(37,334)</td>
<td>(28,727)</td>
</tr>
<tr>
<td>(Deficit)/surplus after taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(111,795)</td>
<td>177,269</td>
</tr>
</tbody>
</table>

## Statement of Accumulated Surplus
Year Ended 31 December 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit)/surplus for year</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td></td>
<td>(111,795)</td>
<td>177,269</td>
</tr>
<tr>
<td>Accumulated surplus at the beginning of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,393,465</td>
<td>2,216,196</td>
</tr>
<tr>
<td>Accumulated surplus at the end of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,281,670</td>
<td>2,393,465</td>
</tr>
</tbody>
</table>

All of the deficit for the year derives from the continuing activities of the company. The company has no recognised gains and losses other than those included in the deficit above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the deficit after taxation for the year stated above and its historical cost equivalent.

On behalf of the Board

D Cronin

H Corbally
### Balance sheet
31 December 2007

<table>
<thead>
<tr>
<th>Notes</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
</tbody>
</table>

#### Fixed assets

<table>
<thead>
<tr>
<th>Tangible assets</th>
<th>4</th>
<th>76,655</th>
<th>18,558</th>
</tr>
</thead>
</table>

#### Current assets

<table>
<thead>
<tr>
<th>Debtors</th>
<th>5</th>
<th>79,479</th>
<th>186,478</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td></td>
<td>3,820,067</td>
<td>4,124,548</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,899,546</td>
<td>4,311,026</td>
</tr>
</tbody>
</table>

Creditors:

<table>
<thead>
<tr>
<th>(amounts falling due within one year)</th>
<th>6</th>
<th>(1,694,531)</th>
<th>(1,936,119)</th>
</tr>
</thead>
</table>

#### Net current assets

<table>
<thead>
<tr>
<th>2,205,015</th>
<th>2,374,907</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,281,670</td>
<td>2,393,465</td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th>Accumulated surplus</th>
<th>2,281,670</th>
<th>2,393,465</th>
</tr>
</thead>
</table>

**On behalf of the Board**

D Cronin

H Corbally
Notes To The Financial Statements

1 Accounting policies

Accounting convention
The financial statements have been prepared under the historical cost convention.

Basis of preparation
The financial statements have been prepared in accordance with Accounting Standards generally accepted in Ireland and Irish statute comprising the Companies Acts 1963 to 1983 and 1990 to 2006. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Income
Levy income is deferred for expenditure for a period of eight months from its receipt.

Depreciation
Depreciation of fixed assets is provided on a straight line basis as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>20% per annum</td>
</tr>
<tr>
<td>Office equipment</td>
<td>25% per annum</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>25% per annum</td>
</tr>
</tbody>
</table>

Pension
The company operates a defined contribution pension scheme. Contributions payable to the scheme are charged to the profit and loss account in the period to which they relate.

2 Surplus before taxation
The surplus before taxation is stated after charging/(crediting):

<table>
<thead>
<tr>
<th>Item</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors remuneration</td>
<td>11,970</td>
<td>11,400</td>
</tr>
<tr>
<td>Depreciation</td>
<td>25,812</td>
<td>8,808</td>
</tr>
</tbody>
</table>

3 Taxation
The company is not liable to taxation on the excess of its income over its expenditure. Tax was paid on interest earned as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation tax @ 25%</td>
<td>37,334</td>
<td>28,727</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS - continued

4 Tangible Assets

<table>
<thead>
<tr>
<th></th>
<th>Computer Equipment</th>
<th>Office Equipment</th>
<th>Motor Vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2006</td>
<td>31,875</td>
<td>41,802</td>
<td>53,553</td>
<td>127,230</td>
</tr>
<tr>
<td>Additions</td>
<td>29,712</td>
<td>4,197</td>
<td>50,000</td>
<td>83,909</td>
</tr>
<tr>
<td>Disposals</td>
<td>(4,895)</td>
<td>-</td>
<td>(35,172)</td>
<td>(40,067)</td>
</tr>
<tr>
<td>At 31 December 2007</td>
<td>56,692</td>
<td>45,999</td>
<td>68,381</td>
<td>171,072</td>
</tr>
</tbody>
</table>

Depreciation

|                      |                    |                  |                |       |
| At 31 December 2006  | 24,458             | 41,691           | 42,523         | 108,672 |
| Charged to income and expenditure account | 11,087 | 1,049 | 13,676 | 25,812 |
| Disposals            | (4,895)            | -                | (35,172)       | (40,067) |
| At 31 December 2006  | 30,650             | 42,740           | 21,027         | 94,417 |

Net book value

|                      |                    |                  |                |       |
| At 31 December 2007  | 26,042             | 3,259            | 47,354         | 76,655 |
| At 31 December 2006  | 7,417              | 111              | 11,030         | 18,558 |

5 Debtors - amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>£</td>
</tr>
<tr>
<td>Other debtors</td>
<td>79,479</td>
<td>186,478</td>
</tr>
</tbody>
</table>

6 Creditors - amounts falling due within one

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>£</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>338,707</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>235,248</td>
<td>40,318</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>8,603</td>
<td>6,331</td>
</tr>
<tr>
<td>Accruals and sundry creditors</td>
<td>45,815</td>
<td>25,668</td>
</tr>
<tr>
<td>Deferred income (note 7)</td>
<td>1,404,865</td>
<td>1,525,095</td>
</tr>
<tr>
<td></td>
<td>1,694,531</td>
<td>1,936,119</td>
</tr>
</tbody>
</table>

7 Deferred income

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>£</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>1,525,095</td>
<td>1,924,301</td>
</tr>
<tr>
<td>Received from members during year</td>
<td>2,129,576</td>
<td>2,444,732</td>
</tr>
<tr>
<td>Released to income during year</td>
<td>(2,249,806)</td>
<td>(2,843,938)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>1,404,865</td>
<td>1,525,095</td>
</tr>
</tbody>
</table>

8 Pension
The company operates a defined contribution pension scheme. Contributions payable in respect of the year ended 31 December 2007 amounted to €64,117 (2006: €59,449).

9 Reporting currency
The currency used in these financial statements is the Euro which is denoted by the symbol €.

10 Cash flow statement
In accordance with the exemptions contained within FRS 1 the company has not prepared a cash flow statement.

11 Approval of financial statements
The financial statements were approved by the Board of Directors on 13 May 2008.
## IRISH DAIRY PRODUCT CONSUMPTION 2007

<table>
<thead>
<tr>
<th>Liquid Milk Consumption (million litres)</th>
<th>Whole Milk</th>
<th>Reduced Fat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>434</td>
<td>137</td>
<td>571</td>
</tr>
<tr>
<td>2004</td>
<td>417</td>
<td>139</td>
<td>556</td>
</tr>
<tr>
<td>2005</td>
<td>414</td>
<td>145</td>
<td>559</td>
</tr>
<tr>
<td>2006</td>
<td>415</td>
<td>153</td>
<td>568</td>
</tr>
<tr>
<td>2007</td>
<td>410</td>
<td>168</td>
<td>578</td>
</tr>
</tbody>
</table>

Source: NMA/CSO estimates

<table>
<thead>
<tr>
<th>Butter Consumption (metric tonnes)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>11,300</td>
</tr>
<tr>
<td>2004</td>
<td>11,000</td>
</tr>
<tr>
<td>2005</td>
<td>11,400</td>
</tr>
<tr>
<td>2006</td>
<td>11,300</td>
</tr>
<tr>
<td>2007</td>
<td>11,300</td>
</tr>
</tbody>
</table>

Source: NDC estimates

<table>
<thead>
<tr>
<th>Cheese Consumption (metric tonnes)</th>
<th>Natural</th>
<th>Processed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>9,000</td>
<td>5,600</td>
<td>14,600</td>
</tr>
<tr>
<td>2004</td>
<td>8,300</td>
<td>5,500</td>
<td>13,800</td>
</tr>
<tr>
<td>2005</td>
<td>8,200</td>
<td>5,100</td>
<td>13,300</td>
</tr>
<tr>
<td>2006</td>
<td>8,300</td>
<td>5,000</td>
<td>13,300</td>
</tr>
<tr>
<td>2007</td>
<td>7,200</td>
<td>4,800</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Source: NDC estimates/CSO Trade statistics