

ANNOUNCEMENT OF RESULTS FOR THE 6 MONTHS ENDED 29 FEBRUARY 2020
30 April 2020

Donegal Investment Group plc ('DIG') ('Company') ('Group') reports its interim results for the 6 months ended 29 February 2020.

FINANCIAL PERFORMANCE

- The Group's Produce and Dairy segment delivered a satisfactory performance during the first half of the year. Group revenue increased by 9.6% (€2.6m) to €29.6m - driven by continued double-digit volume and revenue growth in our speciality dairy business as well as increased sales volumes in our produce seed potato businesses – with segmental trading profit €2.4m, a decrease of €0.5m on the prior period.
- Whilst our seed potato business experienced good volume growth during the first half of the year, margins reduced as a result of an increase in the level of supply into the wider market following better harvesting conditions. This was the key reason for the reduction of €0.5m in segmental trading profit, offsetting the growth in speciality dairy.
- Speciality dairy, which trades under the NOMADIC brand, continued to deliver to management expectation with double digit growth in a competitive marketplace.
- Profit after tax from continuing operations was €1.4m a decrease of €1.2m on the prior year.
- Basic EPS from continuing operations decreased by 20.8c to 34.3c.

FINANCIAL POSITION

- The Group's cash position, net of debt, was €13.0m at half year end compared to a net position of €2.7m at 28 February 2019.

RETURN OF CAPITAL

- The Group purchased 507,620 shares of the Company during the six months ended 29 February 2020 at a cost of €6.6m. The Group currently has issued share capital of 4,760,807 with 1,165,626 of those shares held as treasury shares.

COVID 19

- The Group recognises the challenging and unprecedented trading conditions resulting from the Covid-19 pandemic. The trading performance in the second six months of the financial year ending 31 August 2020, primarily in speciality dairy business NOMADIC, will be materially impacted by reduced sales volume resulting directly from the impact of Covid-19 restrictions on the Food to Go category.

		6 months ended 29 February 2020	6 months ended 28 February 2019*	Change
Continuing operations – pre-exceptional				
Segmental Trading profit	€'000	2,385	2,916	-€0.5m
Profit before tax – continuing operations	€'000	1,569	2,935	-€1.4m
Continuing operations				
Revenue - continuing operations	€'000	29,641	27,042	€2.6m
Operating profit	€'000	1,506	2,827	-€1.3m
Profit after tax	€'000	1,383	2,543	-€1.2m
Basic earnings per share	Cent	34.3c	55.1c	-20.8c
Cash at bank (net of overdraft)	€'000	13,806	7,381	+€6.4m
Net cash/(debt)	€'000	13,003	2,672	€10.3m
Investment property carrying value	€'000	2,510	2,480	+€0.03m
Net asset value per share**	€'000	€7.37	€7.76	-€0.39

* 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

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H1 2019/20 Performance Review

The Board is pleased with the first half performance of all businesses, with our produce seed potato business delivering a strong performance driven by increased sales volumes, while our speciality dairy business continued to deliver double digit revenue/volume growth.

Produce and Dairy

Group revenue increased by 9.6% (€2.6m) to €29.6m while segmental trading profit was €2.4m, a decrease of €0.5m on the prior period.

As anticipated yields of harvested crops for the 2019/2020 season were higher when compared to 2018. This resulted in our seed potato business delivering an improved sales performance with volumes 4% ahead of the prior year, but with margins tightening due to the increased level of supply in the wider market.

NOMADIC continued to deliver double digit volume and revenue growth becoming the number 1 yogurt brand in UK (GB&NI) Convenience and Impulse channel, overtaking Muller for the first time which is a significant milestone in NOMADIC's recent history.

Finance

The Group's financial position remains very strong with cash at bank (net of overdraft) of €13.8m at half year end. The Group's outstanding term debt of €4m was fully repaid in September 2019. Remaining loans and borrowing at 29 February 2020, relate primarily to the capitalised value of operating lease obligations under IFRS 16 (see note 5) as well as existing finance leases.

Outlook

Prior to the outbreak of the Covid-19 pandemic, the Group was highly optimistic about the outcome for the full year ended 31 August 2020. Our speciality dairy business had recently undertaken a significant capital expenditure programme which has doubled its manufacturing capacity and with continued volume growth being achieved during the first half of the year, it was expected that NOMADIC would have continued to deliver year on year growth in both revenue and profits for the full financial year.

As noted in our trading update on the 30 March 2020, NOMADIC is now seeing significant reductions in its sales volumes directly related to the Covid-19 pandemic. A material part of NOMADIC's business is in the Food to Go category in the UK with its key customers having a presence in large urban centres as well as in high footfall transport hubs such as airports and rail stations.

The impact of UK and Irish Governments' policy restricting travel and movement has greatly reduced footfall in retail Food to Go channels. Whilst there is significant uncertainty surrounding the length of the current crisis the Group would still anticipate that together with the benefit of the first half's strong financial performance and potential mitigating actions that can be taken, that NOMADIC will make a positive, albeit significantly lower than 2019, contribution to full year Group financial performance and year-end cash position.

Our produce seed potato business to date is not significantly impacted by the ongoing restrictions being imposed worldwide. Our existing seed potato varieties are primarily focused on the table/ware potato sector which we anticipate remaining buoyant for the foreseeable future. We are committed to the ongoing development and marketing of new innovative seed potato varieties, with several new varieties due for release over the course of the year.

Relative to the scale of its operations and in particular its aforementioned trading businesses the Group remains in a strongly capitalised position which includes significant levels of cash liquidity, with cash at bank (net of overdraft) of €13.8m at 29 February 2020.

The Group will continue to review all options available to ensure we continue to maximise long-term shareholder value.

AGM

The Board of Directors is currently reviewing options to convene an AGM over the coming months. The Board would favour the AGM taking place at a time which would allow our shareholders to attend as normal should the current restrictions be lifted.

Geoffrey Vance
Chairman

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the 6 months ended 29 February 2020

	Note	Unaudited			Unaudited			Audited		
		Pre- Exceptional €'000	Note 11 Exceptional €'000	6 months ended 29 February 2020 Total €'000	Pre- Exceptional €'000	Note 11 Exceptional €'000	6 months ended 28 February 2019 Total* €'000	Pre- Exceptional €'000	Note 11 Exceptional €'000	12 months ended 31 August 2019 Total €'000
Continuing operations										
Revenue	6	29,641	-	29,641	27,042	-	27,042	45,229	-	45,229
Cost of sales		(18,840)	-	(18,840)	(16,915)	-	(16,915)	(28,845)	-	(28,845)
Gross profit		10,801	-	10,801	10,127	-	10,127	16,384	-	16,384
Other income		78	-	78	65	-	65	110	-	110
Distribution expenses		(4,034)	-	(4,034)	(3,273)	-	(3,273)	(4,621)	-	(4,621)
Administrative expenses		(5,339)	-	(5,339)	(4,003)	(89)	(4,092)	(8,431)	245	(8,186)
Profit/(loss) from operating activities		1,506	-	1,506	2,916	(89)	2,827	3,442	245	3,687
Finance income		63	-	63	83	-	83	5	-	5
Finance expenses		-	-	-	(64)	-	(64)	(266)	(814)	(1,080)
Net finance income/(expense)		63	-	63	19	-	19	(261)	(814)	(1,075)
Profit/(loss) before income tax		1,569	-	1,569	2,935	(89)	2,846	3,181	(569)	2,612
Income tax charge		(186)	-	(186)	(303)	-	(303)	859	-	859
Profit/(loss) for the period	6	1,383	-	1,383	2,632	(89)	2,543	4,040	(569)	3,471
Profit/(loss) for the period – discontinued operations		-	-	-	990	-	990	1,054	(30)	1,024
Profit/(loss) for the period		1,383	-	1,383	3,622	(89)	3,533	5,094	(599)	4,495

* As restated to reflect the effect of presentation of certain activities as discontinued operations in 2019

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the 6 months ended 29 February 2020

	Unaudited 6 months ended 29 February 2020 Total €'000	Unaudited 6 months ended 28 February 2019 Total €'000	Audited 12 months ended 31 August 2019 Total €'000
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	79	105	(29)
Recycle of currency translation differences for foreign operations	-	-	818
Total comprehensive income for the period	1,462	3,638	5,284
Profit attributable to:			
Equity holders of the Company	1,319	3,477	4,222
Non-controlling interest	64	56	273
	1,383	3,533	4,495
Profit attributable to:			
Continuing operations	1,383	2,543	3,471
Discontinued operations	-	990	1,024
	1,383	3,533	4,495
Total comprehensive income attributable to:			
Equity holders of the Company	1,398	3,581	5,010
Non-controlling interest	64	57	274
	1,462	3,638	5,284

Donegal Investment Group plc
 Condensed consolidated statement of profit or loss and comprehensive income
 for the 6 months ended 29 February 2020

	Unaudited 6 months ended 29 February 2020 Total €'000	Unaudited 6 months ended 28 February 2019 Total €'000	Audited 12 months ended 31 August 2019 Total €'000
Earnings/(loss) per share			
Basic earnings/(loss) per share (euro cent):			
Continuing	34.34	55.13	76.63
Discontinued	-	21.95	24.54
	<u>34.34</u>	<u>77.08</u>	<u>101.17</u>
Diluted earnings/(loss) per share (euro cent):			
Continuing	33.12	52.76	74.18
Discontinued	-	21.00	23.76
	<u>33.12</u>	<u>73.76</u>	<u>97.94</u>

Donegal Investment Group plc
Condensed consolidated statement of financial position
As at 29 February 2020

	Note	Unaudited 29 February 2020 €'000	Unaudited 28 February 2019 €'000	Audited 31 August 2019 €'000
Assets				
Property, plant and equipment	9	6,562	8,694	3,158
Investment property	10	2,510	2,480	2,510
Goodwill		2,324	3,324	2,324
Intangible assets		288	321	301
Investment in associates		259	256	257
Other investments		747	9	591
Total non-current assets		12,690	15,084	9,141
Inventories		1,689	5,049	2,085
Trade and other receivables		12,063	27,419	10,239
Cash at bank		13,878	10,805	25,735
Deferred tax asset		904	-	958
Current financial instrument		-	-	-
Total current assets		28,534	43,273	39,017
Total assets		41,224	58,357	48,158
Equity				
Share capital		619	705	619
Share premium		2,975	2,975	2,975
Other reserves		(10,597)	(7,476)	(4,067)
Retained earnings		35,315	36,145	33,996
Total equity attributable to equity holders of the Company		28,312	32,349	33,523
Non-controlling interest		872	621	838
Total equity		29,184	32,970	34,361
Liabilities				
Loans and borrowings		563	4,657	41
Deferred income		273	309	300
Deferred tax liabilities		-	588	-
Total non-current liabilities		836	5,554	341
Loans and borrowings		241	52	4,020
Trade and other payables		10,697	15,682	8,799
Bank overdraft		72	3,424	408
Current financial instrument		60	176	47
Current tax		134	499	182
Total current liabilities		11,204	19,833	13,456
Total liabilities		12,040	25,387	13,797
Total equity and liabilities		41,224	58,357	48,158

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the 6 months ended 29 February 2020

	Share capital €'000	Other un-denominated 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 2019	619	718	2,975	(1,911)	(6,539)	3,382	-	283	33,996	33,523	838	34,361
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	1,319	1,319	64	1,383
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	74	-	-	-	-	-	74	5	79
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	74	-	-	-	-	-	74	5	79
Total comprehensive income for the period	-	-	-	74	-	-	-	-	1,319	1,393	69	1,462
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Acquisition of treasury shares	-	-	-	-	(6,604)	-	-	-	-	(6,604)	-	(6,604)
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	(35)	(35)
Total contributions by and distributions to owners	-	-	-	-	(6,604)	-	-	-	-	(6,604)	(35)	(6,639)
Balance at 29 February 2020	619	718	2,975	(1,837)	(13,143)	3,382	-	283	35,315	28,312	872	29,184

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

	Share capital €'000	Other un-denominated 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	32,228	28,488	1,173	29,661
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	36,145	32,349	621	32,970

Donegal Investment Group plc
Condensed consolidated statement of cash flows
for the 6 months ended 29 February 2020

	6 months ended 29 February 2020 €'000	6 months ended 28 February 2019 €'000	12 months ended 31 August 2019 €'000
Cash flows from operating activities			
Profit for the period	1,383	3,533	4,495
Adjustments for:			
Depreciation	393	471	933
Amortisation of intangibles	17	53	58
Change in fair value of investment property	-	-	(30)
Change in fair value of other investments	(2)	-	-
Net finance (income)/expense	(63)	(127)	1,075
Loss on sale of subsidiary	17	-	30
(Gain)/loss on sale of property, plant and equipment	(11)	7	(12)
Share-based payment transactions	879	-	586
Income tax expense	186	413	(859)
Change in inventories	443	(1,333)	(599)
Change in trade and other receivables	(3,760)	(6,266)	(3,063)
Change in trade and other payables	2,246	4,464	2,288
	<u>1,728</u>	<u>1,215</u>	<u>4,902</u>
Interest paid less refund	32	(71)	(122)
Income tax paid	(188)	-	(646)
	<u>1,572</u>	<u>1,144</u>	<u>4,134</u>
Net cash from operating activities			
Cash flows from investing activities			
Interest received	2	2	4
Dividends received	1	-	1
Proceeds from sale of investment property, property, plant and equipment	27	-	30
Proceeds from disposal of subsidiary undertakings, net of disposal costs	(17)	-	16,708
Proceeds from disposal of asset held for sale	2,000	2,000	2,000
Acquisition of other investments	(154)	-	(582)
Acquisition of minority interest	-	(135)	(135)
Acquisition of property, plant and equipment	(2,914)	(342)	(785)
Acquisition of intangibles	(4)	(13)	(30)
	<u>(1,059)</u>	<u>1,512</u>	<u>17,211</u>
Net cash used in investing activities			

Donegal Investment Group plc
Condensed consolidated statement of cash flows *(continued)*
for the 6 months ended 29 February 2020

	6 months ended 29 February 2020 €'000	6 months ended 28 February 2019 €'000	12 months ended 31 August 2019 €'000
Cash flows from financing activities			
Repayment of borrowings	(4,000)	(500)	(1,000)
Payment of lease liabilities	(151)	(23)	(20)
Share based payments	(1,310)	-	-
Acquisition of treasury shares	(6,604)	(160)	(415)
Dividend paid to non-controlling interest	(35)	(34)	(34)
	<hr/>	<hr/>	<hr/>
Net cashflow from financing activities	(12,100)	(717)	(1,469)
Net (decrease)/increase in cash and cash equivalents	(11,587)	1,939	19,876
Cash and cash equivalents at start of period	25,327	5,314	5,314
Effect of exchange rate fluctuations on cash held	66	128	137
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at period end	13,806	7,381	25,327

(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 29 February 2020 (“the interim financial statements”) 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 2019. 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 2019 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 interim 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 and investment property. These condensed consolidated interim financial statements were approved by the Board of Directors on 29 April 2020.

The interim financial statements have been prepared on the going concern basis. The Directors have reviewed the Group’s business plan for the next 12 months which has been updated to reflect the potential impact of Covid-19 as currently understood and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

(3) Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements. The changes in accounting policies will also be reflected in the Group’s consolidated financial statements as at and for the year ending 31 August 2019.

Adoption of IFRS 16 Leases

The Group has initially adopted IFRS 16 Leases from 1 September 2019. A number of other new standards are effective from 1 September 2019, but they do not have a material effect on the Group’s financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The adoption of IFRS 16 eliminated the classification of leases as either operating leases or finance leases and introduced a single lessee accounting model. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

(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) Impact of adoption of IFRS 16

The Group presents right-of-use assets in 'property, plant and equipment', in the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Land and buildings €'000	Plant and equipment €'000	Fixtures and Fittings €'000	Motor Vehicles €'000	Total €'000
At 1 September 2019	495	203	4	106	808
A 29 February 2020	443	181	18	101	743

The Group presents lease liabilities in 'loans and borrowings' in the balance sheet. The carrying amounts of lease liabilities are as below.

	Current lease liabilities €'000	Non-current lease liabilities €'000	Total €'000
At 1 September 2019	199	609	808
A 29 February 2020	204	507	711

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of certain lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. The Group has elected to avail of the practical expedient not to separate lease components from any associated non-lease components.

The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease is generally not readily determinable.

After the commencement date, the lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. On transition the right-of-use assets of €807,914 representing its rights to use the underlying assets equated to the lease liabilities of €807,914 representing its obligation to make lease payments, accordingly, no difference was recognised to opening retained earnings.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessee's incremental borrowing rate at 1 September 2019. The incremental borrowing rate used ranged from 2 – 6 %.

The lease liabilities as at 1 September 2019 can be reconciled to the operating lease commitments as at 31 August 2019 as follows:

	€'000
Operating lease commitments at 31 August 2019	855
Leases exempt under IFRS16	(14)
Additional leases identified under IFRS16	23
Impact of discounting	(56)
	<hr/>
Lease liabilities at 31 August 2019	808

Impacts for the period

In relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs instead of an operating lease expense. During the six months ended 29 February 2020, the Group recognised €110,683 of depreciation charges and €16,861 of interest costs from these leases.

(6) 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.

As a result of the disposal of the Group's Agri business during the year ended 31 August 2019, the Group revised the basis on which it identifies its reportable operating segments which is in line with changes in its internal organisation.

The Group now comprises of one reportable business segment:

- Produce and dairy: The growing, sales and distribution of seed potatoes and organic produce, the manufacture, sale and distribution of dairy products and management of related 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 29 February 2020

(6) Segment information (continued)

Business segments *(continued)*

	Produce and Dairy			Total - Group		
	6 months ended 29 February 2020 €'000	6 months ended 28 February 2019 €'000	12 months ended 31 August 2019 €'000	6 months ended 29 February 2020 €'000	6 months ended 28 February 2019 €'000	12 months ended 31 August 2019 €'000
Total revenues	29,641	27,042	45,229	29,641	27,042	45,229
Segment result before exceptional items & property devaluations	2,385	2,916	4,058	2,385	2,916	4,058
Property devaluations	-	-	(30)	-	-	(30)
Segmental result from continuing operations before exceptional items	2,385	2,916	4,028	2,385	2,916	4,028
Other exceptional items				-	(89)	(569)
Net finance income/(expense)				63	19	(261)
Income tax expense				(186)	(303)	859
Share-based payment transactions				(879)	-	(586)
Profit for the period – continuing operations				1,383	2,543	3,471

Donegal Investment Group plc
Notes to the unaudited preliminary condensed consolidated financial statements *(continued)*
for the 6 months ended 29 February 2020

(6) Segment Information (continued)
Business segments (continued)

	Produce and Dairy			Total - Group		
	29	28	31	29	28	31
	February 2020 €'000	February 2019 €'000	August 2019 €'000	February 2020 €'000	February 2019 €'000	August 2019 €'000
Segment assets	26,442	47,552	21,465	26,442	47,552	21,465
Cash at bank (unallocated)	-	-	-	13,878	10,805	25,735
Current financial instrument (unallocated)			-			-
Deferred tax	904	-	958	904	-	958
				41,224	58,357	48,158
Segment liabilities	11,104	16,490	9,281	11,104	16,490	9,281
Bank overdraft (unallocated)				72	3,424	408
Loans and borrowings (unallocated)				804	4,709	4,061
Current financial instrument (unallocated)				60	176	47
Deferred tax (unallocated)				-	588	-
Total liabilities				12,040	25,387	13,797
Capital expenditure	3,771	355	815	3,771	355	815
Depreciation and amortisation	410	524	991	410	524	991
Revaluation of investment property and other assets	-	-	(30)	-	-	(30)

6) Segment Information (continued)

Entity-wide disclosures

Section 1: Information about products and service

The Group determines that the categories used in investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depicts how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors.

The following table illustrates the disaggregation disclosure by principal products and services to external customers.

	Produce and Dairy	
	2020	Restated 2019*
	€'000	€'000
Seed potatoes	20,159	19,219
Dairy products	9,482	7,823
	<hr/> 29,641	27,042

* As restated to reflect the effect of discontinued operations

(7) Earnings per share

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

	29 February 2020	28 February 2019	31 August 2019
	€'000	€'000	€'000
Profit for the period - continuing operations	1,383	2,543	3,471
Profit/(loss) for the period - discontinued operations	-	990	1,024
	<hr/>	<hr/>	<hr/>
Profit for the period	1,383	3,533	4,495
	<hr/>	<hr/>	<hr/>
Profit attributable to ordinary shareholders	1,319	3,477	4,222

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

	29 February 2020	28 February 2019	31 August 2019
Weighted average number of ordinary shares in issue for the period	4,761	5,425	4,923
Weighted average number of treasury shares	(920)	(914)	(750)
	<hr/>	<hr/>	<hr/>
Denominator for basic earnings per share	3,841	4,511	4,173
Effect of share options in issue	141	203	137
	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at end of period	3,982	4,714	4,310

During the six months ended 29 February 2020, the Group purchased 507,620 treasury shares at a total purchase price of €6,604,000 including transaction costs, in a number of transactions, intended to be used to settle the Group share option scheme.

	29 February 2020	28 February 2019	31 August 2019
Basic earnings/(loss) per share (euro cent)			
Continuing	34.34	55.13	76.63
Discontinued	-	21.95	24.54
	<hr/>	<hr/>	<hr/>
	34.34	77.08	101.17
	<hr/>	<hr/>	<hr/>
Diluted earnings/(loss) per share (euro cent)			
Continuing	33.12	52.76	74.18
Discontinued	-	21.00	23.76
	<hr/>	<hr/>	<hr/>
	33.12	73.76	97.94
	<hr/>	<hr/>	<hr/>

(8) Dividends

	29 February 2020	28 February 2019	31 August 2019
	€'000	€'000	€'000
€0.00 per qualifying ordinary share (29 February 2020: €0.00)	-	-	-

A dividend is not declared in respect of 2020 or 2019.

(9) Property, plant and equipment

Additions and disposals

During the 6 months ended 29 February 2020, the Group acquired assets for €2,917,974 (28 February 2019: €342,000) in addition to recognition of €853,322 in right-of-use assets under IFRS 16 which was adopted on 1 September 2019. Assets with a net book value of €16,000 were disposed of during the 6 months ended 29 February 2020 (28 February 2019: €7,000), resulting in a gain on disposal of €11,000 (28 February 2019: loss of €7,000).

(10) Investment property

	29 February 2020	28 February 2019	31 August 2019
	€'000	€'000	€'000
Balance at start of the period	2,510	2,480	2,480
Change in fair value	-	-	30
Balance at end of the period	2,510	2,480	2,510

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

Additions and disposals

During the 6 months ended 29 February 2020, the Group did not acquire or dispose of any investment properties (28 February 2019: Nil).

(11) 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 Interim Financial Statements. The Group reports the following exceptional items:

		29 February 2020	28 February 2019	31 August 2019
		€’000	€’000	€’000
Restructuring costs	a	-	(89)	-
Award of other legal costs	b	-	-	245
Non- cash recycle of currency translation differences	c	-	-	(814)
Exceptional costs – continuing operations		-	(89)	(569)
Loss on disposal of subsidiaries	d	-	-	(30)
Total exceptional costs for the period		-	(89)	(599)

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

b) Awarding of legal costs, accrued in previous periods, as a result of costs and damages awarded by the Courts in respect of other legal cases.

c) Non- cash recycle of foreign exchange translation reserves in respect struck off subsidiaries in 2019.

d) Loss on disposal of agri-activities, namely the Group’s animal feeds business, disposed during 2019.

(12) Events after the balance sheet date

The Group recognises the challenging and unprecedented trading conditions resulting from the Covid-19 pandemic. The trading performance in the second six months of the financial year ending 31 August 2020, primarily in speciality dairy business NOMADIC, will be materially impacted by reduced sales volume resulting directly from the impact of Covid-19 on the Food to Go sector. The Group is taking a number of mitigating actions including an increased focus on working capital management, reductions in capital expenditure budgets and certain targeted cost take out programmes. The Group has a live cashflow scenario planning process in place and the Directors expect that the Group will continue to have considerable financial resources available to it in all circumstances as currently foreseen.

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