# Donegal Creameries Plc
# Interim results for the six months ended 30 June 2009

| €'000 | H1 2009 | H1 2008 | Change |
|---|---|---|---|
| Revenue | 57,718 | 69,642 | -17.1% |
| Profit before tax | 1,504 | 3,479 | -56.8% |
| Profit for period | 677 | 3,112 | -78.2% |
| Operating Cash Flow | 4,793 | 4,413 | +8.6% |
| EPS c | 6.8 | 30.8 | -77.9% |
| EPS c (Adjusted)* | 14.0 | 24.8 | -43.5% |
| Dividend per share | 7.0c | 7.0c | - |
| Net debt | 22,201 | 22,810 | -2.7% |
| Net asset value per share | €6.09 | €6.74 | -9.6% |

* Earnings per share before impact of revaluations of investment properties and CGT rate change.

The background against which these figures are being reported has undoubtedly been difficult. The environment for agri-inputs in general and dairy in particular has been unprecedented for both producer and processor alike. This has been created by a combination of poor commodity markets, poor weather and a shortage of cash liquidity particularly at a farm level. In addition to this our border location and the well documented weakening of sterling has impacted on the trading of agricultural-inputs in the North West.

Against this background the Group continues to be profitable due to the diversity of its businesses and continues to reduce its dependence on commodity products by focusing on its value added dairy, organic food and seed potato businesses.

Group turnover declined by €11.9m. In the Dairy business the volume of milk collected was down by 3.3% and traded milk prices were significantly down. The sales volumes and prices of agricultural inputs were behind significantly on the same period of 2008. This was due to a combination of reduced commodity prices on animal feedstuffs and fertiliser, compounded by weak demand at farm level due to poor milk prices and increased competition from Northern Ireland mills due to the weakness of sterling.

The Group's balance sheet remains strong with total assets of €111.2m and equity of €62.6m. Net debt has fallen from €26.7m at the year-end to €22.2m reflecting a reduction in both working capital requirements and capital expenditure.

An interim dividend of 7c per share will be paid on 4 December 2009 to shareholders on the register at 13 November 2009.

**Operations Review**

In compliance with International Financial Reporting Standard ('IFRS') 8, 'Operating Segments' the Group has determined that the segmental analysis be revised to four main segments, Dairy, Agri-inputs, Potatoes and Property and Investments. Prior half year numbers have been restated to reflect these changes.

**Dairy**

Turnover in the Dairy Division was down 23% to €23.1m, reflecting the significant decline in global dairy commodity pricing. Milk producers have had the most challenging season in memory facing a combination of very poor prices and persistent inclement weather. The segmental result of €1.3m reflects the growth in value added dairy products and a satisfactory performance in our liquid milk business. As outlined in the full year 2008 results, we remain on track for the launch of further value added dairy products during the second half of 2009. With regard to commodity dairy products the current situation is unsustainable for both producer and processor alike and the only positive note is that the situation appears to have bottomed out with expectations for an improvement during 2010.

## Agri-inputs

The Agri-inputs Division produced a very poor result in the first half of 2009. This was mainly due to competitive issues arising from the effect of a weakening sterling (which traded at near parity with the euro in December 2008) on the local market giving rise to significant cross border imports resulting in a collapse in margins. Furthermore customers of the Agri-inputs Division had a very challenging six months with prices for their own outputs at periodic lows. This division made a loss of €1.6m in the first half of the year compared to a profit of €1.2m for the same period in 2008. The outlook for the second six months is improving as sterling has strengthened and poor weather conditions have increased demand.

## Potatoes

Turnover in the Potato division increased by 11% to €13.2m generating profits of €0.8m, up 5% on the same period last year. The sack printing operation was sold in June 2009 and this division is now focussed on the seed potato and organic vegetable businesses. The growing program for this season is proceeding as planned and although yields and markets have yet to be decided we expect another strong performance in the second half of the year. As in prior years, this division will deliver most of its sales and profits in the last quarter.

## Property and Investments

The property market remains challenging. There have been no sales or disposals in the first half of the year. Rental incomes are on budget and the Letterkenny student residences had a strong Summer. The conversion of the Grianan Estate to organic status continues and it is expected to have the first full harvest of organic crops later this year. The 400 cow dairy unit will be producing organic milk from spring 2010.

Following a decision by An Bord Pleanala, Northwestern Livestock Holdings Ltd now have full planning permission in Sligo for 775 units on 79 acres which will remain valid for 10 years.

## Associates

Monaghan Middlebrook Mushrooms has performed in line with budget and this is expected to continue for the full year.

## Finance

The Board has adequate cash and bank facilities in place to fund the Group's plans. In the first half of 2009 this has been further improved by a reduction in borrowings of 17% to €22.2m. Operating cash flow improved by 9% to just under €5m. In the first half of 2009, the Group invested €1.4m in capital expenditure focused primarily on value added dairy and organic projects. Income tax expense in the income statement reflects the change in the rate of Capital Gains Tax from 22% to 25% in the period which increased our deferred tax liability.

## Outlook

The poor performance in agri-inputs and commodity dairy products in the first half of 2009 was a key impact on the Group's overall first half result. However, good progress continues to be made in the strategic growth areas of valued added dairy, organic food and seed potatoes. The Board are confident that the markets for agri-inputs will return to a more sustainable position as sterling strengthens, commodity prices stabilise and milk prices improve. The Group's strategic plan to reduce dependence on commodity businesses continues to progress well and a combination of new product launches and acquisitions will enhance this position in the second half of 2009. The Board remains confident of the full year performance of the Group and achieving full year adjusted EPS of 30 cents per share.

Geoffrey Vance
**Chairman**

**Unaudited condensed consolidated interim income statement**
**For the six months ended 30 June 2009**

| | Note | **2009 Unaudited €'000** | 2008 Unaudited €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | **57,718** | 69,642 |
| Cost of sales | | **(49,194)** | (58,797) |
| **Gross profit** | | **8,524** | 10,845 |
| Other income | | **42** | 978 |
| Distribution expenses | | **(3,778)** | (4,040) |
| Administrative expenses | | **(4,403)** | (4,319) |
| **Results from operating activities** | | **385** | 3,464 |
| Finance income | | **1,203** | 331 |
| Finance expenses | | **(1,230)** | (952) |
| **Net finance expense** | | **(27)** | (621) |
| Share of profit of associates | | **1,146** | 636 |
| Profit before income tax | | **1,504** | 3,479 |
| Income tax expense | | **(827)** | (367) |
| **Profit for the period** | | **677** | 3,112 |
| Attributable to: | | | |
| Equity holders of the Company | | **691** | 3,127 |
| Minority interest | | **(14)** | (15) |
| **Profit for the period from continuing operations** | | **677** | 3,112 |
| **Earnings per share** | | | |
| Basic earnings per share (euro cent) | 6 | **6.8** | 30.8 |
| Diluted earnings per share (euro cent) | 6 | **6.6** | 30.1 |

**Unaudited condensed consolidated interim statement of comprehensive income**
**For the six months ended 30 June 2009**

| | Note | **2009 Unaudited €'000** | 2008 Unaudited €'000 |
|---|---|---|---|
| **Other comprehensive income** | | | |
| Foreign exchange gain/(loss) | | **727** | (538) |
| Revaluation of investment property upon transfer from property, plant and equipment | | **-** | 1,111 |
| Defined benefit plans actuarial gains/(losses) | | **200** | (149) |
| Net change in fair value of available for sale financial assets | | **(841)** | (5) |
| Tax on other comprehensive income | | **82** | (222) |
| **Other comprehensive income for period, net of income tax** | | **168** | 197 |
| **Profit for the period** | | **677** | 3,112 |
| **Total comprehensive income for the period** | | **845** | 3,309 |
| **Total comprehensive income attributable to** | | | |
| Equity holders of the parent | | **775** | 3,357 |
| Minority interest | | **70** | (48) |
| **Total comprehensive income for the period** | | **845** | 3,309 |

**Unaudited condensed consolidated interim statement of financial position**
**As at 30 June 2009**

| | Note | 30 June 2009 Unaudited €'000 | 31 Dec 2008 Audited €'000 | 30 June 2008 Unaudited €'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | 8 | **16,404** | 16,208 | 16,861 |
| Goodwill | | **1,876** | 1,876 | 1,876 |
| Intangible assets | | **656** | 393 | 33 |
| Investment property | 9 | **41,701** | 41,758 | 41,537 |
| Investments in associates | | **12,880** | 11,800 | 17,177 |
| Other investments, including derivatives | | **2,249** | 3,266 | 3,744 |
| Trade and other receivables | | **196** | 196 | 197 |
| **Total non-current assets** | | **75,962** | 75,497 | 81,425 |
| Inventories | | **7,415** | 10,499 | 8,031 |
| Trade and other receivables | | **27,548** | 29,241 | 30,657 |
| Cash and cash equivalents | | **267** | - | 997 |
| **Total current assets** | | **35,230** | 39,740 | 39,685 |
| **Total assets** | | **111,192** | 115,237 | 121,110 |
| **Equity** | | | | |
| Issued capital | | **1,337** | 1,337 | 1,337 |
| Share premium | | **2,975** | 2,975 | 2,975 |
| Other reserves | | **1,532** | 1,691 | 3,700 |
| Retained earnings | | **55,783** | 54,810 | 61,331 |
| **Total equity attributable to equity holders of the company** | | **61,627** | 60,813 | 69,343 |
| **Minority interest** | | **998** | 928 | 1,053 |
| **Total equity** | | **62,625** | 61,741 | 70,396 |
| **Liabilities** | | | | |
| Loans and other borrowings | | **19,126** | 20,154 | 21,278 |
| Employee benefits | | **860** | 1,073 | - |
| Trade & other payables | | **481** | 303 | 308 |
| Deferred tax liabilities | | **7,045** | 6,681 | 6,170 |
| **Total non-current liabilities** | | **27,512** | 28,211 | 27,756 |
| Loans and other borrowings | | **3,342** | 3,918 | 2,529 |
| Current tax | | **359** | - | 627 |
| Trade and other payables | | **17,354** | 21,367 | 19,802 |
| **Total current liabilities** | | **21,055** | 25,285 | 22,958 |
| **Total liabilities** | | **48,567** | 53,496 | 50,714 |
| **Total equity and liabilities** | | **111,192** | 115,237 | 121,110 |

**Unaudited condensed consolidated statement of changes in equity**

| Group | Share capital €'000 | Share premium €'000 | Trans-lation reserve €'000 | Reserve for own shares €'000 | Revalua-tion reserve €'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 2008 | 1,337 | 2,975 | (532) | (129) | 2,410 | 1,633 | 119 | 58,353 | 66,166 | 1,101 | 67,267 |
| Comprehensive income | - | - | - | - | - | - | - | 3,127 | 3,127 | (15) | 3,112 |
| Other comprehensive income | - | - | (505) | - | 889 | (5) | - | (149) | 230 | (33) | 197 |
| Acquisition of own shares | - | - | - | (219) | - | - | - | - | (219) | - | (219) |
| Share-based payments | - | - | - | - | - | - | 39 | - | 39 | - | 39 |
| Balance at 30 June 2008 | 1,337 | 2,975 | (1,037) | (348) | 3,299 | 1,628 | 158 | 61,331 | 69,343 | 1,053 | 70,396 |
| Balance at 1 January 2009 | 1,337 | 2,975 | (3,301) | (348) | 3,817 | 1,317 | 206 | 54,810 | 60,813 | 928 | 61,741 |
| Comprehensive income | - | - | - | - | - | - | - | 691 | 691 | (14) | 677 |
| Other comprehensive income | - | - | 643 | - | - | (841) | - | 282 | 84 | 84 | 168 |
| Share-based payments | - | - | - | - | - | - | 39 | - | 39 | - | 39 |
| **Balance at 30 June 2009** | **1,337** | **2,975** | **(2,658)** | **(348)** | **3,817** | **476** | **245** | **55,783** | **61,627** | **998** | **62,625** |

**Condensed consolidated interim statement of cash flows**
**For the six months ended 30 June 2009**

| | 2009 Unaudited €'000 | 2008 Unaudited €'000 |
|---|---|---|
| **Operating activities** | | |
| Profit for the period | **677** | 3,112 |
| Adjusted for | | |
| Depreciation | **1,164** | 1,191 |
| Amortisation of Intangible Assets | **73** | |
| Changes in fair value of investment property | **325** | (592) |
| Defined benefit pension charge | **143** | 78 |
| Net finance costs | **27** | 621 |
| Share of profit of associates | **(1,146)** | (636) |
| Gain on sale of property, plant and equipment | **(16)** | (11) |
| Income tax expense | **827** | 367 |
| | **2,074** | 4,130 |
| Change in inventories | **3,231** | 436 |
| Change in trade and other receivables | **3,131** | 83 |
| Change in trade and other payables | **(2,821)** | 655 |
| Equity settled share-based payment transactions | **39** | 39 |
| Changes in provisions and employee benefits | **(79)** | - |
| | **5,575** | 5,343 |
| Interest paid | **(673)** | (765) |
| Defined benefit pension contributions paid | **(157)** | (197) |
| Income tax refunded | **48** | 32 |
| **Net cash from operating activities** | **4,793** | 4,413 |
| **Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment | **63** | 57 |
| Acquisition of shares and loan in associate | **-** | (684) |
| Purchase of own shares | **-** | (219) |
| Acquisition of other investments | **(22)** | - |
| Acquisition of property, plant and equipment | **(1,402)** | (2,761) |
| Interest received | **82** | 65 |
| Dividends received | **2** | 7 |
| Acquisition of investment property | **-** | (2,894) |
| Repayment of loan by associate | **455** | 255 |
| Proceeds from sale of investment property | **-** | 161 |
| **Net cash from investing activities** | **(822)** | (6,013) |
| **Cash flows from financing activities** | | |
| Payment of finance lease liabilities | **(27)** | (31) |
| (Repayment)/drawdown of borrowings | **(1,577)** | 5,738 |
| **Net cash from financing activities** | **(1,604)** | 5,707 |
| Net increase in cash and cash equivalents | **2,367** | 4,107 |
| Cash and cash equivalents at 1 January | **(2,655)** | (2,743) |
| Effect of exchange rate fluctuations on cash held | **555** | (367) |
| **Cash and cash equivalents at 30 June** | **267** | 997 |

# 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 2009 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 2008 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 2008.

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 10 September 2009.

## (3) Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Interim Financial Statements are consistent with those applied in the Annual Report for the financial year ended 31 December 2008 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**

**(i) Determination and presentation of operating segments**

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously, operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows:

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# Notes to the condensed consolidated interim financial statements

**(3) Accounting Policies** *(continued)*

**(a) Change in accounting policy** *(continued)*

**(i) Determination and presentation of operating segments** *(continued)*

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments in associates (and others), loans and borrowings, cash and cash equivalents, finance expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

**(ii) Presentation of financial statements**

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 30 June 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

**(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 2008.

During the six months ended 30 June 2009, 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 5.7% (31 December 2008: 5.6%), inflation 2.3% (31 December 2008: 2.0%) and salary increases 3.8% (31 December 2008:3.5%).

**(5) Segment Information**

The Group comprises the following reportable business segments:

- *Dairy*

The assembly, processing and distribution of liquid milk, bulk milk trading and the production, distribution and marketing of added value dairy products including the Rumblers brand of breakfast products.

- *Agri-inputs*

The manufacture, sale and distribution of farm inputs.

- *Potatoes*

The growing, sales and distribution of seed potatoes and organic vegetables.

- *Property and investments*

Includes the rental, development and sale of property assets.

# Notes to the condensed consolidated interim financial statements

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

### Business segments

**For the six months ended 30 June 2009**

| | Dairy | | Agri-Inputs | | Potatoes | | Property/Investments | | Other | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Segment revenue | **23,094** | 29,896 | **20,873** | 27,444 | **13,241** | 11,933 | **2** | 2 | **508** | 367 | **57,718** | 69,642 |
| Segment result | **1,324** | 586 | **(1,616)** | 1,198 | **809** | 769 | **(113)** | 941 | **(19)** | (30) | **385** | 3,464 |
| Net Finance Costs | | | | | | | | | | | **(27)** | (621) |
| Share of profit of associates | | | | | | | | | | | **1,146** | 636 |
| Income tax expense | | | | | | | | | | | **(827)** | (367) |
| Profit for the period | | | | | | | | | | | **677** | 3,112 |

There were no inter-segment transactions in the period (2008: nil)

# Notes to the condensed consolidated interim financial statements

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

### Business segments
**For the six months ended 30 June 2009**

| | Dairy | | Other | | Agri business | | Potatoes | | Property/ Investments | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 |
| Segment net assets | **9,442** | 8,118 | **599** | 535 | **15,204** | 19,108 | **8,841** | 10,632 | **42,656** | 42,250 | **76,742** | 80,643 |
| *Unallocated* | | | | | | | | | | | | |
| Other investments | | | | | | | | | | | **2,249** | 3,744 |
| Cash and cash equivalents | | | | | | | | | | | **267** | 997 |
| Investment in associates | | | | | | | | | | | **12,880** | 17,177 |
| Loans and borrowings | | | | | | | | | | | **(22,468)** | (25,995) |
| Deferred tax liability | | | | | | | | | | | **(7,045)** | (6,170) |
| Net assets | | | | | | | | | | | **62,625** | 70,396 |

### Geographical segments
### For the six months ended 30 June 2009

| | Island of Ireland | | Europe | | Rest of the World | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 |
| Revenue from external customers | **51,671** | 64,148 | **5,001** | 4,542 | **1,046** | 952 | **57,718** | 69,642 |

## (6) Earnings per share

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

***Profit attributable to ordinary shareholders***

| | **2009** | **2008** |
|---|---|---|
| | **Continuing operations €'000** | **Continuing operations €'000** |
| Profit for the period | **677** | 3,112 |
| Profit attributable to ordinary shareholders | **691** | 3,127 |

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

| | **2009** | 2008 |
|---|---|---|
| Weighted average number of ordinary shares in issue for the year | **10,286** | 10,286 |
| Weighted average number of treasury shares | **(144)** | (138) |
| Denominator for basic earnings per share | **10,142** | 10,148 |
| Effect of share options on issue | **257** | 239 |
| Weighted average number of ordinary shares (diluted) at 30 June | **10,399** | 10,387 |

**Earnings per share**

| | **2009** | 2008 |
|---|---|---|
| **Continuing operations** | | |
| Basic earnings per share (euro cent) | **6.8** | 30.8 |
| Diluted earnings per share (euro cent) | **6.6** | 30.1 |

# Notes to the condensed consolidated interim financial statements

## (7) Dividends

No dividends were paid in either the 6 months ended 30 June 2009 or the 6 months ended 30 June 2008. The Board has proposed the payment of an interim dividend of 7.0 cent per share on 4 December 2009 (7.0 cent per share in 2008) to holders of shares on 13 November 2009.

## (8) Property, plant and equipment

### Acquisitions and disposals

During the six months ended 30 June 2009, the Group acquired assets with a cost of €1,402,000 (six months ended 30 June 2008: €2,761,000). Assets with a net book value of €47,000 were disposed of during the six months ended 30 June 2009 (six months ended 30 June 2008: €186,000), resulting in a gain on disposal of €16,000 (six months ended 30 June 2008: gain of €11,000).

## (9) Investment Property

### Acquisitions and disposals

During the six months ended 30 June 2009, the Group did not acquire any investment properties (six months ended 30 June 2008: €2,894,000).
Investment property was impaired by €325,000 in the period, partially offset by foreign exchange gains on land held in Sterling.

## (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 €316,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: €324,000). Total remuneration is included in "administration expenses."

### Other related party transactions

| | Transaction value Period ended 30 June | | Balance outstanding As at 30 June | |
|---|---|---|---|---|
| | 2009 €'000 | 2008 €'000 | 2009 €'000 | 2008 €'000 |
| **Sale of goods and services** | | | | |
| Sales by group to directors | 298 | 402 | 122 | 81 |
| Purchases by group from directors | (527) | (716) | (103) | (163) |
| By parent to associates | - | 906 | - | 660 |

# Notes to the condensed consolidated interim financial statements

### (11) Net Debt

| | |
|---|---|
| Balance at 31 December 2008 | (26,727) |
| | |
| Net increase in cash and cash equivalents | 2,367 |
| Effect of exchange rate fluctuations | 555 |
| (Repayment)/Drawdown of borrowings | 1,577 |
| Repayment of finance Leases | 27 |
| | |
| Balance at 30 June 2009 | (22,201) |

### (12) Capital Commitments

At 30 June 2009 there were capital commitments of €231,000 (2008: €182,000) authorised by the directors and not provided for in the financial statements.