

**PRELIMINARY ANNOUNCEMENT OF RESULTS
 FOR THE PERIOD ENDED 31 AUGUST 2016
 28 November 2016**

Donegal Investment Group plc ('DIG') ('Group') reports its results for the 8 months ended 31 August 2016. The first 8 months in 2016 saw a significant improvement in the performance of our seed potato business as well as continuing progress with our speciality dairy business.

- The Group has changed its year end from 31 December to 31 August. This will allow the Group going forward to have greater visibility on the seasonal performance of its produce and animal feeds business in advance of each new year ending in August.
- Group revenue increased by 3.3% to €47.5m driven mainly by growth in our produce division.
- Adjusted operating profits increased by €1.3m for the period to €1.3m as a result of improved performance in all businesses
- Speciality dairy, which trades under the NOMADIC brand, continued to grow to plan in both UK and Irish markets
- Smyths, our animal feeds business, again had a satisfactory 2016 with a small reduction in volumes sold being offset by operational efficiencies
- Our Food-Agri & Property division delivered a segmental result of €2.0m, which is €0.7m ahead of like for like performance in 2015 before exceptional costs and property devaluations.
- Performance in our produce seed potato business was considerably ahead of the prior period in 2015 with the segmental result of a loss of €0.5m, a significant improvement of €1m over the same period last year. It should be noted the majority of sales generated by this business occur in the months October to December of any year and have a material impact on the bottom line performance of this business in a 12 month period.
- As a result of the Court of Appeal's decision to uphold the buyout of Donegal's Shareholding in Monaghan Mushrooms by the majority shareholder in that business we have transferred our investment to an asset held for sale from the 1st January 2016 and will no longer take a share of profits into our results.
- Exceptional items (a net loss of €2.5m before tax) are substantially legal costs relating to Donegal's Shareholding in Monaghan Mushrooms. Following on from the Court of Appeal's decision that that no order for costs should apply to the modules connected to the Oppression Action, a provision of €1.8m before tax has been made against a receivable of the same amount.
- There were no substantial disposals of non-core assets during the period.
- Adjusted EPS of 10.9c down by 4.1c on 2015.
- Net debt increased by €0.6m to €14.9m at the 31st August 2016.
- Since 31st December 2015 1.9% of the ordinary share capital of the Company was re-purchased as treasury shares at a cost of €1.1m.
- Interim dividend of 5.0 cent per share.
- Net asset value per share decreased by €0.25 to €5.76.
- During the course of the coming year, the Group will continue to review options to further release capital from non-core businesses and assets and has recently marketed the Grianan Estate farm.

SUMMARY

FINANCIAL HIGHLIGHTS - UNAUDITED

Continuing operations – pre-exceptional		8 months ended 31 August 2016	8 months ended 31 August 2015	Change
Revenue - continuing operations	€'000	47,501	45,996	+€1.5m
Adjusted operating profit	€'000	1,340	59	+€1.3m
(Loss)/profit before tax – continuing operations	€'000	(545)	2,075	-€2.6m
Operating cash flow before interest & tax	€'000	712	1,417	-€0.7m
Adjusted earnings per share*	Cent	10.9	15.0	-4.1c
Basic (loss)/earnings per share – continuing operations	Cent	(14.7)	23.5	-38.2c
Net debt	€'000	14,921	14,350	+€0.6m
Dividend per share	Cent	0.05		-
Investment property carrying value	€'000	19,021	18,304	+€0.7m
Net asset value per share**	€	5.76	6.01	-€0.25

** Adjusted earnings per share before the impact of change in fair value of investment properties in group & associates and the related deferred tax*

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

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Chairman's Statement

During the first eight months of 2016 the Group experienced an improved performance in all of its businesses.

Our produce seed potato business delivered a considerably improved performance in that period despite the impact of difficult trading conditions in Middle Eastern markets. The corrective actions, outlined in our Stock Exchange Release dated 29 April 2016, have been implemented and we believe they will continue to deliver an improved performance in this business for the coming season.

Our animal feeds business again experienced a satisfactory performance in 2016 with marginally reduced volumes being offset by ongoing operational efficiencies.

The continued development and scaling of our speciality dairy business based in Killygordon, Co. Donegal has contributed to a significant improvement in performance.

Following the Court of Appeals decision to uphold the Remedy Order requiring the majority shareholder in Monaghan Middlebrook Mushrooms to purchase our shareholding in this company, this investment is now held as an asset for sale, as its value is expected to be recovered through a sale transaction, and therefore will no longer provide a contribution to our share of profits from associates.

Following on from the appointment of an international real estate firm to consider the future ownership of the Grianan Estate farm, the Board has marketed the Grianan Estate farm, with the process ongoing.

Overall, Group revenue increased by 3.3% to €47.5m and adjusted operating profit increased from €0.1m to €1.3m. This resulted in adjusted earnings per share of 10.9c, a decrease of 4.1c on 2015. The Group's balance sheet remains strong with shareholder funds of €57.0m.

The Group has and will continue to focus on its key strategic assets of produce seed potato and speciality dairy and its interest in Monaghan Middlebrook Mushrooms. As referred to in our recent AGM statement the Board is actively considering, subject to the requirements of the Group's businesses, a return of capital to its shareholders.

Dividend

An interim dividend of 5.0c per share will be paid on 19 December 2016 to shareholders on the register on 5 December 2016.

AGM

The Group will announce in due course the date of its next AGM.

Geoffrey Vance
Chairman

Managing Director's Review

Produce Division

Our Produce division comprises the seed potato business IPM Potato Group ('IPM'), AJ Allan in Scotland and An Grianan Grain in Ireland. IPM, the largest business within our Produce division has 30 proprietary potato varieties including names such as Rooster, Burren, Banba, Slaney, Nectar and Electra which it produces and exports to over 40 countries worldwide. Key markets include North Africa, the Middle East, the UK and Ireland. Seed production takes place in dedicated growing areas including Scotland, England, Ireland, France, Holland and Brazil. Both production and sales only take place in territories which recognise and embrace variety copyright regulation. The seed potato business enters into seasonal purchase agreements which expose the business to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price. Whilst our seed potato business is exposed to a number of operational risks typical of a seed production business, it has over time generated strong operating profit margins, low capital expenditure requirements and yielded strong returns on capital. It will be the key strategic focus for the Group going forward.

During the first 8 months of 2016 turnover increased by €1.1m to €13.7m, delivering a segmental loss of €0.5m, a significant improvement on the €1.5m loss experienced in the same period in 2015. It should be noted the majority of sales generated by this business occur in the months of October to December of any year and have a material impact on the bottom line performance of this business in a 12 month period.

Seed potato markets were firm in the first half of the year with the impact of non-performing markets in the Middle East being offset by improved performance in European markets such as the UK. While the harvest of seed potato in several European countries has been negatively impacted by weather conditions, the diverse nature of IPM's growing platform has resulted in normal levels of production of seed being achieved.

As advised previously we are investing in new markets and new varieties and this work continues. We are making good progress in the emerging markets of South America and Africa in developing and securing markets for our seed potatoes and remain very positive about the future potential for our business in these geographical areas. We are also gaining market share in Europe with our new varieties for the fresh segment. Developing seed potato for the processing sector has been a key focus for the business and we are pleased to announce that we have successfully launched new varieties for the processing industry which we are confident will give IPM a greater presence in this sector.

The Board remains confident in the strong growth potential of the Group's core seed potato business underpinned by increased demand for food from global population growth, the westernisation of diets in emerging markets and issues around water availability. IPM's proprietary varieties also have the potential to produce more carbohydrate per unit of water than most of the global carbohydrate staples. The Board believes that all of these factors will enable the Group to become a leading global player in seed potato production. The corrective actions referred to in our Stock Exchange Release dated 29 April 2016 have been successfully implemented and should allow this business to continue to deliver an improved performance.

Food – Agri & Property Division

Overall, revenues in the Food-Agri & Property division increased by €0.4m to €33.8m. This resulted in a segmental result before exceptional and property devaluations of €2.0m, an increase of €0.7m on the prior period performance.

Our speciality dairy business based in Killygordon, Co. Donegal produces a range of ethnic and on-the-go dairy based yogurt products, trading under our NOMADIC brand allows us to maximise the sales and operational synergies in these niche categories.

Nomadic continued to deliver double digit growth over the eight months to 31 August, particularly in their adult yogurt drinks ranges. Having completed the final stage of our three year investment programme in Killygordon, we have just launched some exciting new innovations - Chai yogurt drinks in cups and Bircher Muesli.

Smyths again had a satisfactory performance in 2016 where volumes were down marginally versus 2015 as a result of the challenges being faced by our customers. This business has had a satisfactory start to the new season, nevertheless as stated previously our customers remain challenged with the volatility in milk and beef prices.

As per IFRS reporting requirements all investments including food-agri related property are revalued each period. As outlined previously the Group has decided that it will increase the pro-active management of its property portfolio going forward with the aim of generating capital for investment in its strategic focus areas and improving Group returns on capital employed.

Associates

Following the Court of Appeals decision to uphold the Remedy Order requiring the majority shareholder in Monaghan Middlebrook Mushrooms to purchase our shareholding in this company, this investment is now held as an asset for sale, as its value is expected to be recovered through a sale transaction, and therefore will no longer provide a contribution to our share of profits from associates.

Finance and Balance Sheet

The Group has committed bank facilities of €23.4m. Net debt at the period end was €14.9m (31 August 2015: €14.4m).

Substantial Shareholdings

The issued share capital of Donegal Investment Group plc at 31 August 2016 consists of 10,285,590 ordinary shares. Each share has a nominal value of €0.13. All shares have equal voting and dividend rights. The current shareholdings in excess of 3% of the issued share capital of the Company are as follows:

• HSBC Global Custody Nominee (UK) Limited - Argos Investment Managers S.A	952,000	9.26%
• Goodbody Stockbroker Nominees Limited	921,693	8.96%
• Aurum Nominees Limited - Danbywiske	495,000	4.81%
• Aurum Nominees Limited - Donegal Investment Group plc	489,664	4.76%

Outlook

Currently all our businesses are on plan for the first quarter of our new financial year September 2016 to August 2017. We remain confident of delivering a satisfactory performance in our produce seed potato business but it is too early in the season to give any further guidance. Our Food-Agri businesses while continuing to perform strongly will be challenged by trading conditions post Brexit and the resulting impact on sterling.

During 2016/2017 year, the Group will continue to review options to release capital from its non-core businesses and assets. As referred to in our recent AGM statement the Board is actively considering, subject to the requirements of the Group's businesses, a return of capital to its shareholders.

The Group continues to concentrate financial and management resources on the strategic areas of produce seed potato, speciality dairy and the Group's interest in Monaghan Middlebrook Mushrooms.

Ian Ireland
Managing Director

General information and accounting policies

At the date of issue of this Announcement, the Group's statutory accounts for the period ended 31 August 2016, and therefore the results shown in the Announcement, are unaudited. In the opinion of the directors, the Announcement includes all adjustments necessary for a fair presentation of the results for the periods presented.

The financial information set out in this Announcement does not constitute the Group or company's statutory accounts for the period ended 31 December 2015. The financial information for 2015 is derived from the statutory Group and company accounts for 2015 which have been delivered to the Companies Registration Office as an annex to the company's Annual Return for that year. The auditors have reported on the 2015 accounts; their report was (i) unqualified and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. The Group and company statutory accounts for 2016 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Companies Registration Office in due course.

The financial information set out in this document does not constitute full statutory financial statements for the period ended 31 August 2016 but is derived from same. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), applicable Irish law and Listing Rules of the Irish Stock Exchange. The Group financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial asset investments and financial liabilities (including derivative financial instruments and biological assets), which are held at fair value. The Group's accounting policies will be included in the Annual Report & Accounts to be published in January 2017.

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the period ended 31 August 2016

	Note	Pre- Exceptional €'000	Note 12 Exceptional €'000	8 months ended 31 August 2016 Total €'000	Pre- Exceptional €'000	Note 12 Exceptional €'000	8 months ended 31 August 2015 Total €'000	Pre- Exceptional €'000	Note 12 Exceptional €'000	12 months ended 31 December 2015 Total €'000
Continuing operations										
Revenue	5	47,501	-	47,501	45,996	-	45,996	82,883	-	82,883
Cost of sales		(36,109)	-	(36,109)	(35,473)	-	(35,473)	(62,508)	-	(62,508)
Gross profit		11,392	-	11,392	10,523	-	10,523	20,375	-	20,375
Other income		546	-	546	520	-	520	512	-	512
Other expenses		(657)	-	(657)	(25)	-	(25)	(25)	-	(25)
Distribution expenses		(3,707)	-	(3,707)	(3,906)	-	(3,906)	(9,590)	-	(9,590)
Administrative expenses		(6,809)	(2,545)	(9,354)	(7,212)	1,517	(5,695)	(10,274)	1,284	(8,990)
(Loss)/profit from operating activities		765	(2,545)	(1,780)	(100)	1,517	1,417	998	1,284	2,282
Finance income		61	-	61	1,135	-	1,135	666	-	666
Finance expenses		(1,371)	-	(1,371)	(790)	-	(790)	(654)	-	(654)
Net finance (expense)/income		(1,310)	-	(1,310)	345	-	345	12	-	12
Share of profit/(loss) of associates (net of tax)		-	-	-	1,830	(442)	1,388	2,745	(663)	2,082
(Loss)/profit before income tax		(545)	(2,545)	(3,090)	2,075	1,075	3,150	3,755	621	4,376
Income tax credit/(charge)		1,262	450	1,712	(203)	(390)	(593)	(265)	(390)	(655)
(Loss)/profit for the period	5	717	(2,095)	(1,378)	1,872	685	2,557	3,490	231	3,721

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the period ended 31 August 2016

	8 months ended 31 August 2016	8 months ended 31 August 2015	12 months ended 31 December 2015
	Total €'000	Total €'000	Total €'000
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	(528)	132	36
Currency translation adjustment in associate undertaking	-	226	339
Revaluation of financial instrument in associate undertaking	-	(173)	(259)
Recycle of currency translation in associate undertaking on exercise of option over financial asset	-	(46)	(46)
Recycle of change in fair value of financial instrument in associate undertaking on exercise of option over financial asset	-	274	274
Revaluation of property on reclassification to investment property	-	-	31
Tax on revaluation of property on reclassification to investment property	-	-	(10)
Recycle of change in fair value of available for sale financial asset	(264)	-	-
Tax on recycle of change in fair value of available for sale financial asset	88	-	-
Revaluation of available for sale financial assets	5	437	364
Tax on revaluation of available for sale financial assets	(2)	(168)	(120)
Total comprehensive income for the period	(2,079)	3,239	4,330
Profit attributable to:			
Equity holders of the Company	(1,460)	2,391	3,617
Non-controlling interest	82	166	104
	(1,378)	2,557	3,721
Total comprehensive income attributable to:			
Equity holders of the Company	(2,014)	3,078	4,231
Non-controlling interest	(65)	161	99
	(2,079)	3,239	4,330
(Loss)/earnings per share			
Basic (loss)/earnings per share (euro cent)			
Continuing	(14.7)	23.5	35.7
Diluted (loss)/earnings per share (euro cent)			
Continuing	(14.7)	23.2	35.4

Donegal Investment Group plc
Condensed consolidated statement of financial position
As at 31 August 2016

	Note	31 August 2016 €'000	31 August 2015 €'000	31 December 2015 €'000
Assets				
Property, plant and equipment	8	12,696	14,900	14,127
Investment property	9	19,021	18,304	18,634
Goodwill		3,633	3,633	3,633
Intangible assets		399	483	458
Investment in associates	10	1,008	24,184	24,904
Other investments		1,144	1,651	1,505
Prepayment		188	189	189
Total non-current assets		<u>38,089</u>	<u>63,344</u>	<u>63,450</u>
Inventories		4,419	4,144	4,822
Trade and other receivables		17,800	21,821	31,997
Current tax		43	233	137
Cash at bank		-	-	82
Current financial instrument		53	-	92
Total current assets before asset held for sale		22,315	26,198	37,130
Asset held for sale	11	23,835	-	-
Total current assets		<u>46,150</u>	<u>26,198</u>	<u>37,130</u>
Total assets		<u>84,239</u>	<u>89,542</u>	<u>100,580</u>
Equity				
Share capital		1,337	1,337	1,337
Share premium		2,975	2,975	2,975
Other reserves		(2,430)	(187)	(917)
Retained earnings		54,951	56,768	57,293
Total equity attributable to equity holders of the Company		56,833	60,893	60,688
Non-controlling interest		1,224	1,443	1,347
Total equity		<u>58,057</u>	<u>62,336</u>	<u>62,035</u>
Liabilities				
Loans and borrowings		2	11,323	11,018
Deferred income		94	120	120
Deferred tax liabilities		1,797	3,697	3,560
Total non-current liabilities		<u>1,893</u>	<u>15,140</u>	<u>14,698</u>
Trade and other payables		9,350	8,937	22,579
Bank overdraft		3,621	1,850	-
Loans and borrowings		11,318	1,279	1,268
Total current liabilities		<u>24,289</u>	<u>12,066</u>	<u>23,847</u>
Total liabilities		<u>26,182</u>	<u>27,206</u>	<u>38,545</u>
Total equity and liabilities		<u>84,239</u>	<u>89,542</u>	<u>100,580</u>

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the period ended 31 August 2016

	Share capital €'000	Share premium €'000	Trans- lation reserve €'000	Reserve for own shares €'000	Reval- uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2016	1,337	2,975	(2,498)	(1,640)	4,190	(1,338)	369	57,293	60,688	1,347	62,035
Total comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	-	(1,460)	(1,460)	82	(1,378)
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	(381)	-	-	-	-	-	(381)	(147)	(528)
Recycle of change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	(176)	-	-	(176)	-	(176)
Net change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	3	-	-	3	-	3
Other comprehensive income	-	-	(381)	-	-	(173)	-	-	(554)	(147)	(701)
Total comprehensive income for the period	-	-	(381)	-	-	(173)	-	(1,460)	(2,014)	(65)	(2,079)
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(882)	(882)	(58)	(940)
Acquisition of treasury shares	-	-	-	(1,099)	-	-	-	-	(1,099)	-	(1,099)
Shared based payments	-	-	-	-	-	-	140	-	140	-	140
Total contributions by and distributions to owners	-	-	-	(1,099)	-	-	140	(882)	(1,841)	(58)	(1,899)
Balance at 31 August 2016	1,337	2,975	(2,879)	(2,739)	4,190	(1,511)	509	54,951	56,833	1,224	58,057

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the period ended 31 August 2015

	Share capital €'000	Share premium €'000	Trans- lation reserve €'000	Reserve for own shares €'000	Reval- uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2015	1,337	2,975	(2,832)	(351)	4,169	(1,597)	158	55,287	59,146	1,335	60,481
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,391	2,391	166	2,557
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	137	-	-	-	-	-	137	(5)	132
Currency translation adjustment in associate undertaking	-	-	226	-	-	-	-	-	226	-	226
Change in fair value of financial instrument in associate undertaking	-	-	-	-	-	(173)	-	-	(173)	-	(173)
Recycle of currency translation in associate undertaking on exercise of option over financial asset	-	-	(46)	-	-	-	-	-	(46)	-	(46)
Recycle of change in fair value of financial instrument in associate undertaking on exercise of option over financial asset	-	-	-	-	-	274	-	-	274	-	274
Net change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	269	-	-	269	-	269
Other comprehensive income	-	-	317	-	-	370	-	-	687	(5)	682
Total comprehensive income for the period	-	-	317	-	-	370	-	2,391	3,078	161	3,239

Donegal Investment Group plc
Condensed consolidated statement of changes in equity (*continued*)
for the period ended 31 August 2015

	Share Capital €'000	Share Premium €'000	Trans- lation Reserve €'000	Reserve for own shares €'000	Reval- uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000 Restated	Total €'000 Restated	Non- controlling interest €'000	Total Equity €'000 Restated
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(910)	(910)	(53)	(963)
Acquisition of treasury shares	-	-	-	(561)	-	-	-	-	(561)	-	(561)
Shared based payments	-	-	-	-	-	-	140	-	140	-	140
Total contributions by and distributions to owners	-	-	-	(561)	-	-	140	(910)	(1,331)	(53)	(1,384)
Balance at 31 August 2015	1,337	2,975	(2,515)	(912)	4,169	(1,227)	298	56,768	60,893	1,443	62,336

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the year ended 31 December 2015

	Share capital €'000	Share premium €'000	Trans- lation reserve €'000	Reserve for own shares €'000	Reval- uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2015	1,337	2,975	(2,832)	(351)	4,169	(1,597)	158	55,287	59,146	1,335	60,481
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	3,617	3,617	104	3,721
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	41	-	-	-	-	-	41	(5)	36
Currency translation adjustment in associate undertaking	-	-	339	-	-	-	-	-	339	-	339
Net change in fair value of property on reclassification to investment property, net of tax	-	-	-	-	21	-	-	-	21	-	21
Change in fair value of financial instrument in associate undertaking	-	-	-	-	-	(259)	-	-	(259)	-	(259)
Recycle of currency translation in associate undertaking on exercise of option over financial asset	-	-	(46)	-	-	-	-	-	(46)	-	(46)
Recycle of change in fair value of financial instrument in associate undertaking on exercise of option over financial asset	-	-	-	-	-	274	-	-	274	-	274
Net change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	244	-	-	244	-	244
Other comprehensive income	-	-	334	-	21	259	-	-	614	(5)	609
Total comprehensive income for the year	-	-	334	-	21	259	-	3,617	4,231	99	4,330

Donegal Investment Group plc
Condensed consolidated statement of changes in equity (*continued*)
for the year ended 31 December 2015

	Share capital €'000	Share premium €'000	Trans- lation reserve €'000	Reserve for own shares €'000	Reval- uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(1,611)	(1,611)	(87)	(1,698)
Acquisition of treasury shares	-	-	-	(1,289)	-	-	-	-	(1,289)	-	(1,289)
Shared based payments	-	-	-	-	-	-	211	-	211	-	211
Total contributions by and distributions to owners	-	-	-	(1,289)	-	-	211	(1,611)	(2,689)	(87)	(2,776)
Balance at 31 December 2015	1,337	2,975	(2,498)	(1,640)	4,190	(1,338)	369	57,293	60,688	1,347	62,035

Donegal Investment Group plc
Condensed consolidated statement of cash flows
for the period ended 31 August 2016

	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000
Cash flows from operating activities			
(Loss)/profit for the period	(1,378)	2,557	3,721
Adjustments for:			
Depreciation	755	905	1,317
Amortisation of intangibles	103	77	106
Change in fair value of investment property	576	(158)	(5)
Net finance expense/(income)	1,310	(345)	(12)
Share of profit of associates	-	(1,388)	(2,082)
Gain on exercise of option over financial assets	-	(436)	(436)
Gain on sale of property, plant and equipment	(17)	(36)	(38)
Gain on sale of other investments	(285)	-	-
Loss on sale of investment property	81	19	19
Loss on sale of subsidiary	-	6	6
Equity-settled share-based payment transactions	190	140	211
Income tax (credit)/expense	(1,712)	593	655
Change in inventories	472	1,157	492
Change in trade and other receivables	14,376	7,500	(1,789)
Change in trade and other payables	(13,759)	(9,174)	2,726
	712	1,417	4,891
Interest paid	(204)	(314)	(376)
Income tax refunded/(paid)	142	(5)	65
Net cash from operating activities	650	1,098	4,580
Cash flows from investing activities			
Interest received	6	16	20
Dividends received	2	2	39
Proceeds from sale of property, plant and equipment	37	69	69
Proceeds from disposal of other investments	386	-	-
Proceeds from exercise of option over financial assets	-	-	350
Proceeds from disposal of investment property	76	3,251	3,224
Acquisition of treasury shares	(1,099)	(561)	(1,289)
Acquisition of property, plant and equipment	(894)	(585)	(714)
Acquisition of intangibles	(37)	(30)	(37)
Net cash used in investing activities	(1,523)	2,162	1,662

Donegal Investment Group plc
Condensed consolidated statement of cash flows (*continued*)
for the period ended 31 August 2016

	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000
Cash flows from financing activities			
Repayment of borrowings	(900)	(900)	(1,200)
Payment of finance lease liabilities	(65)	(33)	(68)
Dividend paid to non-controlling interest	(58)	(53)	(87)
Dividends paid	(882)	(910)	(1,611)
	<hr/>	<hr/>	<hr/>
Net cashflow from financing activities	(1,905)	(1,896)	(2,966)
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,778)	1,364	3,276
Cash and cash equivalents at 1 January	82	(3,300)	(3,300)
Effect of exchange rate fluctuations on cash held	(925)	86	106
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at period end	(3,621)	(1,850)	82
	<hr/>	<hr/>	<hr/>

(1) Reporting entity

Donegal Investment Group Plc (the “Company”) is a company domiciled in Ireland. The condensed consolidated financial statements of the Group as at and for the period ended 31 August 2016 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

(2) Basis of preparation

The consolidated financial statements for the period ended 31 August 2016 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (together IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (‘EU IFRS’).

The Standards and Interpretations applied were those that were effective for accounting periods ending on or before 31 August 2016

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 and biological.

(3) Accounting policies

The following standards, amendments and interpretations were applicable in the financial period beginning 1 January 2016:

- IAS 19 Amendment: *Defined Benefit Plans; Employee Contributions*
- Annual Improvements to IFRSs 2010-2012 Cycle
- Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*
- Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Bearer Plants (30 June 2014)*
- Amendments to IAS 27: *Equity Method in Separate Financial Statements*
- Amendments to IAS 1: *Disclosure Initiative*
- Annual Improvements to IFRSs 2012-2014 Cycle

For all changes to the standards above, the Group has changed its accounting policies accordingly, which did not have a material impact on the financial results or financial position of the Group.

(4) Estimates

The preparation of 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. In preparing these 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 in prior periods (in respect of the carrying value of goodwill, deferred tax, financial assets and liabilities).

(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:

- Produce: The growing, sales and distribution of seed potatoes and organic produce.
- Food-Agri & Property: The manufacture, sale and distribution of farm inputs and dairy products and management of food-agri property assets.
- Associates: Associates is comprised of our existing investments in Monaghan Middlebrook Mushrooms in 2015, North Western Livestock Holdings and Leapgrange.

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.

Donegal Investment Group plc
Notes to the preliminary condensed consolidated financial statements (continued)
for the period ended 31 August 2016

(5) Segment information (continued)

Business segments (continued)

	Produce			Food-Agri & Property			Associates			Total-Group		
	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000	8 months ended 31 August 2016 €'000	8 months ended 31 August 2015 €'000	12 months ended 31 December 2015 €'000
Total revenues	13,745	12,672	33,419	33,756	33,324	49,464	-	67,699	101,548	47,501	113,695	184,431
Less : Revenue from associates	-	-	-	-	-	-	-	(67,699)	(101,548)	-	(67,699)	(101,548)
Revenue – continuing operations	13,745	12,672	33,419	33,756	33,324	49,464	-	-	-	47,501	45,996	82,883
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Segment result before exceptional items & property devaluations	(515)	(1,467)	(682)	2,046	1,348	1,886	-	1,830	2,745	1,531	1,711	3,951
Property devaluations	-	-	-	(576)	158	5	-	-	-	(576)	158	5
Inter-segmental charges	-	-	-	-	-	-	-	-	-	-	-	-
Segmental result from continuing operations before exceptional items	(515)	(1,467)	(682)	1,470	1,506	1,891	-	1,830	2,745	955	1,869	3,954
Exceptional items										(2,545)	686	621
Net finance (expense)/income										(1,310)	345	12
Income tax credit/(expense)										1,712	(203)	(655)
Equity-settled share-based payment transactions										(190)	(140)	(211)
(Loss)/profit for the period – continuing operations										(1,378)	2,557	3,721

Donegal Investment Group plc
Notes to the preliminary condensed consolidated financial statements *(continued)*
for the period ended 31 August 2016

(5) Segment Information (continued)

Business segments (continued)

	Produce			Food-Agri & Property			Associates			Total-Group		
	31	31	31	31	31	31	31	31	31	31	31	
	August	August	December	August	August	December	August	August	December	August	August	December
	2016	2015	2015	2016	2015	2015	2016	2015	2015	2016	2015	2015
€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Segment assets	8,850	12,361	22,770	50,493	52,997	52,732	-	-	-	59,343	65,358	75,502
Investments in associates	-	-	-	-	-	-	1,008	24,184	24,904	1,008	24,184	24,904
Cash at bank (unallocated)	-	-	-	-	-	-	-	-	-	-	-	82
Asset hed for sale (unallocated)	-	-	-	-	-	-	-	-	-	23,835	-	-
Current financial instrument (unallocated)	-	-	-	-	-	-	-	-	-	53	-	92
Total assets	8,850	12,361	22,770	50,493	52,997	52,732	1,008	24,184	24,904	84,239	89,542	100,580
Segment liabilities	1,843	1,740	13,929	7,601	7,318	8,770	-	-	-	9,444	9,057	22,699
Bank overdraft (unallocated)										3,621	1,850	-
Loans and borrowings (unallocated)										11,320	12,602	12,286
Deferred tax (unallocated)										1,797	3,697	3,560
Total liabilities										26,182	27,206	38,545
Capital expenditure	161	64	137	770	551	614	-	-	-	931	615	751
Depreciation and amortisation	275	324	482	585	657	941	-	-	-	860	981	1,423
Revaluation of investment property and other assets	-	-	-	571	(688)	(369)	-	-	-	571	(688)	(369)
	Island of Ireland			Europe			Rest of World			Total-Group		
	31	31	31	31	31	31	31	31	31	31	31	
	August	August	December	August	August	December	August	August	December	August	August	December
	2016	2015	2015	2016	2015	2015	2016	2015	2015	2016	2015	2015
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from external customers	40,925	39,402	73,238	5,998	6,274	9,262	578	320	383	47,501	45,996	82,883
Segment assets	79,473	83,677	94,438	4,261	5,257	5,477	505	608	665	84,239	89,542	100,580
Capital expenditure	876	552	656	54	61	83	1	2	12	931	615	751

Donegal Investment Group plc
Notes to the preliminary condensed consolidated financial statements *(continued)*
for the period ended 31 August 2016

(5) Segment Information (continued)
Business segments *(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 Food-Agri divisions are second half weighted. This weighting is primarily driven by weather and global buying patterns.

The Group is not reliant on any one customer in the period (31 August 2015: None).

(6) Earnings per share

The calculation of basic and diluted (loss)/earnings per share is set out below:

	31 August 2016	31 August 2015	31 December 2015
	€'000	€'000	€'000
(Loss)/earnings for the period	(1,378)	2,557	3,721
(Loss)/earnings attributable to ordinary shareholders	(1,460)	2,391	3,617
Weighted average number of ordinary shares In thousands of shares	31 August 2016	31 August 2015	31 December 2015
Weighted average number of ordinary shares in issue for the period	10,286	10,286	10,286
Weighted average number of treasury shares	(369)	(107)	(155)
Denominator for basic earnings per share	9,917	10,179	10,131
Effect of share options in issue	96	94	77
Weighted average number of ordinary shares (diluted) at 31 December	10,013	10,273	10,208

The Group purchased 195,368 treasury shares at a total purchase price of €1,099,000 including transaction costs, in a number of transactions, intended to be used to settle the Group share option scheme.

	31 August 2016	31 August 2015	31 December 2015
Basic (loss)/earnings per share (euro cent)			
Continuing	(14.7)	23.5	35.7
Diluted (loss)/earnings per share (euro cent)			
Continuing	(14.7)	23.2	35.4

As the Group incurred a loss in the current period, share options have an anti-dilutive impact and as such have not been included in the diluted loss per share calculation.

(7) Dividends

	31 August 2016	31 August 2015	31 December 2015
	€'000	€'000	€'000
€0.09 per qualifying ordinary share (31 August 2015: €0.09)	882	910	1,611

The Board has proposed the payment of a final dividend of 5.0 cent per share on 19 December 2016 to holders of shares on 5 December 2016. The proposed dividends were not provided for and there are no income tax consequences.

(8) Property, plant and equipment

Additions and disposals

During the period ended 31 August 2016, the Group acquired assets for €894,000 (31 August 2015: €585,000). Assets with a net book value of €20,000 were disposed of during the period ended 31 August 2016 (31 August 2015: €33,000), resulting in a gain on disposal of €17,000 (31 August 2015: gain of €36,000).

(9) Investment property

	31 August 2016	31 August 2015	31 December 2015
	€'000	€'000	€'000
Balance at 1 January	18,634	18,177	18,177
Change in fair value	(13)	158	5
Reclassification from land & buildings	500	-	483
Disposal	(73)	(50)	(50)
Effect of movement in exchange rates	(27)	18	19
Balance at 31 December	19,021	18,303	18,634

Investment property includes the Grianan estate, the Oatfield site in Letterkenny, the Bridgend property and development land in Donegal.

Additions and disposals

During the period ended 31 August 2016, the Group did not acquire any investment properties (31 August 2015: €nil). The Group disposed of investment property with a carrying value of €72,500 during the period (31 August 2015: €50,000) resulting in a loss on disposal of €3,600 (31 August 2015: loss of €19,000).

(10) Investment in associates

	31 August 2016	31 August 2016	31 August 2016	31 August 2015	31 August 2015	31 August 2015	31 December 2015	31 December 2015	31 December 2015
	Interest in associate	Loans to associate	Total	Interest in associate	Loans to associate	Total	Interest in associate	Loans to associate	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January	24,074	830	24,904	25,524	798	26,322	25,524	798	26,322
Share of increase in net assets after tax	-	-	-	1,441	-	1,441	2,162	-	2,162
(Impairment)/reversal of impairment of loan to associate	-	(63)	(63)	-	29	29	-	27	27
Interest charged	-	2	2	-	3	3	-	5	5
Exercise of option over financial asset				(3,612)	-	(3,612)	(3,612)	-	(3,612)
Transfer to asset held for sale	(23,835)	-	(23,835)	-	-	-	-	-	-
Balance at 31 December	239	769	1,008	23,353	830	24,183	24,074	830	24,904

The Group's share of after tax profits in its associates, primarily related to Monaghan for period ended 31 August 2015, for the period was €Nil (31 August 2015: €1,441,000).

As previously advised, the Company took a shareholder oppression claim relating to its shareholding in Monaghan. The respondents to this claim were the majority shareholders in Monaghan (the "**Respondents**"). The Commercial Court, a division of the High Court, gave judgment on 5 December 2014 in an individual module of the case, being the price at which the Respondents might purchase the Company's interest in Elst (the "**Valuation Module**"). The Court determined this price to be €30.6m. This price was based on a shareholding of 35% in Elst (the "**High Court Valuation Order**"). In separate proceedings, the Court held that the Respondents had an option to acquire 5% of Elst that was held by the Company. This Option has been exercised and the Company's shareholding in Elst is now 30%. On the basis of a 30% shareholding in Elst, the Company's interest in Elst is valued by the Commercial Court pursuant to the judgment of 5 December 2014 at €26,228,570.

After the Valuation Module, the Commercial Court proceeded to a hearing on oppression and the appropriate remedy that ought to be directed (the "**Remedy/Oppression Module**"). On 21 May 2015, the Respondents (being the majority shareholders in Elst) admitted specified and unspecified acts of oppression and on 21 May 2015 the Commercial Court ordered the Respondents to purchase the shares held by the Company in Elst at the price fixed by it on 5 December 2014 (the "**High Court Remedy Order**"). On 5 June 2015, the Commercial Court made an order for costs in respect of the Valuation Module and Remedy/Oppression Module in favour of Donegal (the "**High Court Costs Order**").

The Company appealed the High Court Valuation Order and High Court Remedy Order to the Court of Appeal. The appeals were heard by the Court of Appeal in April 2016. The Court of Appeal delivered judgment on 8 June 2016. The Court of Appeal allowed the Company's appeal in respect of the High Court Valuation Order. It vacated the said Order and remitted back to the High Court for a rehearing on the price at which the Respondents should purchase the Company's 30% shareholding in Elst (the "**Court of Appeal Valuation Order**") (the "**Rehearing**").

The Court of Appeal upheld the decision of the High Court in respect of the High Court Remedy Order save in relation to the precise amount which falls to be determined in the Rehearing.

The Respondents also appealed the High Court Costs Order to the Court of Appeal. The appeal was heard on 7 July 2016 and judgment was delivered on 27 July 2016 allowing the appeal. The High Court Costs Order was vacated and the Court of Appeal directed that there be no Order as to costs in respect of the Valuation Module and the Remedy/Oppression Module (the "**Court of Appeal Costs Order**").

The Respondents sought leave to appeal the Court of Appeal Valuation Order to the Supreme Court. The Company sought leave to appeal the Court of Appeal Costs Order. Leave was granted by the Supreme Court in both and directions have been set down by the Supreme Court with regard to the delivery of legal submissions. The Supreme Court indicated that it would endeavour to allocate a hearing date of the appeal against the Court of Appeal Valuation Order in January 2017. Once this appeal is heard, a hearing date will be allocated to the appeal against the Court of Appeal Costs Order.

The Rehearing in respect of the valuation of the Company's shareholding necessitated by the Court of Appeal Valuation Order was listed to be heard on 8 December 2016. The Rehearing date has been vacated pending the outcome of the Supreme Court appeal against the Court of Appeal Valuation Order.

As a result of the Court of Appeal decision to uphold the High Court Remedy Order, the Group's share in Monaghan Middlebrook Mushrooms was transferred to an asset held for sale as at 1 January 2016.

(11) Asset held for sale

	31 August 2016	31 August 2015	31 December 2015
	€'000	€'000	€'000
Balance at 1 January	-	-	-
Transfer from investment in associates	23,835	-	-
Balance at 31 December	23,835	-	-

As outlined in note 10, as a result of the Court of Appeal decision to uphold the High Court Remedy Order, the Group's share in Monaghan Middlebrook Mushrooms was transferred to an asset held for sale as at 1 January 2016, as its value will be recovered through a sales transaction.

The asset held for sale is not held at market value and was accounted for using the equity accounting method up to the date of transfer from investment in associates. A valuation report was commissioned by Donegal Investment Group which values the Group's shareholding in Monaghan Middlebrook Mushrooms at an amount significantly higher than its current carrying value.

(12) Exceptional items

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Such items are included in the statement of profit or loss and comprehensive income caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		31 August 2016	31 August 2015	31 December 2015
		€'000	€'000	€'000
Restructuring costs	a	(141)	-	(50)
Associate exceptional costs, net	b	-	(442)	(663)
Reversal of legal costs receivable in respect of oppression action with Monaghan	c	(1,800)	1,800	1,800
Legal costs payable in respect of the option case with Monaghan	d	-	(240)	(240)
Accounting profit in respect of the exercise of option over financial asset held by Monaghan	e	-	436	436
Legal costs in respect of the ongoing legal case with Monaghan	f	(569)	(473)	(617)
Legal costs receivable in respect of other legal cases	g	(35)	(6)	(45)
Income tax benefit/(expense) in respect of exceptional items		450	(390)	(390)
		2,095	685	231

a) Restructuring costs include operational costs, redundancy costs, legal, and accounting and taxation advice in respect of costs associated with restructuring the Group.

b) Associate exceptional costs include costs in respect of a change in EU grant funding model and redundancy costs.

c) Estimated legal costs receivable in respect of costs awarded by the Courts in 2015 to the Group in respect of the Oppression Action and overturned by the Courts in 2016.

d) Estimated legal costs payable in respect of costs awarded by the Courts against the Group in respect of share option legal case.

e) Accounting profit in respect of the exercise of the option over financial assets held by Monaghan.

f) Legal costs are costs in respect of the ongoing legal case with MMM

g) Legal costs are costs in respect of other legal cases

(13) 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 €541,000 relating to two executive directors for the period (31 August 2015: €304,000 relating to two executive directors, one of which was appointed on 1 July 2015). Total remuneration is included in "administration expenses."

Other related party transactions

	Transaction value			Balance outstanding		
	31 August	31 August	31 December	31 August	31 August	31 December
	2016	2015	2015	2016	2015	2015
	€'000	€'000	€'000	€'000	€'000	€'000
Sale of goods and services						
Sales by Group to directors	192	222	336	39	43	39

(14) Events after the balance sheet date

There have been no significant events subsequent to the period end, which would require adjustment to, or disclosure in, the financial statements.