Donegal Creameries plc
Interim results for the six months ended 30 June 2010

10 September, **2010**: Donegal Creameries plc reports robust results for the six months ended 30 June, 2010 and is confident of a solid full year performance

Financial Performance		H1 2010	H1 2009	Change
Revenue	€'000	60,556	57,718	Up 4.9%
Profit before tax – continuing operations	€'000	4,033	1,504	Up €2.53m
Profit for period after tax	€'000	3,629	677	Up €2.95m
Operating cash flow before interest and tax	€'000	1,537	5,418	Down €3.88m
EPS	Cent	35.7	6.8	Up 28.9c
EPS (Adjusted)*	Cent	34.9	14.0	Up 20.9c
Dividend per share	Cent	7.0	7.0	-
Net debt	€'000	20,135	22,201	Down €2.07m
Net asset value per share **	€	6.07	6.07	-

** Adjusted earnings before the impact of (devaluation)/revaluation of investment properties in group & associates and CGT rate change*
*** Net assets are total equity attributable to equity holders of the Company*

H1 2010 Summary

- Turnover has increased by 4.9% to €60.6 million with profit from continuing operations for the period up by €2.5 million to just over €4.0 million
- Operating profit increased by €1.0m from €0.4m to €1.4m
- Net debt has been reduced by €2.1m from €22.2m to €20.1m
- Significant growth achieved on sales of new added value dairy products
- Organic milk is now being produced on the Grianan Estate
- There has been a significant turnaround in the agri-inputs business which has performed well following a recovery in raw material prices and improvements made in our operating model. We have returned to a more normal level of performance recording a profit of €0.6m, following a loss of €1.6m during the same period last year
- Monaghan Middlebrook Mushrooms Limited has continued to perform strongly and has successfully integrated its acquisition of the Canadian mushroom business which it acquired in November 2009
- Adjusted earnings per share has increased by 150% to 34.9c in the period, and assuming current trading conditions continue, remain on target to be at least in the range of 65-70 cent for the full year

H1 2010 Performance Overview

Donegal Creameries plc is pleased to announce its half year results for the six months ended 30 June 2010. As advised at the AGM in July, our diversified business portfolio has again demonstrated its effectiveness in delivering solid results for the period.

Turnover increased by 4.9% to €60.6m, with profit before tax increasing from €1.5m to just over €4.0m. We have had a satisfactory performance in our dairy division and the produce division is well positioned to deliver a solid performance for the year. The difficult trading circumstances encountered by the agri-inputs division in 2009 have been resolved and we are pleased to report the business is back on track. Our associates, particularly Monaghan Mushrooms, continue to perform strongly.

The Group's balance sheet remains resilient with total assets of €111.7m, net asset value per share of €6.07 and shareholder's equity of €62.5m. Net debt has decreased by 9.3% to €20.1m.

Basic earnings per share for the period ended 30 June 2010 were 35.7 cent increasing from 6.8 cent for the period ended 30 June 2009.

An interim dividend of 7 cent per share will be paid on 3 December 2010 to shareholders on the register on 12 November 2010**.**

Summary Operations Review

Dairy

Turnover in the dairy division was €28.2m in H1 2010 an increase of 21.9% when compared to the same period in 2009, reflecting the higher commodity dairy pricing and significant growth achieved in added value dairy products. The Different Dairy Company is performing well and good progress continues to be made with the Rumbler's branded range and our organic yoghurt business. The segmental result is down by €975,000 to €349,000 which is caused by a combination of an increase in producer milk prices and a deterioration of margins in the liquid milk market. As planned organic milk is now being produced on the Grianan Estate and is being used for added value dairy products.

Agri-inputs

Following the difficult conditions experienced by this division in 2009, we are pleased to report that the agri-inputs business performed well during the first six months of 2010. Turnover increased by 4.7% to €21.9m delivering a segmental result of €0.6m. However, the business is challenging and is not immune to the current weak demand in retail generally. We expect the segment will perform to budget for the full year following the implementation of a significant cost reduction program.

Produce

Turnover and the segment result declined on the comparative period for 2009. This is primarily due to the timing of deliveries during the December / January period. We expect a strong full year 2010 performance from this division with the key driver coming from the volumes and margins delivered in the last quarter from Irish Potato Marketing. At this stage we are optimistic of double digit percentage growth in sales for the year. In addition, we expect a good full year result from the sale of organic produce from the Group's Grianan Estate. Further to this, the division's prior period acquisition in Brazil is performing to plan.

Property and Investments

There have been no disposals or acquisitions of property in the first half of the year, nor are any planned for the second half of the current year. We are pleased with the rental incomes being achieved with increased summer activity in our student halls. During the period, investment land valued at €2,628,000 was transferred to property, plant and equipment for use in the Group's produce operations. A Group premises included in property, plant and equipment at 31 December 2009 at a value of €472,296 was re-valued to €817,313 and transferred to investment property on 30 June 2010. There were no investment property impairments in the period.

Associates

The Group's share of associate's profits for the period was €2.3m versus €1.1m for the comparative period in 2009. All associate companies are performing well. In particular, the Monaghan Middlebrook Mushrooms Limited acquisition of its Canadian mushroom business in November 2009 has now been successfully integrated into the business. We are also now seeing the benefits of the significant capital expenditure program which, once completed, will comprise a total investment of €100m in world leading compost production, mushroom growing, and packing/distribution facilities.

Finance

The Board continues to focus on its cash flow from operations and together with its bank facilities has sufficient funding in place to finance its plans for the Group**.** Capital expenditure continues to be well managed with net cash from operating activities of €1.1m.

Outlook

The Board remains confident of delivering a solid full year performance. Progress continues to be made in all key strategic areas with good growth plans in place. Strategic acquisitions are being evaluated as the Group continues to develop its added value dairy products and produce businesses.

Geoffrey Vance
Chairman

For reference:

Investors & Analysts	**Media**
John McDermott Finance Director Donegal Creameries Plc Tel: 074 9121766 Email: jmcdermott@donegal-creameries.ie	Paddy Hughes Drury Tel: 01 260500 or 087 6167811 Email: paddyhughes@drury.ie

Unaudited condensed consolidated interim statement of comprehensive income
For the six months ended 30 June 2010

	Note	2010	2009
		Unaudited	Unaudited
		€'000	€'000
Continuing operations			
Revenue	5	**60,556**	57,718
Cost of sales		**(50,549)**	(49,194)
Gross profit		**10,007**	8,524
Other income		**299**	42
Distribution expenses		**(3,894)**	(3,778)
Administrative expenses		**(5,016)**	(4,403)
Results from operating activities		**1,396**	385
Finance income		**1,964**	1,203
Finance expenses		**(1,626)**	(1,230)
Net finance income/(expense)		**338**	(27)
Share of profit of associates		**2,299**	1,146
Profit before income tax		**4,033**	1,504
Income tax expense		**(404)**	(827)
Profit for the period		**3,629**	677
Other comprehensive income			
Foreign exchange (loss)/gain		**(190)**	727
Revaluation of investment property upon transfer from property, plant and equipment, net of tax		**259**	-
Defined benefit plans actuarial (losses)/gains, net of tax		**(925)**	182
Reclassification of previous gain on fair value of available for sale financial asset – transfer to profit or loss, net of tax		**(347)**	(741)
Other comprehensive income for period, net of income tax		**(1,203)**	168
Total comprehensive income for the period		**2,426**	845
Profit attributable to:			
Equity holders of the Company		**3,625**	691
Minority interest		**4**	(14)
Profit for the period from continuing operations		**3,629**	677
Total comprehensive income attributable to:			
Equity holders of the parent		**2,382**	775
Minority interest		**44**	70
Total comprehensive income for the period		**2,426**	845
Earnings per share			
Basic earnings per share (euro cent)	6	**35.7**	6.8
Diluted earnings per share (euro cent)	6	**35.5**	6.6

Unaudited condensed consolidated interim statement of financial position
As at 30 June 2010

	Note	30 June 2010 Unaudited €'000	31 Dec 2009 Audited €'000	30 June 2009 Unaudited €'000
Assets				
Property, plant and equipment	8	**18,075**	16,000	16,404
Goodwill		**2,196**	2,196	1,876
Intangible assets		**423**	471	656
Investment property	9	**35,217**	36,885	41,701
Investments in associates		**16,123**	14,109	12,880
Other investments		**1,921**	2,111	2,249
Trade and other receivables		**195**	195	196
Total non-current assets		**74,150**	71,967	75,962
Inventories		**5,727**	5,706	7,415
Biological assets		**97**	-	-
Trade and other receivables		**31,697**	28,625	27,548
Cash and cash equivalents		**-**	-	267
Total current assets		**37,521**	34,331	35,230
Total assets		**111,671**	106,298	111,192
Equity				
Issued capital		**1,337**	1,337	1,337
Share premium		**2,975**	2,975	2,975
Other reserves		**411**	691	1,532
Retained earnings		**56,790**	54,090	55,783
Total equity attributable to equity holders of the company		**61,513**	59,093	61,627
Minority interest		**967**	923	998
Total equity		**62,480**	60,016	62,625
Liabilities				
Loans and other borrowings		**15,753**	16,805	19,126
Employee benefits		**1,771**	736	860
Derivatives		**1,282**	811	481
Trade & other payables		**145**	145	-
Deferred tax liabilities		**5,934**	6,091	7,045
Total non-current liabilities		**24,885**	24,588	27,512
Loans and other borrowings		**3,349**	3,351	3,342
Current tax		**599**	327	359
Trade and other payables		**20,358**	18,016	17,354
Total current liabilities		**24,306**	21,694	21,055
Total liabilities		**49,191**	46,282	48,567
Total equity and liabilities		**111,671**	106,298	111,192

Unaudited condensed consolidated statement of changes in equity

		Attributable to equity holders of the Group											
	Note	Share capital €'000	Share premium €'000	Trans-lation reserve €'000	Reserve for own shares €'000	Revalua-tion reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Minority Interest €'000	Total Equity €'000
Balance at 1 January 2010		1,337	2,975	(3,064)	(348)	3,279	547	277	54,090	59,093	923	60,016
Total comprehensive income for the year												
Profit		-	-	-	-	-	-	-	3,625	3,625	4	3,629
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	(230)	-	-	-	-	-	(230)	40	(190)
Revaluation of investment property, net of tax		-	-	-	-	259	-	-	-	259	-	259
Reclassification of previous gain on fair value of available for sale financial asset, net of tax		-	-	-	-	-	(347)	-	-	(347)	-	(347)
Defined benefit plan actuarial (losses), net of tax		-	-	-	-	-	-	-	(925)	(925)	-	(925)
Other comprehensive income		-	-	(230)	-	259	(347)	-	(925)	(1,243)	40	(1,203)
Total comprehensive income for the year		-	-	(230)	-	259	(347)	-	2,700	2,382	44	2,426
Shared based payments		-	-	-	-	-	-	38	-	38	-	38
Total contributions by and distributions to owners		-	-	-	-	-	-	38	-	38	-	38
Balance at 30 June 2010		**1,337**	**2,975**	**(3,294)**	**(348)**	**3,538**	**200**	**315**	**56,790**	**61,513**	**967**	**62,480**

Unaudited condensed consolidated statement of changes in equity

	Note	Share capital €'000	Share premium €'000	Trans-lation reserve €'000	Reserve for own shares €'000	Revalua-tion reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Minority Interest €'000	Total Equity €'000
		Attributable to equity holders of the Group										
Balance at 1 January 2009		1,337	2,975	(3,181)	(348)	3,279	1,317	206	55,228	60,813	928	61,741
Total comprehensive income for the year												
Profit/(loss)		-	-	-	-	-	-	-	691	691	(14)	677
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	643	-	-	-	-	-	643	84	727
Net change in fair value of available for sale financial assets, net of tax		-	-	-	-	-	(741)	-	-	(741)	-	(741)
Defined benefit plan actuarial gains and (losses), net of tax		-	-	-	-	-	-	-	182	182	-	182
Other comprehensive income		-	-	643	-	-	(741)	-	182	84	84	168
Total comprehensive income for the year		-	-	643	-	-	(741)	-	873	775	70	845
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Shared based payments		-	-	-	-	-	-	39	-	39	-	39
Total contributions by and distributions to owners		-	-	-	-	-	-	39	-	39	-	39
Balance at 30 June 2009		1,337	2,975	(2,538)	(348)	3,279	576	245	56,101	61,627	998	62,625

Condensed consolidated interim statement of cash flows
For the six months ended 30 June 2010

	Note	**2010 Unaudited €'000**	**2009 Unaudited €'000**
Operating activities			
Profit for the period		**3,629**	677
Adjusted for			
Depreciation		**1,154**	1,164
Amortisation of Intangible Assets		**96**	73
Changes in fair value of investment property		**-**	325
Defined benefit pension charge		**109**	143
Net finance costs		**338**	27
Share of profit of associates		**(2,299)**	(1,146)
Gain on sale of property, plant and equipment		**(27)**	(16)
Income tax expense		**404**	827
		3,404	2,074
Change in inventories		**(72)**	3,231
Change in trade and other receivables		**(2,756)**	3,131
Change in trade and other payables		**1,080**	(2,821)
Equity settled share-based payment transactions		**38**	39
Changes in provisions and employee benefits		**-**	(79)
		1,694	5,575
Interest paid		**(324)**	(673)
Defined benefit pension contributions paid		**(157)**	(157)
Income tax (paid)/refunded		**(136)**	48
Net cash from operating activities		**1,077**	4,793
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**42**	63
Acquisition of other investments		**(354)**	(22)
Acquisition of property, plant and equipment		**(1,020)**	(1,402)
Interest received		**62**	82
Dividends received		**1**	2
Acquisition of intangibles		**(48)**	-
Repayment of loan by associate		**455**	455
Net cash from investing activities		**(862)**	(822)
Cash flows from financing activities			
Payment of finance lease liabilities		**(2)**	(27)
Repayment of borrowings		**(1,051)**	(1,577)
Net cash from financing activities		**(1,053)**	(1,604)
Net (decrease)/increase in cash and cash equivalents	11	**(838)**	2,367
Cash and cash equivalents at 1 January		**(339)**	(2,655)
Effect of exchange rate fluctuations on cash held		**144**	555
Cash and cash equivalents at 30 June		**(1,033)**	267

Notes to the condensed consolidated interim financial statements

(1) Reporting entity

Donegal Creameries Plc (the "Company") is a company domiciled in Ireland. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company's registered office at Ballyraine, Letterkenny, County Donegal.

(2) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international financial reporting standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2009, which were audited and received an unqualified audit opinion.

The financial statements are presented in euro, which is the company's functional currency. All financial information presented in euro is rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial assets classified as available-for-sale and investment property. These condensed consolidated interim financial statements were approved by the Board of Directors on 9 September 2010.

(3) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Interim Financial Statements are consistent, except as noted below, with those applied in the Annual Report for the financial year ended 31 December 2009 and are described in those financial statements.

Except as described below, the Group did not adopt any new International Financial Reporting Standards (IFRS) or interpretations in the period that have had a material impact on the Group Condensed Interim Financial Statements for the half year.

(a) Change in accounting policy

The Group has adopted the amended IAS 27 *Consolidated and Separate Financial Statements* (2009) which requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments do not have any significant impact on the consolidated financial statements.

The Group has also adopted the amended IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations which clarifies* the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected at grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 did not have any significant impact on the consolidated financial statements.

The Group has also adopted IFRS 3 *Business Combinations* (Revised) effective for the Group from 1 January 2010. The revised IFRS 3 introduces a number of changes to the accounting for business combinations that are likely to impact the treatment applied to future business combinations occurring after this date including the amount of goodwill recognised on future acquisitions, the reported results in the period when the acquisition occurs and future reported results. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. The application does not have a material impact on the Group Financial Statements.

(3) Accounting policies (continued)

The following standards and interpretations are effective from 1 January 2010 but do not have a material effect on the results or financial position of the Group:

- IFRS 1 (amendment) First-time adoption of International Reporting Standards
- IFRS 5 (amendment) Non-current assets held for dale and discontinued operations
- IFRS 8 (amendment) Operating segments
- IAS 27 (amendment) Leases
- IAS 17 (amendment) Impairment of assets
- IAS 38 (amendment) Intangible assets
- IAS 39 (amendment) Financial instruments: recognition and measurement
- IFRIC 15 'Agreements for the construction of real estate'
- IFRIC 16 'Hedges of a net investment in a foreign operation'
- IFRIC 17 'Distributions of non-cash assets to owners'
- IFRIC 18 'Transfers of assets from customers'

(4) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

During the six months ended 30 June 2010, management, in consultation with an independent actuary, reassessed its estimates in respect of employee benefits. The valuation of the defined benefit pension obligation has been updated to reflect current market discount rates and rates of increases in salaries and inflation. The significant changes in estimates are discount rate 4.4% (31 December 2009: 5.5%), inflation 2.25% (31 December 2009: 2.25%) and salary increases 3.5% (31 December 2009: 3.5%).

(5) Segment Information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segments and to assess their performance.

The Group comprises the following reportable business segments:

- Dairy: The assembly, processing and distribution of liquid milk and the production, distribution and marketing of added value dairy products including the Rumblers brand.
- Agri-inputs: The manufacture, sale and distribution of farm inputs.
- Produce: The growing, sales and distribution of seed potatoes and organic produce.
- Property and investments: Includes the rental, development and sale of property assets.
- Other operations: Includes the stevedoring business and corporate activity.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's CODM, being the Board. Segment operating profit is used to measure performance; as such information is the most relevant in evaluating the results of the Group's segments. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

Notes to the condensed consolidated interim financial statements

(5) Segment Information *(continued)*

Business segments
For the six months ended 30 June 2010

	Dairy		**Agri-Inputs**		**Produce**		**Property/Investments**		**Other**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Segment revenue	**28,150**	23,094	**21,862**	20,873	**9,928**	13,241	**4**	2	**612**	508	**60,556**	57,718
Segment result	**349**	1,324	**575**	(1,616)	**377**	809	**107**	(113)	**134**	88	**1,542**	492
Net Finance Costs											**338**	(27)
Share of profit of associates											**2,299**	1,146
Income tax expense											**(404)**	(827)
Share option benefits											**(38)**	(39)
Current pension service costs											**(108)**	(68)
Profit for the period											**3,629**	677

There were no inter-segment transactions in the period (2009: nil)

***(5) Segment Information** (continued)*
***Business segments** (continued)*

	Dairy		Agri-inputs		Produce		Property / Other Investments		Other		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Segment assets	**19,793**	12,745	**24,700**	27,881	**12,900**	11,590	**37,244**	44,951	**911**	878	**95,548**	98,045
Investments in associates											**16,123**	12,880
Cash											-	267
Total assets	**19,793**	12,745	**24,700**	27,881	**12,900**	11,590	**37,244**	44,951	**911**	878	**111,671**	111,192
Segment liabilities	**9,165**	3,303	**10,463**	12,677	**3,115**	2,749	**121**	46	**268**	279	**23,132**	19,054
Loans and borrowings (unallocated)	-	-	-	-	-	-	-	-	-	-	**20,125**	22,468
Deferred tax (unallocated)	-	-	-	-	-	-	-	-	-	-	**5,934**	7,045
Total liabilities	**9,165**	3,303	**10,463**	12,677	**3,115**	2,749	**121**	46	**268**	279	**49,191**	48,567
Capital expenditure	**767**	799	**218**	405	**57**	171	**-**	-	**26**	27	**1,068**	1,402
Depreciation and amortisation	**464**	413	**675**	689	**95**	114	-	-	**16**	21	**1,250**	1,237
Impairment of investment property and other assets	**-**	-	**-**	-	**-**	-	**543**	1,366	**-**	-	**543**	1,366

	Island of Ireland		Europe		Rest of World		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Revenue from external customers	**58,852**	57,718	**1,592**	-	**112**	-	**60,556**	57,718
Segment assets	**110,308**	111,192	**923**	-	**440**	-	**111,671**	111,192
Capital expenditure	**1,006**	1,402	**14**	-	**48**	-	**1,068**	1,402

***(5) Segment Information** (continued)*

Entity-wide disclosures

Section 1: Information about products and services
The Group's revenue from external customers in respect of its principal products and services is analysed in the disclosures above.

Section 2: Information about geographical areas and customers
The Group has a presence in several countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile of all foreign operations are noted above.

(6) Earnings per share

The calculation of basic and diluted earnings per share is set out below:

Profit attributable to ordinary shareholders

	2010 Continuing operations €'000	2009 Continuing operations €'000
Profit for the period	**3,629**	677
Profit attributable to ordinary shareholders	**3,625**	691

Weighted average number of ordinary shares
In thousands of shares

	2010	2009
Weighted average number of ordinary shares in issue for the year	**10,286**	10,286
Weighted average number of treasury shares	**(144)**	(144)
Denominator for basic earnings per share	**10,142**	10,142
Effect of share options in issue	**67**	257
Weighted average number of ordinary shares (diluted) at 30 June	**10,209**	10,399

Earnings per share	**2010**	2009
Continuing operations		
Basic earnings per share (euro cent)	**35.7**	6.8
Diluted earnings per share (euro cent)	**35.5**	6.6

(7) Dividends

No dividends were paid in either the 6 months ended 30 June 2010 or the 6 months ended 30 June 2009. The Board has proposed the payment of an interim dividend of 7.0 cent per share on 3 December 2010 (7.0 cent per share in 2009) to holders of shares on 12 November 2010.

(8) Property, plant and equipment

Acquisitions and disposals
During the six months ended 30 June 2010, the Group acquired assets with a cost of €1,020,000 (six months ended 30 June 2009: €1,402,000). Assets with a net book value of €15,000 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: €47,000), resulting in a gain on disposal of €27,000 (six months ended 30 June 2009: gain of €16,000).

(9) Investment Property

Acquisitions and disposals
During the six months ended 30 June 2010, the Group did not acquire any investment properties (six months ended 30 June 2009: €Nil). During the period, total investment land valued at €2,628,000 was transferred to property, plant and equipment as it is now used by the Group for its organic produce. A Group premises included in property, plant and equipment at 31 December 2009 was revalued to €817,313 and transferred to investment property on 30 June 2010 as it is no longer used by the Group for its own activity and is leased to third parties. There were no investment property impairments in the period.

(10) Related parties

Transactions with key management personnel
Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of €315,000 for the six months ended 30 June 2010 (six months ended 30 June 2009: €316,000). Total remuneration is included in "administration expenses."

Other related party transactions

	Transaction value Period ended 30 June		**Balance outstanding As at 30 June**	
	2010	**2009**	2010	2009
	€'000	**€'000**	€'000	€'000
Sale of goods and services				
Sales by group to directors	**301**	**298**	110	122
Purchases by group from directors	**(648)**	**(527)**	(176)	(103)
By parent to associates	**-**	**-**	-	-

(11) Net debt

	€
Balance at 31 December 2009	(20,494)
Net decrease in cash and cash equivalents	(838)
Effect of exchange rate fluctuations	144
Repayment of borrowings	1,051
Repayment of finance Leases	2
Balance at 30 June 2010	**(20,135)**

(12) Capital Commitments

At 30 June 2010 there were capital commitments of €268,000 (2009: €231,000) authorised by the directors but not provided for in the financial statements.