

ANNOUNCEMENT OF RESULTS FOR THE 6 MONTHS ENDED 28 FEBRUARY 2019
28 May 2019

Donegal Investment Group plc ('DIG') ('Company') ('Group') reports its interim results for the 6 months ended 28 February 2019.

FINANCIAL PERFORMANCE

- Group revenue increased by 4.6% (€2.1m) to €46.1m driven by continued double digit revenue growth in our speciality dairy business as well as strong demand for our produce businesses' seed potato varieties.
- Group profit from operating activities increased by 19% (€0.6m) to €3.9m.
- Our seed potato business while impacted by a reduction in the availability of seed, generated improved margins through strong pricing.
- Our animal feeds business Smyths performed satisfactorily during the first half of our financial year.
- Our speciality dairy business continued to deliver strong top line growth in UK and Irish markets.
- Adjusted EPS increased by 50.4c to 79.1c following the conversion and redemption of 4,860,336 ordinary shares as part of the Group's return of capital to shareholders in May 2018.

FINANCIAL POSITION

- Following the return of €51m in capital to shareholders in the year ended 31 August 2018, the Group has net cash of €2.8m at 28 February 2019.

		6 months ended 28 February 2019	6 months ended 28 February 2018*	Change
Continuing operations – pre-exceptional				
Operating profit	€	€3.9m	€3.3m	+€0.6m
Profit before tax – continuing operations	€	€4.0m	€3.3m	+€0.7m
Adjusted earnings per share	cent	79.1c	28.7c	+50.4c
Continuing operations				
Revenue - continuing operations	€	€46.1m	€44.0m	+€2.1m
Operating profit	€	€3.8m	€3.1m	+€0.7m
Profit before tax	€	€3.9m	€22.5m	-€18.6m
Basic earnings per share – continuing operations	cent	77.10c	226.97c	-€149.87c
Cash at bank (net of overdraft)	€	€7.4m	€51.2m	-€43.8m
Net cash/(debt)	€	€2.7m	€46.1m	-€43.4m
Investment property carrying value	€	€2.5m	€2.5m	-
Net asset value per share**	€	€7.76	€8.24	-€0.48

* As restated to reflect the effect of presentation of certain activities as discontinued operations

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

Enquiries:

<p>Investors & Analysts Ian Ireland Managing Director Donegal Investment Group Plc Tel: 074 9121766 Email: ian.ireland@donegaligroup.com</p>	<p>Media Paddy Hughes Drury Tel: 01 2605000 or 087 6167811 Email: paddyhughes@drury.ie</p>
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H1 2018/19 Performance Review

The Board is pleased with the first half performance of all businesses, with the produce seed potato business delivering strong results despite a reduction in the availability of seed due to adverse weather conditions while our speciality dairy business has continued to deliver strong revenue growth in line with plan.

Group revenue increased by 4.6% (€2.1m) to €46.1m while operating profit increased by 19.0% (€0.6m) to €3.9m during the first six months.

Produce

Revenue increased by 2.8% (€0.5m) to €19.2m with profit increasing by 19.9% (€0.5m) to €2.7m in comparison with the first half of 2018.

As noted in our announcement of 29 November 2018, seed potato crops across Europe were impacted by the extreme weather conditions experienced during the summer of 2018. As expected, this resulted in a reduction in the availability of seed with the lack of market supply driving a significant increase in the price of both seed and ware (table) potatoes.

IPM Potato Group (IPM) has continued to invest in new markets and has recently completed a strategic investment in a seed potato start-up business based in Bangalore, India. IPM has also taken a 51% stake in the newly formed Kirinyaga Seed Company which will supply East African markets with quality certified seed potato. These strategic initiatives reflect our continued investment in our seed potato business.

Food-Agri & Property

Revenue from operations increased by 5.9% (€1.5m) to €26.8m. The segmental result for the period was a profit of €1.2m, a decrease of €0.2m on the first half of 2018.

Our animal feeds business Smyth's again performed satisfactorily during the first half of the year.

Our speciality dairy business has continued to deliver good volume growth with listings being achieved for new products with a number of key customers in the UK. Following completion of the previously announced strategic review the Group has committed to further supporting the growth plans for this business and will invest in additional capacity to meet growing demand for its product range.

Finance

The Group's financial position remains strong with cash at bank (net of overdraft) of €7.4m, debt of €4.7m, leaving the Group with a net cash position of €2.7m.

Outlook

The majority of sales generated by the Group occur in the first half of the financial year due to the seasonal nature of our seed potato business, and to a lesser extent our animal feeds business. Therefore, the Group's first half performance will continue to represent a materially significant element of the Group's full year performance.

During the current year 2018/19, the Group will continue its strategic review to assess all options available to the Group, and thereafter effect any actions arising therefrom for the purpose of continuing to maximise long-term shareholder value, and shareholders will be updated at the appropriate time.

The Board is optimistic that all businesses will remain on plan for the remainder of the year and the Board will continue to progress its non-core asset disposal programme during the second half of the year, particularly in respect of its remaining property assets.

AGM

The Group's AGM will be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co Donegal, on Wednesday, 29 May 2019 at 11:30am.

Geoffrey Vance
Chairman

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the 6 months ended 28 February 2019

	Note	Unaudited			Unaudited			Audited		
		Pre- Exceptional €'000	Note 10 Exceptional €'000	6 months ended 28 February 2019 Total €'000	Pre- Exceptional €'000	Note 10 Exceptional €'000	6 months ended 28 February 2018 Total* €'000	Pre- Exceptional €'000	Note 10 Exceptional €'000	12 months ended 31 August 2018 Total €'000
Continuing operations										
Revenue	5	46,061	-	46,061	44,035	-	44,035	76,160	-	76,160
Cost of sales		(32,519)	-	(32,519)	(31,296)	-	(31,296)	(55,518)	-	(55,518)
Gross profit		13,542	-	13,542	12,739	-	12,739	20,642	-	20,642
Other income		65	-	65	233	-	233	345	-	345
Other expenses		(7)	-	(7)	(24)	-	(24)	(24)	-	(24)
Distribution expenses		(4,623)	-	(4,623)	(4,870)	-	(4,870)	(7,519)	-	(7,519)
Administrative expenses		(5,069)	(89)	(5,158)	(4,793)	(165)	(4,958)	(9,353)	(292)	(9,645)
Profit/(loss) from operating activities		3,908	(89)	3,819	3,285	(165)	3,120	4,091	(292)	3,799
Finance income		191	-	191	136	-	136	102	-	102
Finance expenses		(64)	-	(64)	(120)	-	(120)	(177)	-	(177)
Net finance income/(expense)		127	-	127	16	-	16	(75)	-	(75)
Profit on disposal of asset held for sale		-	-	-	-	19,392	19,392	-	19,392	19,392
Profit/(loss) before income tax		4,035	(89)	3,946	3,301	19,227	22,528	4,016	19,100	23,116
Income tax charge		(413)	-	(413)	(487)	(60)	(547)	(551)	(60)	(611)
Profit/(loss) for the period	5	3,622	(89)	3,533	2,814	19,167	21,981	3,465	19,040	22,505
Profit for the period – discontinued operations		-	-	-	(465)	-	(465)	(1,937)	(676)	(2,613)
Profit/(loss) for the period		3,622	(89)	3,533	2,349	19,167	21,516	1,528	18,364	19,892

* As restated to reflect the effect of presentation of certain activities as discontinued operations in 2018

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the 6 months ended 28 February 2019

	Unaudited 6 months ended 28 February 2019	Unaudited 6 months ended 29 February 2018	Audited 12 months ended 31 August 2018
	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	105	67	26
Recycle of currency translation differences for foreign operations	-	-	676
Recycle of change in fair value of available for sale financial assets	-	(51)	(51)
Tax on recycle of change in fair value of available for sale financial asset	-	13	13
Recycle of currency translation differences in associate undertaking	-	(615)	(615)
Recycle of revaluation of financial instrument in associate undertaking	-	1,900	1,900
Total comprehensive income for the period	3,638	22,830	21,841
Profit attributable to:			
Equity holders of the Company	3,477	21,465	19,757
Non-controlling interest	56	51	135
	3,533	21,516	19,892
Profit attributable to:			
Continuing operations	3,533	21,982	22,505
Discontinued operations	-	(465)	(2,613)
	3,533	21,516	19,892
Total comprehensive income attributable to:			
Equity holders of the Company	3,581	22,771	21,702
Non-controlling interest	57	59	139
	3,638	22,830	21,841

Donegal Investment Group plc
 Condensed consolidated statement of profit or loss and comprehensive income
 for the 6 months ended 28 February 2019

	Unaudited 6 months ended 28 February 2019 Total €'000	Unaudited 6 months ended 29 February 2018 Total €'000	Audited 12 months ended 31 August 2018 Total €'000
Earnings/(loss) per share			
Basic earnings/(loss) per share (euro cent):			
Continuing	77.10	226.97	281.32
Discontinued	-	(4.81)	(32.66)
	<u>77.10</u>	<u>222.16</u>	<u>248.66</u>
Diluted earnings/(loss) per share (euro cent):			
Continuing	73.79	222.96	272.46
Discontinued	-	(4.81)	(32.66)
	<u>73.79</u>	<u>218.15</u>	<u>239.80</u>

Donegal Investment Group plc
Condensed consolidated statement of financial position
As at 28 February 2019

	Note	Unaudited 28 February 2019 €'000	Unaudited 28 February 2018 €'000	Audited 31 August 2018 €'000
Assets				
Property, plant and equipment	8	8,694	8,790	8,807
Investment property	9	2,480	2,437	2,480
Goodwill		3,324	3,388	3,324
Intangible assets		321	373	329
Investment in associates		256	254	255
Other investments		9	11	9
Total non-current assets		15,084	15,253	15,204
Inventories		5,049	3,946	3,835
Trade and other receivables		27,615	32,661	22,949
Cash at bank		10,805	57,557	6,978
Current financial instrument		-	64	43
Total current assets		43,469	94,228	33,805
Total assets		58,553	109,481	49,009
Equity				
Share capital		705	1,337	705
Share premium		2,975	2,975	2,975
Other reserves		(7,476)	(3,765)	(7,420)
Retained earnings		36,326	79,020	32,409
Total equity attributable to equity holders of the Company		32,530	79,567	28,669
Non-controlling interest		636	1,142	1,188
Total equity		33,166	80,709	29,857
Liabilities				
Loans and borrowings		4,657	5,065	5,174
Deferred income		309	74	308
Deferred tax liabilities		588	550	626
Total non-current liabilities		5,554	5,689	6,108
Trade and other payables		15,682	15,141	11,257
Bank overdraft		3,424	6,396	1,664
Current financial instrument		176	-	-
Current tax		499	1,526	74
Loans and borrowings		52	20	49
Total current liabilities		19,833	23,083	13,044
Total liabilities		25,387	28,772	19,152
Total equity and liabilities		58,553	109,481	49,009

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the 6 months ended 28 February 2019

	Share capital €'000	Other undominated 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 September 2018	705	632	2,975	(2,699)	(9,018)	3,382	-	283	32,409	28,669	1,188	29,857
Total comprehensive income for the period												
Profit for the period	-		-	-	-	-	-	-	3,477	3,477	56	3,533
Other comprehensive income												
Foreign currency translation differences for foreign operations	-		-	104	-	-	-	-	-	104	1	105
Acquisition of non-controlling interest	-		-	-	-	-	-	-	440	440	(575)	(135)
Other comprehensive income	-		-	104	-	-	-	-	440	544	(574)	(30)
Total comprehensive income for the period	-		-	104	-	-	-	-	3,917	4,021	(518)	3,503
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Acquisition of treasury shares	-		-	-	(160)	-	-	-	-	(160)	-	(160)
Dividend to equity holders	-		-	-	-	-	-	-	-	-	(34)	(34)
Total contributions by and distributions to owners	-		-	-	(160)	-	-	-	-	(160)	(34)	(194)
Balance at 28 February 2019	705	632	2,975	(2,595)	(9,178)	3,382	-	283	36,326	32,530	636	33,166

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the 6 months ended 29 February 2018

	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 September 2017	1,337	2,975	(2,782)	(3,023)	3,694	(1,862)	638	57,236	58,213	1,083	59,296
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	21,465	21,465	51	21,516
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	59	-	-	-	-	-	59	8	67
Recycle of change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	(38)	-	-	(38)	-	(38)
Recycle of currency translation differences in associate undertaking	-	-	(615)	-	-	-	-	-	(615)	-	(615)
Recycle of revaluation of financial instrument in associate undertaking	-	-	-	-	-	1,900	-	-	1,900	-	1,900
Recycle of change in fair value of investment property, net of tax	-	-	-	-	(312)	-	-	312	-	-	-
Other comprehensive income	-	-	(556)	-	(312)	1,862	-	312	1,306	8	1,314
Total comprehensive income for the period	-	-	(556)	-	(312)	1,862	-	21,777	22,771	59	22,830
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Acquisition of treasury shares	-	-	-	(1,471)	-	-	-	-	(1,471)	-	(1,471)
Shared based payments	-	-	-	65	-	-	(18)	7	54	-	54
Total contributions by and distributions to owners	-	-	-	(1,406)	-	-	(18)	7	(1,417)	-	(1,417)
Balance at 28 February 2018	1,337	2,975	(3,338)	(4,429)	3,382	-	620	79,020	79,567	1,142	80,709

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the year ended 31 August 2018

	Share capital €'000	Other undenominated capital	Share premium €'000	Translation reserve €'000	Reserve for own shares €'000	Revaluation 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 September 2017	1,337	-	2,975	(2,782)	(3,023)	3,694	(1,862)	638	57,236	58,213	1,083	59,296
Total comprehensive income for the period												
Profit for the year	-	-	-	-	-	-	-	-	19,757	19,757	135	19,892
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	22	-	-	-	-	-	22	4	26
Recycle of currency translation differences for foreign operations	-	-	-	676	-	-	-	-	-	676	-	676
Recycle of change in fair value of available for sale financial assets, net of tax	-	-	-	-	-	-	(38)	-	-	(38)	-	(38)
Recycle of currency translation differences in asset held for sale	-	-	-	(615)	-	-	-	-	-	(615)	-	(615)
Recycle of revaluation of financial instrument in asset held for sale	-	-	-	-	-	-	1,900	-	-	1,900	-	1,900
Recycle of change in fair value of property, net of tax	-	-	-	-	-	(312)	-	-	312	-	-	-
Other comprehensive income	-	-	-	83	-	(312)	1,862	-	312	1,945	4	1,949
Total comprehensive income for the period	-	-	-	83	-	(312)	1,862	-	20,069	21,702	139	21,841
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Dividends paid	-	-	-	-	-	-	-	-	-	-	(34)	(34)
Share redemption	(632)	632	-	-	-	-	-	-	(44,959)	(44,959)	-	(44,959)
Acquisition of treasury shares	-	-	-	-	(6,047)	-	-	-	-	(6,047)	-	(6,047)
Shared based payments	-	-	-	-	52	-	-	(355)	63	(240)	-	(240)
Total contributions by and distributions to owners	(632)	632	-	-	(5,995)	-	-	(355)	(44,896)	(51,246)	(34)	(51,280)
Balance at 31 August 2018	705	632	2,975	(2,699)	(9,018)	3,382	-	283	32,409	28,669	1,188	29,857

Donegal Investment Group plc
Condensed consolidated statement of cash flows
for the 6 months ended 28 February 2019

	6 months ended 28 February 2019 €'000	6 months ended 28 February 2018 €'000	12 months ended 31 August 2018 €'000
Cash flows from operating activities			
Profit for the period	3,533	21,516	19,892
Adjustments for:			
Depreciation	471	479	975
Amortisation of intangibles	53	34	52
Change in fair value of investment property	-	-	(43)
Net finance (income)/expense	(127)	(10)	61
Share of profit of associates	-	-	75
Gain on sale of asset held for sale	-	(19,392)	-
Loss/(gain) on sale of property, plant and equipment	7	(47)	(19,392)
Gain on sale of other investments	-	(56)	(106)
Loss/(gain) on sale of investment property	-	24	(57)
Share-based payment transactions	-	371	611
Income tax expense	413	547	611
Change in inventories	(1,333)	675	786
Change in trade and other receivables	(6,266)	(10,986)	(1,168)
Change in trade and other payables	4,464	4,590	1,653
	1,215	(2,255)	3,979
Interest paid	(71)	(67)	(116)
Income tax paid	-	(126)	(1,725)
Net cash from operating activities	1,144	(2,448)	2,138
Cash flows from investing activities			
Interest received	2	-	13
Dividends received	-	-	1
Proceeds from sale of investment property, property, plant and equipment	-	1,200	1,331
Proceeds from disposal of other investments	-	118	117
Proceeds from disposal of asset held for sale	2,000	41,488	41,488
Repayment of loans by associate	-	538	532
Exercise of share options	-	60	(538)
Acquisition of minority interest	(135)	-	-
Acquisition of property, plant and equipment	(342)	(521)	(1,135)
Acquisition of intangibles	(13)	(15)	(15)
Net cash used in investing activities	1,512	42,868	41,794

Donegal Investment Group plc
Condensed consolidated statement of cash flows *(continued)*
for the 6 months ended 28 February 2019

	6 months ended 28 February 2019 €'000	6 months ended 28 February 2018 €'000	12 months ended 31 August 2018 €'000
Cash flows from financing activities			
Repayment of borrowings	(500)	-	-
Payment of finance lease liabilities	(23)	(15)	(35)
Share redemption	-	-	(44,958)
Acquisition of treasury shares	(160)	(1,471)	(6,047)
Dividend paid to non-controlling interest	(34)	-	(34)
	<hr/>	<hr/>	<hr/>
Net cashflow from financing activities	(717)	(1,486)	(51,074)
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,939	38,934	(7,142)
Cash and cash equivalents at start of period	5,314	12,206	12,206
Effect of exchange rate fluctuations on cash held	128	21	250
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at period end	7,381	51,161	5,314
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(1) Reporting entity

Donegal Investment Group Plc (the “Company”) is a company domiciled in Ireland. The unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 28 February 2019 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

(2) Basis of preparation

These unaudited 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 period ended 31 August 2018. 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 period ended 31 August 2018 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.

These 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 22 May 2019.

(3) Accounting policies

The accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 August 2018 with the exception of changes in accounting policy in respect of IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers which are described below.

New and amended standards and interpretations effective during 2018

Financial instruments

The Group adopted *IFRS 9 Financial Instruments*, which addresses the classification, measurement and recognition of financial assets and liabilities, effective for the reporting period beginning 1 September 2018. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. Adoption of the *IFRS 9 Financial Instruments* has resulted in no significant change to the financial position.

Revenue recognition

The Group adopted *IFRS 15 Revenue from Contracts with Customers*, which specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures, effective for the reporting period beginning 1 September 2018. The Standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard does not have a significant impact on the Group’s financial statements.

Revenue is recognised when control of goods is transferred to the customer, which for the vast majority of the Group is at a point in time when delivery has taken place in accordance with the terms of sale.

(3) Accounting policies (continued)

New and amended standards and interpretations issued but not yet effective

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short-term and low-value leases. It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost. The lessee will recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, and the Group will apply IFRS 16 from its effective date.

The standard will primarily affect the accounting for the Group's operating leases. The application of IFRS 16 will result in the recognition of additional assets and liabilities in the consolidated statement of financial position and in the consolidated income statement it will replace the straight-line operating lease expense with a depreciation charge for the right-of-use asset and an interest expense on the lease liabilities.

The Group has completed an initial assessment of the potential impact of IFRS 16 on its consolidated financial statements. The Group will adopt the new standard by applying the modified retrospective approach and will avail of the recognition exemption for short-term and low-value leases. The Group's non-cancellable operating lease commitments on an undiscounted basis at 31 August 2018 are detailed in Note 29 to the consolidated financial statements of the Group's 2018 Annual Report and provides an indication of the scale of leases held by the Group.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of approximately €0.5m - €1.0m as at 1 September 2018. A corresponding right-of-use asset will be recognised.

There following standards, amendments and interpretations will be applicable in the financial period beginning 1 September 2019:

- [IFRIC 23](#) Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2015–2017 Cycle (effective 1 January 2019)

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 and judgements

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.

Information regarding the results of the 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 unaudited preliminary condensed consolidated financial statements (continued)
for the 6 months ended 28 February 2019

(5) Segment information (continued)

Business segments (continued)

	Produce			Food-Agri & Property			Total - Group		
	6	6	12	6	6	12	6	6	12
	months	months	months	months	months	months	months	months	months
	ended 28	ended 28	ended 31	ended 28	ended 28	ended 31	ended 28	ended 28	ended 31
February	February	August	February	February	August	February	February	August	
2019	2018	2018	2019	2018	2018	2019	2018	2018	
€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Total revenues	19,218	18,687	25,731	26,843	25,348	50,329	46,061	44,035	76,160
Inter-segment revenue	-	-	-	-	-	-	-	-	-
Segment result before exceptional items & property devaluations	2,744	2,289	1,647	1,164	1,367	3,098	3,908	3,656	4,745
Property devaluations	-	-	-	-	-	(43)	-	-	(43)
Segmental result from continuing operations before exceptional items	2,744	2,289	1,647	1,164	1,367	3,055	3,908	3,656	4,702
Gain on disposal of asset held for sale							-	19,392	19,392
Other exceptional items							(89)	(225)	(352)
Net finance income/(expense)							127	16	(75)
Income tax expense							(413)	(487)	(551)
Share-based payment transactions							-	(371)	(611)
Profit for the period – continuing operations							3,533	21,981	22,505

Donegal Investment Group plc
Notes to the unaudited preliminary condensed consolidated financial statements *(continued)*
for the 6 months ended 28 February 2019

(5) Segment Information (continued)

Business segments *(continued)*

	Produce			Food-Agri & Property			Total - Group		
	28 February 2019 €'000	28 February 2018 €'000	31 August 2018 €'000	28 February 2019 €'000	28 February 2018 €'000	31 August 2018 €'000	28 February 2019 €'000	28 February 2018 €'000	31 August 2018 €'000
Segment assets	10,325	16,671	6,629	37,423	35,189	35,359	47,748	51,860	41,988
Cash at bank (unallocated)	-	-	-	-	-	-	10,805	57,557	6,978
Current financial instrument (unallocated)				-	-	-	-	64	43
Total assets	10,325	16,671	6,629	37,423	35,189	35,359	58,553	109,481	49,009
Segment liabilities	3,493	6,490	1,323	12,997	10,251	10,316	16,490	16,741	11,639
Bank overdraft (unallocated)							3,424	6,396	1,664
Loans and borrowings (unallocated)							4,709	5,085	5,223
Current financial instrument (unallocated)							176	-	-
Deferred tax (unallocated)							588	550	626
Total liabilities							25,387	28,772	19,152
Capital expenditure	15	2	22	340	534	1,128	355	536	1,150
Depreciation and amortisation	130	130	254	394	383	774	524	513	1,028
Revaluation of investment property and other assets	-	-	-	-	-	19	-	-	19

(6) Earnings per share

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

	28 February 2019	28 February 2018	31 August 2018
	€'000	€'000	€'000
Profit for the period - continuing operations	3,533	21,981	22,505
Profit/(loss) for the period - discontinued operations	-	(465)	(2,613)
	<hr/>		
Profit for the period	3,533	21,516	19,892
	<hr/>		
Profit attributable to ordinary shareholders	3,477	21,465	19,757
	<hr/>		

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

	28 February 2019	28 February 2018	31 August 2018
Weighted average number of ordinary shares in issue for the period	5,425	10,286	8,887
Weighted average number of treasury shares	(914)	(624)	(888)
	<hr/>		
Denominator for basic earnings per share	4,511	9,662	7,999
Effect of share options in issue	203	178	209
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Weighted average number of ordinary shares (diluted) at end of period	4,714	9,840	8,209
	<hr/>		

During the six months ended 28 February 2019, the Group purchased 18,007 treasury shares at a total purchase price of €160,000 including transaction costs, in a number of transactions, intended to be used to settle the Group share option scheme.

	28 February 2019	28 February 2018	31 August 2018
Basic earnings/(loss) per share (euro cent)			
Continuing	77.10	226.97	281.32
Discontinued	-	(4.81)	(32.66)
	<hr/>		
	77.10	222.16	248.66
	<hr/>		
Diluted earnings/(loss) per share (euro cent)			
Continuing	73.79	222.96	272.46
Discontinued	-	(4.81)	(32.66)
	<hr/>		
	73.79	218.15	239.80
	<hr/>		

(7) Dividends

	28 February 2019	28 February 2018	31 August 2018
	€'000	€'000	€'000
€0.00 per qualifying ordinary share (29 February 2018: €0.00)	-	-	-

A dividend is not declared in respect of 2019 or 2018.

(8) Property, plant and equipment

Additions and disposals

During the 6 months ended 28 February 2019, the Group acquired assets for €342,000 (29 February 2018: €536,000). Assets with a net book value of €Nil were disposed of during the 6 months ended 28 February 2019 (29 February 2018: €22,000), resulting in a loss on disposal of €7,000 (29 February 2018: gain of €47,000).

(9) Investment property	28 February 2019	28 February 2018	31 August 2018
	€'000	€'000	€'000
Balance at start of the period	2,480	3,552	3,552
Change in fair value	-	-	43
Disposals	-	(1,115)	(1,115)
Balance at end of the period	2,480	2,437	2,480

Investment property includes the Oatfield site in Letterkenny and development land in Donegal.

Additions and disposals

During the 6 months ended 28 February 2019, the Group did not acquire any investment properties (29 February 2018: €Nil). The Group disposed of investment property with a carrying value of Nil during the period (29 February 2018: €1,115,000) resulting in a loss on disposal of €Nil (29 February 2018: €24,000).

(10) Exceptional items

Exceptional items are those that, in management's judgement, should be separately 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:

		28 February 2019	28 February 2018	31 August 2018
		€'000	€'000	€'000
Gain on disposal of asset held for sale – MMM	a	-	19,392	19,392
Reversal of legal costs payable in respect of the option over financial asset held in MMM	b	-	240	240
Legal costs in respect of the legal case with MMM	c	-	(405)	(413)
Restructuring costs	d	(89)	-	(50)
Other legal costs	e	-	-	(69)
Income tax expense in respect of exceptional items		-	(60)	(60)
Exceptional costs – continuing operations		(89)	19,167	19,040
Recycle of currency translation differences of discontinued operations	f	-	-	(676)
Total exceptional costs for the period		(89)	19,167	18,364

a) On 16 February 2018, Donegal Investment Group plc announced that, under the terms of the Settlement Agreement, it received €41.5m in cash proceeds for the sale of its interest in Monaghan Middlebrook Mushrooms (MMM). A further two non-conditional deferred payments are to be received by Donegal as follows: (a) €2m, to be received on or before 15 February 2019; and (b) €2m, to be received on or before 15 February 2020, bringing the total amount receivable pursuant to the Settlement Agreement to approximately €45.5m. This has resulted in a gain on disposal of €19.4m.

b) Reversal of legal costs payable in respect of the option over the financial asset held in MMM and were associated with the legal case with MMM which was settled as a result of the settlement referred to above.

c) Legal costs are costs in respect of the settled legal case with MMM.

d) Restructuring costs include legal and professional advice in respect of costs associated with restructuring the Group.

e) Costs incurred in respect of the share redemption in 2018.

f) Non cash recycle of foreign exchange translation reserves on Brazilian operations discontinued in 2018.

(11) 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.