



Donegal Creameries plc
Interim results for the six months ended 30 June 2012

30 August, 2012: Donegal Creameries plc reports results for the six months ended 30 June 2012

Financial Performance		H1 2012	H1 2011*	Change
Turnover – continuing operations	€'000	35,149	31,233	+12.5%
Adjusted operating (loss)/profit **	€'000	(700)	1,159	(€1.86m)
Profit before tax – continuing operations	€'000	150	1,075	(€0.93m)
Profit for period after tax – continuing operations	€'000	246	1,098	(€0.85m)
Operating cash flow before interest and tax	€'000	(386)	1,436	(€1.82m)
EPS (Adjusted)***	Cent	4.2	15.2	(11.0c)
Dividend per share (declared)	Cent	7.0	7.0	-
Net debt	€'000	21,633	24,570	(€2.94m)
Net asset value per share ****	€	5.78	6.07	(€0.29c)

* As re-presented to reflect the effect of discontinued operations

** Adjusted operating profit before the impact of change in fair value of investment properties

*** Adjusted earnings before the impact of change in fair value of investment properties in group & associates, the related deferred tax and CGT rate change in 2011

**** Net assets are total equity attributable to equity holders of the Company

H1 2012 Summary

- Group turnover increased by 12.5% to €35.1m. All divisions achieved growth in revenues during the period with our speciality value added dairy business increasing by 23.4%, agri-inputs by 15.6% and produce by 6%
- The profit for the period after tax was €0.25m, down from €1.1m in the first half of 2011. This is mainly attributable to a difficult European and South American season for seed potatoes due to the temporary market oversupply with consequent downward pressure on price and margin as well as continued investment in our speciality value added dairy business, partly offset by an increase in profits in our agri-inputs division
- Share of results from associates increased from €1.3m to €1.5m
- Net finance expense reduced from €1.0m in the first half of 2011 to €0.65m in the first half of 2012 primarily due to a foreign exchange gain of €0.3m, in comparison with a foreign exchange loss of €0.6m in the first half of 2011 together with an impairment of €0.33m in respect of other investments in the current period
- Net debt reduced from €33.2m at 31 December 2011 to €21.6m at the June half year-end
- Adjusted earnings per share have reduced from 15.2 cents to 4.2 cents for the half year. The Board currently expects full year adjusted earnings to be in the order of €5.1m or 51 cent per share, an increase of 5% on 2011. This is based on the Board's expectations for the second half of 2012 which includes a strong performance from its produce division, when around 75% of profits are typically earned in the final quarter, a continuation of the solid first half performance delivered by its agri-inputs businesses and further growth in revenues in the speciality value added dairy business.
- In January, the planned strategic disposal of our liquid milk and retail agri-stores businesses was completed
- Interim dividend of 7c per share has been maintained

H1 2012 Performance Overview

Following the planned strategic sale of our liquid milk and retail agri-stores business, Donegal is now focussed on its core seed potato produce business and its developing speciality value added dairy business. Our produce business was impacted by what has been a difficult European seed potato market in the first half of 2012. The performance of our seed potato business is materially weighted towards the final quarter of the calendar year and the Board remains confident of a

strong performance for the full year 2012. We continue to invest in developing our speciality value added dairy business. We are satisfied with progress in the UK market where our Rumlbers and Good Heavens products continue to secure retail listings. The Irish market remains challenging with continued pressure on consumer spending.

Our main agri-inputs business performed well during the period benefitting from an extended buying season by its farmer customers due to the poor weather experienced in the first half of the year.

Our balance sheet net assets of €59.5m (€5.78 per share) increased from €52.5m (€5.09 per share) at year-end 2011, in the main due to a profit of €7.5m realised in the period from the strategic sale of our liquid milk and retail agri-stores businesses. The €7.5m profit on disposal is shown net of related redundancy costs as an exceptional profit on discontinued operations.

An interim dividend of 7c per share will be paid on 7 December 2012 to shareholders on the register on 16 November 2012.

Summary Operations Review:

Dairy

The Group's speciality value added dairy business includes The Different Dairy Company based in Killygordon, County Donegal and our two UK businesses, Chef in a Box and Biogreen. Our strategy for these businesses is to continue to grow and scale up what are essentially early stage businesses and this is reflected in our decision during 2011 to invest in additional management and marketing resources. To date we are pleased with the results of this investment with revenues during the period increasing to €4.9m, a 23.4% increase on the first half of 2011. The segmental result for the business during the period was a loss of €0.95m. However we expect to reduce losses going forward with a view to achieving a breakeven position in 2013 following our investment in these businesses.

The Different Dairy Company produces the Rumlbers yogurt and oat pots as a food to go offering focused on the UK market as well as the Organic For Us range of yogurts which are sold in Ireland. Rumbler's performed strongly during the period with further retail listings secured on the back of good momentum during 2011. In contrast to Rumlbers, the Organic For Us products face a challenging consumer market in Ireland characterised by continued discounting and promotions which have impacted negatively on margins. Chef in a Box, which provides meal solutions to the hotel and travel sector's, had a solid performance during the period and will start to benefit from its increased capacity following relocation to a larger and more modern facility during 2011. Biogreen, with its Good Heavens range of premium and ethnic yogurt based products, performed strongly on foot of product launches during the period.

Agri-inputs

A good result was delivered by the agri-inputs division. The business benefited from an extended buying season by customers due to the poor weather experienced in the first half of the year. Forward prices of agricultural commodities are very high as a scarcity is expected due to global weather conditions and demand is expected to be high in the second half of 2012. The segmental profit increased by 10.5% to €1m in the period.

Produce

Turnover in our produce division increased from €12.1m to €12.8m, an increase of 6%. This was also broadly the increase on an underlying basis when taking into account the impact of the carryover of delayed shipments from December 2010 to January 2011 and the acquisition of AJ Allan in November 2011. However, the division incurred a loss of €0.63m as a result of very challenging markets in Europe and South America in the first few months of 2012 due to the impact on pricing of an over supply of seed on the market. However, notwithstanding the impact of this over supply, which does occur in the industry from time to time, the Board expects a strong performance for the second half of the year, when around 75% of profits are typically earned in the final quarter. The integration of AJ Allan is progressing to plan with the commencement of the conversion of AJ Allan's 12,000 tonne growing capacity from generic seed varieties to Irish Potato Marketing's proprietary varieties. With our continued strategic focus and investment we remain confident that our core seed potato business will become a leading global supplier of proprietary certified seed and will be key to driving overall Group growth and profitability going forward.

Property and investments

There were no acquisitions or disposals during the period. Rental income continues to be satisfactory, increasing during the period mainly due to the rental income earned on the freehold retail agri-stores portfolio, which remain in the ownership of Donegal following the sale of its liquid milk and retail-agri stores businesses. Our portfolio of shares held in One 51 was devalued by €0.33m in the period (2011: Nil).

Associates

The Group's share of associate investment results, in the main Monaghan Middlebrook Mushrooms, increased from €1.3m in first half of 2011 to €1.5m during the period. As previously disclosed the company is extremely well invested and continues to have a leading position in all its main markets. In January 2012, Monaghan Middlebrook Mushrooms acquired a majority shareholding in Dutch company Walkro International, one of the largest producers of mushroom substrate in Western Europe. During the period Mr. James Osborne joined the Board of Monaghan as Independent Chairman.

Finance

The Group currently has committed bank facilities of €26.3m, sufficient to meet its requirements. Discussions have commenced with regard to the roll-over of the Group's €11m revolving debt facility which falls due in January 2013.

Net debt at 31 December 2011 was €33.2m and at 30 June 2012 was €21.6m, higher than anticipated due to cash outflows on operating activities in the main as a result of a significant increase in working capital, in particular in our agri-feeds and value added dairy businesses. However, capital expenditure reduced from €1.4m in the first half of 2011 to €0.4m during the period reflecting reduced requirements following the sale of our liquid milk and retail agri-stores businesses.

Outlook

The Board currently expects full year adjusted earnings to be in the order of €5.1m or 51 cent per share, an increase of 5% on 2011. This is based on the Board's expectations for the second half of 2012 which includes a strong performance from its produce division, when around 75% of profits are typically earned in the final quarter, a continuation of the solid first half performance delivered by its agri-inputs businesses and further growth in revenues in the speciality value added dairy business.

**Geoffrey Vance
Chairman**

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Unaudited condensed consolidated interim statement of comprehensive income
For the six months ended 30 June 2012

	Note	2012 Unaudited €'000	Restated* 2011 Unaudited €'000
Continuing operations			
Revenue	5	35,149	31,233
Cost of sales		<u>(29,002)</u>	<u>(25,248)</u>
Gross profit		6,147	5,985
Other income		386	339
Distribution expenses		(2,648)	(1,862)
Administrative expenses		<u>(4,585)</u>	<u>(3,639)</u>
(Loss)/profit from operating activities		(700)	823
Finance income		701	694
Finance expenses		<u>(1,356)</u>	<u>(1,713)</u>
Net finance expense		(655)	(1,019)
Share of profit of associates (net of tax)		<u>1,505</u>	<u>1,271</u>
Profit before income tax		150	1,075
Income tax credit		<u>96</u>	<u>23</u>
Profit for the period – continuing operations		246	1,098
Discontinued operations			
Profit/(loss) from discontinued operations	13	<u>7,326</u>	<u>(236)</u>
Profit for the period		7,572	862
Other comprehensive income			
Foreign exchange translation differences for foreign operations		(247)	43
Defined benefit plans actuarial losses - net of tax		<u>(370)</u>	<u>(79)</u>
Other comprehensive income for period, net of income tax		(617)	(36)
Total comprehensive income for the period		6,955	826
Profit attributable to:			
Equity holders of the Company		7,604	858
Non controlling interest		<u>(32)</u>	<u>4</u>
		7,572	862

* As represented to reflect the effect of discontinued operations

Unaudited condensed consolidated interim statement of comprehensive income (continued)
For the six months ended 30 June 2012

	2012	Restated*
	€'000	2011 €'000
Total comprehensive income attributable to:		
Equity holders of the Company	6,970	840
Non-controlling interest	(15)	(14)
	<u>6,955</u>	<u>826</u>
Earnings per share		
Basic earnings per share (euro cent)		
Continuing	2.7c	10.8c
Discontinued	72.3c	(2.3c)
	<u>75.0c</u>	<u>8.5c</u>
Diluted earnings per share (euro cent)		
Continuing	2.7c	10.7c
Discontinued	71.7c	(2.3c)
	<u>74.4c</u>	<u>8.4c</u>

* As represented to reflect the effect of discontinued operations

Unaudited condensed consolidated interim statement of financial position
As at 30 June 2012

	Note	30 June 2012 Unaudited €'000	31 Dec 2011 Audited €'000	30 June 2011 Unaudited €'000
Assets				
Property, plant and equipment	8	16,358	16,557	18,412
Goodwill		3,633	3,633	4,063
Intangible assets		523	472	678
Investment property	9	25,851	25,833	30,692
Investments in associates		19,356	18,503	18,443
Other investments		965	1,301	1,671
Trade and other receivables		192	193	193
Total non-current assets		66,878	66,492	74,152
Inventories		3,113	5,069	8,074
Biological assets		936	-	150
Trade and other receivables		27,058	31,111	33,346
Current tax		370	46	-
Assets held for sale		-	16,705	-
Total current assets		31,477	52,931	41,570
Total assets		98,355	119,423	115,722
Equity				
Issued capital		1,337	1,337	1,337
Share premium		2,975	2,975	2,975
Other reserves		1,163	1,408	830
Retained earnings		53,176	45,942	56,446
Total equity attributable to equity holders of the company		58,651	51,662	61,588
Minority interest		814	829	900
Total equity		59,465	52,491	62,488
Liabilities				
Loans and other borrowings		5,442	17,593	2,648
Employee benefits		669	257	592
Derivatives		1,709	1,709	1,343
Trade & other payables		1,032	992	919
Deferred tax liabilities		3,929	4,087	5,180
Total non-current liabilities		12,781	24,638	10,682
Loans and other borrowings		14,396	3,424	13,102
Current tax		-	-	393
Trade and other payables		9,918	19,301	20,237
Bank overdraft		1,795	12,200	8,820
Liabilities held for sale		-	7,369	-
Total current liabilities		26,109	42,294	42,552
Total liabilities		38,890	66,932	53,234
Total equity and liabilities		98,355	119,423	115,722

Unaudited condensed consolidated statement of changes in equity

	Share capital €'000	Share premium €'000	Trans- lation reserve €'000	Reserve for own shares €'000	Revalua- tion reserves €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Minority Interest €'000	Total Equity €'000
Balance at 1 January 2012	1,337	2,975	(2,787)	(348)	4,169	374	45,942	51,662	829	52,491
Total comprehensive income for the period										
Profit	-	-	-	-	-	-	7,604	7,604	(32)	7,572
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	(264)	-	-	-	-	(264)	17	(247)
Defined benefit plan actuarial losses, net of tax	-	-	-	-	-	-	(370)	(370)	-	(370)
Other comprehensive income	-	-	(264)	-	-	-	(370)	(634)	17	(617)
Total comprehensive income for the period	-	-	(264)	-	-	-	7,234	6,970	(15)	6,955
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Shared based payments	-	-	-	-	-	19	-	19	-	19
Total contributions by and distributions to owners	-	-	-	-	-	19	-	19		19
Balance at 30 June 2012	1,337	2,975	(3,051)	(348)	4,169	393	53,176	58,651	814	59,465

Unaudited condensed consolidated statement of changes in equity

	Attributable to equity holders of the Group										
	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 2011	1,337	2,975	(2,997)	(348)	3,570	190	335	55,667	60,729	914	61,643
Total comprehensive income for the period											
Profit	-	-	-	-	-	-	-	858	858	4	862
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	61	-	-	-	-	-	61	(18)	43
Defined benefit plan actuarial losses, net of tax	-	-	-	-	-	-	-	(79)	(79)	-	(79)
Other comprehensive income	-	-	61	-	-	-	-	(79)	(18)	(18)	(36)
Total comprehensive income for the period	-	-	61	-	-	-	-	779	840	(14)	826
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Shared based payments	-	-	-	-	-	-	19	-	19	-	19
Total contributions by and distributions to owners	-	-	-	-	-	-	19	-	19	-	19
Balance at 30 June 2011	1,337	2,975	(2,936)	(348)	3,570	190	354	56,446	61,588	900	62,488

Condensed consolidated interim statement of cash flows
For the six months ended 30 June 2012

	Note	2012 Unaudited €'000	2011 Unaudited €'000
Operating activities			
Profit for the period		7,572	862
Adjusted for			
Depreciation		735	1,116
Amortisation of intangible assets		26	81
Changes in fair value of investment property		-	336
Defined benefit pension charge		20	102
Net finance costs		655	987
Gain on disposal of operation	13	(7,520)	-
Share of profit of associates		(1,505)	(1,271)
Gain on sale of property, plant and equipment		(11)	(11)
Income tax (credit)/expense		(96)	57
		(124)	2,259
Change in inventories		579	(1,602)
Change in trade and other receivables		(8,367)	3,456
Change in trade and other payables		7,546	(2,549)
Equity settled share-based payment transactions		19	19
		(347)	1,583
Interest paid		(458)	(525)
Defined benefit pension contributions paid		(39)	(147)
Income tax paid		(318)	-
Net cash from operating activities		(1,162)	911
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		22	44
Acquisition of controlling interest		(180)	(1,102)
Acquisition of property, plant and equipment		(392)	(1,407)
Interest received		77	64
Disposal of operation		12,973	-
Dividends received		2	5
Acquisition of intangibles		(79)	(60)
Repayment of loan by associate		390	390
Net cash from investing activities		12,813	(2,066)
Cash flows from financing activities			
Payment of finance lease liabilities		(54)	(9)
Repayment of borrowings		(1,126)	(1,051)
Net cash from financing activities		(1,180)	(1,060)
Net decrease in cash and cash equivalents	11	10,471	(2,215)
Cash and cash equivalents at 1 January		(12,200)	(6,382)
Effect of exchange rate fluctuations on cash held		(66)	(223)
Cash and cash equivalents at 30 June		(1,795)	(8,820)

(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 2012 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 2011 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* as adopted by the EU. 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, prepared in accordance with IFRS as adopted by the EU (EU IFRS) as at and for the year ended 31 December 2011. The financial information presented herein does not amount to statutory financial statements that are required by company law to be annexed to the annual return of the company. The financial statements for the financial year ended 31 December 2011 are annexed to the annual return to be filed with the Registrar of Companies. The audit report on those EU IFRS financial statements was not qualified.

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 29 August 2012.

(3) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Consolidated Interim Financial Statements are consistent, except as noted below, with those applied in the Annual Report for the financial year ended 31 December 2011 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

As of 1 January 2012, the Group has changed its accounting policies in the following areas which do not have a material effect on the results or financial position of the Group:

Amendments to IFRS 7

Disclosures – Transfers of Financial Assets

Notes to the condensed consolidated interim financial statements

(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 2011.

During the six months ended 30 June 2012, 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 key changes in estimates are discount rate 4.4% (31 December 2011: 5.3%), inflation 2.0% (31 December 2011: 2.0%) and salary increases 3.25% (31 December 2011: 3.25%).

(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 production, distribution and marketing of added value dairy products including the Rumlbers 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 2012

	Dairy		Agri-inputs		Produce		Property/Investments		Other / Central		Consolidated	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Segment revenue	4,896	3,967	16,842	14,570	12,799	12,074	-	-	612	622	35,149	31,233
Segment result	(946)	(516)	1,044	945	(633)	569	214	(272)	(340)	218	(661)	944
Net finance expense											(655)	(1,019)
Share of profit of associates											1,505	1,271
Income tax credit											96	23
Share option benefits											(19)	(19)
Current pension service costs											(20)	(102)
Profit for the period – continuing operations											246	1,098

There were no inter-segment transactions in the period (2011: nil)

Notes to the condensed consolidated interim financial statements

(5) Segment Information (continued)

Business segments (continued)

	Dairy		Agri-inputs		Produce		Property / Other Investments		Other		Consolidated	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Segment assets	8,561	25,047	18,521	25,985	16,361	12,909	30,629	32,459	4,927	879	78,999	97,279
Investments in associates											19,356	18,443
Total assets	8,561	25,047	18,521	25,985	16,361	12,909	30,629	32,459	4,927	879	98,355	115,722
Segment liabilities	2,930	10,000	5,012	9,147	3,715	3,512	267	28	735	205	12,659	22,892
Loans and borrowings (unallocated)											21,633	24,570
Employee benefits (unallocated)											669	592
Deferred tax (unallocated)											3,929	5,180
Total liabilities	2,930	10,000	5,012	9,147	3,715	3,512	267	28	735	205	38,890	53,234
Capital expenditure - continuing operations	153	255	196	210	80	149	-	-	42	160	471	774
Depreciation and amortisation - continuing operations	188	87	242	434	266	123	-	-	65	18	761	662
Impairment of investment property and other assets	-	-	-	-	-	-	330	336	-	-	330	336
					Island of Ireland		Europe		Rest of World		Consolidated	
					2012	2011	2012	2011	2012	2011	2012	2011
					€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from external customers – continuing operations					29,374	29,246	5,553	1,877	222	110	35,149	31,233
Segment assets					88,862	112,695	8,956	2,061	537	966	98,355	115,722
Capital expenditure – continuing operations					407	286	61	488	3	-	471	774

(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.

Seasonality

The Group's produce and agri-input divisions are second half weighted. This weighting is primarily driven by weather and global buying patterns.

(6) Earnings per share

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

Profit attributable to ordinary shareholders

	2012	2011
	Continuing operations	Continuing operations
	€'000	€'000
Profit for the period	7,572	862
Profit attributable to ordinary shareholders	7,604	858

***Weighted average number of ordinary shares
In thousands of shares***

	2012	2011
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	65	75
Weighted average number of ordinary shares (diluted) at 30 June	10,207	10,217

(6) Earnings per share (continued)

Earnings per share	2012	2011
Basic earnings per share (euro cent)		
Continuing	2.7c	10.8c
Discontinued	72.3c	(2.3c)
	75.0c	8.5c
Diluted earnings per share (euro cent)		
Continuing	2.7c	10.7c
Discontinued	71.7c	(2.3c)
	74.4c	8.4c

(7) Dividends

No dividends were paid in either the 6 months ended 30 June 2012 or the 6 months ended 30 June 2011. The Board has proposed the payment of an interim dividend of 7.0 cent per share on 7 December 2012 (7.0 cent per share in 2011) to holders of shares on 16 November 2012.

A final dividend of 9.0 cent per share for the year ended 31 December 2011 was paid on 24 August 2012 to those shareholders on the register on 3 August 2012.

(8) Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2012, the Group acquired assets with a cost of €392,000 (six months ended 30 June 2011: €1,407,000). Assets with a net book value of €11,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2011: €33,000), resulting in a gain on disposal of €11,000 (six months ended 30 June 2011: gain of €11,000).

(9) Investment Property

Investment property	2012	2011
	€'000	€'000
Balance at 1 January	25,833	31,053
Change in fair value	-	(336)
Effect of movement in exchange rates	18	(25)
Balance at 30 June	25,851	30,692

Investment property includes the Grianan estate, student residences in Ballyraine, the Oatfield building in Letterkenny, the Bridgend property and development land in both Donegal and Northern Ireland.

Acquisitions and disposals

During the six months ended 30 June 2012, the Group did not acquire any investment properties (six months ended 30 June 2011: €Nil).

(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 €305,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: €305,000). Total remuneration is included in “administration expenses.”

Other related party transactions

	Transaction value		Balance outstanding	
	Period ended		As at	
	30 June		30 June	
	2012	2011	2012	2011
	€'000	€'000	€'000	€'000
Sale of goods and services				
Sales by group to directors	195	358	69	212
Purchases by group from directors	-	(768)	-	(178)
By parent to associates	-	-	-	-

(11) Net debt – bank overdraft

	€
Balance at 31 December 2011	(12,200)
Net decrease in cash and cash equivalents	11,651
Effect of exchange rate fluctuations	(66)
Repayment of borrowings	(1,126)
Repayment of finance Leases	(54)
	<hr/>
Balance at 30 June 2012	(1,795)
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Notes to the condensed consolidated interim financial statements

(12) Capital Commitments

At 30 June 2012 there were capital commitments of €55,000 (2011: €215,000) authorised by the directors but not provided for in the financial statements.

(13) Discontinued operations

The following is a breakdown of discontinued operations in the period:

	2012 €'000	2011 €'000
Discontinued operations		
Redundancy costs	(194)	-
Loss for the period (ii)	-	(236)
Gain on disposal of operations (i)	7,520	-
Profit/(loss) from discontinued operations	<u>7,326</u>	<u>(236)</u>

(i) Gain on disposal of operations

The Group disposed of its interest in its liquid and trade milk businesses and agri stores business on 13 January 2012. The respective losses for the six months ended 30 June 2011 are disclosed within discontinued operations in the income statement. The gain on the transaction arose as follows:

Net assets transferred on 1 January 2012	€'000
Intangible assets	1,116
Property, plant & equipment	3,705
Working capital	4,611
Deferred tax	(96)
Total assets	9,336
Consideration including contingent consideration receivable, net of transaction costs incurred	<u>(16,856)</u>
Gain on disposal of operations in period	<u>7,520</u>

Deferred contingent consideration receivable is based on the operating and financial performance of the liquid and trade milk businesses during the year to 31 December 2012.

Transaction costs of €0.46m associated with the disposal are presented as an exceptional charge within administration costs during the year ended 31 December 2011.

Notes to the condensed consolidated interim financial statements

(ii) The Group transferred the net assets in its liquid and trade milk businesses and agri stores business on 1 January 2012. The revenue and results of the Group's discontinued operations (liquid and trade milk business and agri stores business) for the period ended 30 June 2011, year ended 31 December 2011 and 2010 were as follows:

	6 m/e	12 m/e	12 m/e
	30/06/2012	31/12/2011	31/12/2010
	€	€	€
Revenue	37,516	68,477	64,882
Cost of sales	(33,441)	(64,658)	(58,945)
Gross profit	4,075	3,819	5,937
Distribution expenses	(2,323)	(2,553)	(2,161)
Administration expenses	(2,054)	(4,341)	(4,301)
Other expenses	-	2	6
Loss from operating activities	(302)	(3,073)	(519)
Finance income	52	254	46
Finance expenses	(20)	(2,839)	(12)
Net finance income/(expense)	32	(2,585)	34
Loss before income tax	(270)	(5,658)	(485)
Income tax credit/(expense)	34	181	(68)
Loss for the period from discontinued activities	(236)	(5,477)	(553)