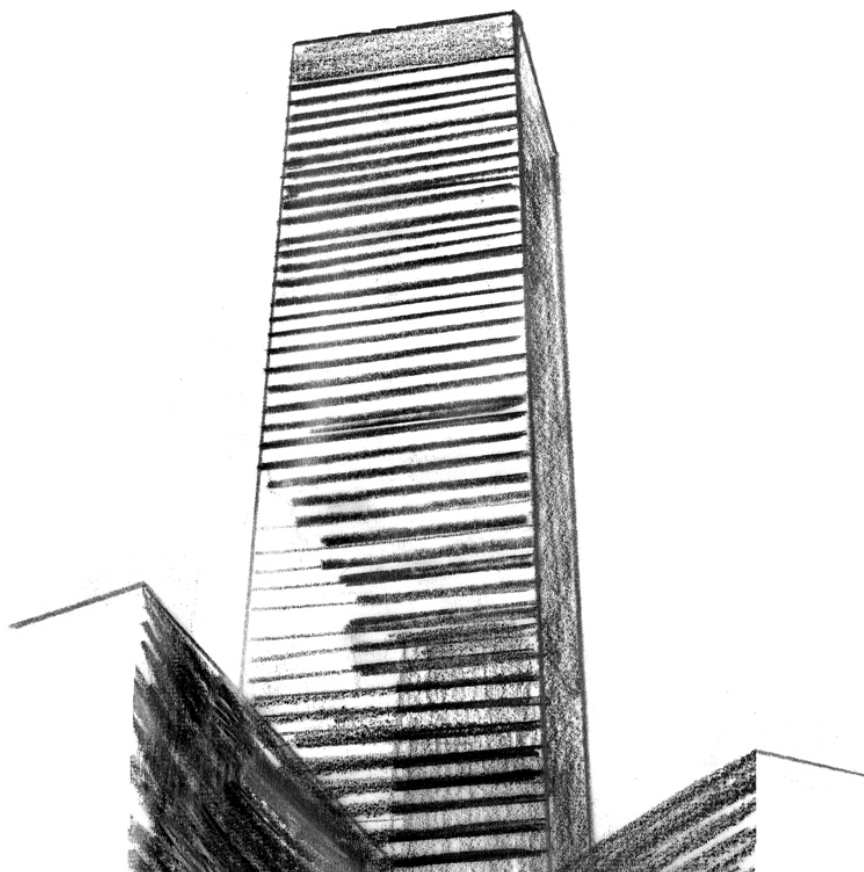


Example Interim Consolidated Financial Statements 2009

International Financial Reporting Standards (IFRS)

Granthor Corporation Group

For accounting periods beginning on or after 1 January 2009



Introduction

Example Interim Consolidated Financial Statements 2009

Important changes to IFRS take effect in 2009, which impact on interim reports. For annual periods commencing on or after 1 January 2009, IAS 1 *Presentation of Financial Statements (Revised 2007)* (IAS 1) applies and makes significant changes to the presentation of the primary financial statements.ⁱ The revised IAS 1 impacts on 2009 interim reports as the presentation will need to be consistent with that to be adopted for the full year. Furthermore, interim reports for annual periods beginning on or after 1 January 2009 are affected by IFRS 8 *Operating Segments* which changes significantly the requirements on segment reporting.

The member firms within Grant Thornton International Ltd (Grant Thornton International) - one of the world's leading organisations of independently owned and managed accounting and consulting firms - have extensive expertise in the application of IFRS. Grant Thornton International, through its IFRS team, develops general guidance that supports its member firms' commitment to high quality, consistent application of IFRS and is therefore pleased to share these insights by publishing *Example Interim Consolidated Financial Statements 2009* (the Publication).

This Publication reflects the collective experience of Grant Thornton International's IFRS team and member firm IFRS experts, and is intended to illustrate the 'look and feel' of IFRS interim consolidated financial statements and to provide a realistic example of their presentation.

The Publication illustrates interim condensed consolidated financial statements for a six month accounting period beginning on 1 January 2009. It is based on the activities and results of Granthor Corporation and its subsidiaries (together the Group) - a fictional manufacturing and retailing entity that has been preparing IFRS financial statements for several years. The Group produces half-yearly interim reports in accordance with IAS 34 *Interim Financial Reporting* (IAS 34) at 30 June 2009.

Condensed set of interim financial statements^{ii, iii}

An entity complying with IAS 34 has a choice of preparing a condensed set of interim financial statements or a full set of IFRS financial statements. This publication illustrates a condensed set of interim financial statements.^{iv} Where a full set of financial statements are presented in the interim financial report, the form and content of those financial statements is required to conform to the requirements of IAS 1 for a complete set of financial statements (IAS 34.9).

Local reporting requirements

The requirements for interim reports vary significantly between jurisdictions. Entities that apply IAS 34 may also be subject to requirements imposed by law or by a stock exchange. Such requirements may include reporting financial and other highlights, a chairman's statement, an operating and financial review and specific qualitative and quantitative disclosures.

Local reporting requirements are not included in this Publication.

Using this publication

The form and content of interim financial statements will of course depend on the activities and transactions of the reporting entity in concern. Our objective in preparing *Example Interim Consolidated Financial Statements 2009* is to illustrate one possible approach to interim reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and cannot therefore be regarded as comprehensive. For example, IAS 34 requires that the interim financial statements should explain significant events and transactions that have occurred in the interim period. The required disclosures will therefore depend on the specific circumstances. The interim financial statements should be amended, amplified or abbreviated according to the importance of the area to the financial statements as a whole. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

Example Interim Consolidated Financial Statements 2009 has been reviewed and updated to reflect changes in IFRSs that are effective for the year ending 31 December 2009. However, no account has been taken of any new developments published after **1 January 2009**.

In some areas, alternative presentation and disclosure approaches are illustrated in Appendices A and B. Selected explanatory notes are located in Appendix C and are cross-referenced, where appropriate, from the main body of the Publication.

This publication should not be used as a substitute for consulting the full text of IFRS, nor as the only tool for preparing interim financial statements. Most importantly, the use of this publication is **not** a substitute for the use of a comprehensive and up to date disclosure checklist to ensure completeness in interim financial statements.

Grant Thornton International Ltd
February 2009

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Contents of interim financial statements

These example interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. IAS 34.20 requires interim reports (condensed or complete) to include:

- a statement of financial position as at the end of the current interim period and a comparative statement of financial position as at the end of the immediately preceding financial year;
- either:
 - two separate statements being an income statement and statement of comprehensive income for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim period (ie comparable interim period and financial year to date); or
 - a single statement of comprehensive income incorporating both of these statements for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim period (ie comparable interim period and financial year to date);
- a statement of changes in equity showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year; and
- a statement of cash flows for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

The body of this document uses the approach of presenting an income statement and separate statement of comprehensive income. The alternative single statement of comprehensive income is set out in Appendix B.

IAS 1 (Revised 2007) requires an additional statement of financial position at the start of the comparative period in certain circumstances. IAS 34 does not require, and therefore these example interim consolidated financial statements do not include, such a statement of financial position.

Groups wishing to follow best practice may wish to include an income statement and/or a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the immediately preceding financial year. This example has been prepared in accordance with best practice, with three periods for each primary statement and associated notes.

Summary of requirements

	Interim period	Last year end	Comparative interim period
Statement of financial position	Yes	Yes	Not required
Statement of comprehensive income	Yes (current and year-to-date)	Good practice	Yes (current and year-to-date)
Statement of changes in equity	Yes	Good practice	Yes
Statement of cash flows	Yes	Good practice	Yes

Consolidated income statement

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Continuing operationsⁱ			
Revenue	-	-	-
Other income	-	-	-
Changes in inventories	-	-	-
Costs of material	-	-	-
Employee benefits expense	-	-	-
Change in fair value of investment property	-	-	-
Depreciation, amortisation and impairment of non-financial assets	-	-	-
Other expenses	-	-	-
Operating profit^{iv}	-	-	-
Share of profit of equity accounted investments ⁱⁱⁱ	-	-	-
Finance income ⁱⁱ	-	-	-
Finance costs ⁱⁱ	-	-	-
Other financial items	-	-	-
Profit before tax	-	-	-
Income tax expense	-	-	-
Profit for the period from continuing operations	-	-	-
Discontinued operations			
Profit for the period from discontinued operations ⁱ	-	-	-
Profit for the period	-	-	-
Attributable to:^v			
Owners of the parent	-	-	-
Minority interest	-	-	-
Earnings per share:^{vi,vii,viii}	CU	CU	CU
Basic earnings per share from continuing operations	-	-	-
Diluted earnings per share from continuing operations	-	-	-
Basic earnings per share from discontinued operations	-	-	-
Diluted earnings per share from discontinued operations	-	-	-
Basic earnings per share	-	-	-
Diluted earnings per share	-	-	-

Consolidated statement of comprehensive income

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Profit for the periodⁱ	-	-	-
Other comprehensive income^{ii, iv}			
Revaluation of land	-	-	-
Cash flow hedging			
- current period gains/(losses)	-	-	-
- reclassification to profit or loss	-	-	-
Available-for-sale financial assets			
- current period gains/(losses)	-	-	-
- reclassification to profit or loss	-	-	-
Exchange differences on translating foreign operations	-	-	-
Exchange gain/(loss) on disposal of foreign operations recognised in profit or loss	-	-	-
Share of other comprehensive income of equity accounted investments			
- current period	-	-	-
- reclassification to profit or loss	-	-	-
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the periodⁱⁱ	-	-	-
Attributable to:ⁱⁱⁱ			
Owners of the parent	-	-	-
Minority interest	-	-	-

Consolidated statement of financial position

	30 June 2009 CU000	30 June 2008 CU000	31 December 2008 CU000
Assetsⁱⁱ			
Non-currentⁱ	-	-	-
Goodwill	-	-	-
Other intangible assets	-	-	-
Property, plant and equipment	-	-	-
Investments accounted for using the equity method ⁱⁱⁱ	-	-	-
Investment property	-	-	-
Other long-term financial assets ^{iv}	-	-	-
Deferred tax assets ^v	-	-	-
	<hr/>	<hr/>	<hr/>
Non-current assets	-	-	-
	<hr/>	<hr/>	<hr/>
Currentⁱ			
Inventories	-	-	-
Trade and other receivables	-	-	-
Derivative financial instruments ^{iv}	-	-	-
Other short-term financial assets ^{iv}	-	-	-
Current tax assets	-	-	-
Cash and cash equivalents	-	-	-
	<hr/>	<hr/>	<hr/>
Current assets	-	-	-
	<hr/>	<hr/>	<hr/>
Assets and disposal group classified as held for sale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of financial position (continued)

	30 June 2009 CU000	30 June 2008 CU000	31 December 2008 CU000
Equity and liabilitiesⁱⁱ			
Equity			
Equity attributable to owners of the parent:			
Share capital	-	-	-
Share premium	-	-	-
Other components of equity	-	-	-
Retained earnings	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Minority interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Non-currentⁱ			
Pension and other employee obligations ^{vi}	-	-	-
Borrowings	-	-	-
Trade and other payables	-	-	-
Other liabilities	-	-	-
Deferred tax liabilities ^v	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Non-current liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Currentⁱ			
Provisions	-	-	-
Pension and other employee obligations ^{vi}	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Current tax liabilities	-	-	-
Derivative financial instruments	-	-	-
Other liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities included in disposal group held for sale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total equity and liabilities	<u>-</u>	<u>-</u>	<u>-</u>

Consolidated statement of changes in equity

	Share capital CU000	Share premium CU000	Trans- lation reserve CU000	Reva- luation reserve CU000	Available- for-sale financial assets CU000	Cash flow hedges CU000	Retained earnings CU000	Total attributable to owners of the parent CU000	Minority interest CU000	Total equity CU000
Balance at 1 January 2009ⁱ	-	-	-	-	-	-	-	-	-	-
Dividends ⁱ	-	-	-	-	-	-	-	-	-	-
Issue of share capital under share-based payment	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Issue of share capital ⁱ	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	-
Profit for the period ⁱ	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:										
Revaluation of land ⁱ	-	-	-	-	-	-	-	-	-	-
Cash flow hedging ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations ⁱ	-	-	-	-	-	-	-	-	-	-
Exchange gain / (loss) on disposal of foreign operations recognised in profit or loss	-	-	-	-	-	-	-	-	-	-
Equity accounted investments ⁱ	-	-	-	-	-	-	-	-	-	-
- current period	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Income tax relating to components of other comprehensive income ⁱ	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the periodⁱ	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2009ⁱ	-	-	-	-	-	-	-	-	-	-

Consolidated statement of changes in equity (continued)

	Share capital CU000	Share premium CU000	Trans- lation reserve CU000	Reva- luation reserve CU000	Available- for-sale financial assets CU000	Cash flow hedges CU000	Retained earnings CU000	Total attributable to owners of the parent CU000	Minority interest CU000	Total equity CU000
Balance at 1 January 2008ⁱ	-	-	-	-	-	-	-	-	-	-
Dividends ⁱ	-	-	-	-	-	-	-	-	-	-
Issue of share capital under share-based payment	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Issue of share capital ⁱ	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	-
Profit for the period ⁱ	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:										
Revaluation of land ⁱ	-	-	-	-	-	-	-	-	-	-
Cash flow hedging ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations ⁱ	-	-	-	-	-	-	-	-	-	-
Equity accounted investments ⁱ	-	-	-	-	-	-	-	-	-	-
- current period	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Income tax relating to components of other comprehensive income ⁱ	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the periodⁱ	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2008ⁱ	-	-	-	-	-	-	-	-	-	-

Consolidated statement of changes in equity (continued)

	Share capital CU000	Share premium CU000	Trans- lation reserve CU000	Reva- luation reserve CU000	Available- for-sale financial assets CU000	Cash flow hedges CU000	Retained earnings CU000	Total attributable to owners of the parent CU000	Minority interest CU000	Total equity CU000
Balance at 1 January 2008ⁱ	-	-	-	-	-	-	-	-	-	-
Dividends ⁱ	-	-	-	-	-	-	-	-	-	-
Issue of share capital under share-based payment	-	-	-	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-	-	-	-
Issue of share capital ⁱ	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	-
Profit for the period ⁱ	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:										
Revaluation of land ⁱ	-	-	-	-	-	-	-	-	-	-
Cash flow hedging ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets ⁱ	-	-	-	-	-	-	-	-	-	-
- current period gains / (losses)	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations ⁱ	-	-	-	-	-	-	-	-	-	-
Equity accounted investments ⁱ	-	-	-	-	-	-	-	-	-	-
- current period	-	-	-	-	-	-	-	-	-	-
- reclassification to profit or loss	-	-	-	-	-	-	-	-	-	-
Income tax relating to components of other comprehensive income ⁱ	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the periodⁱ	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2008ⁱ	-	-	-	-	-	-	-	-	-	-

Consolidated statement of cash flows

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Operating activities			
Profit before tax ¹	-	-	-
Adjustments for non-cash items	-	-	-
Contributions to defined benefit plans	-	-	-
Net changes in working capital	-	-	-
Settling of derivative financial instruments	-	-	-
Taxes paid	-	-	-
Cash flow from operating activities	-	-	-
Investing activities			
Purchase of property, plant and equipment	-	-	-
Proceeds from disposals of property, plant and equipment	-	-	-
Purchase of other intangible assets	-	-	-
Proceeds from disposals of other intangible assets	-	-	-
Acquisition of subsidiaries, net of cash	-	-	-
Sale of subsidiaries, net of cash	-	-	-
Proceeds from disposals and redemptions of non-derivative financial assets	-	-	-
Interest received	-	-	-
Dividends received	-	-	-
Taxes paid	-	-	-
Cash flow from investing activities	-	-	-
Financing activities			
Proceeds from bank loans	-	-	-
Repayment of bank loans	-	-	-
Proceeds from issue of share capital	-	-	-
Interest paid	-	-	-
Dividends paid	-	-	-
Taxes paid	-	-	-
Cash flow from financing activities	-	-	-
Net change in cash and cash equivalents from continuing operations	-	-	-
Net cash flow from discontinued operations	-	-	-
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of period	-	-	-
Exchange differences on cash and cash equivalents	-	-	-
Cash and cash equivalents, end of period	-	-	-

Notes to the Interim Consolidated Financial Statements

1 Nature of operations and general information

Granthor Corporation and subsidiaries' (together the Group) principal activities include the development, manufacturing, sale and service of customised IT and telecommunication systems.

By integrating these activities, the Group acts as a one-stop-shop for the modern day communication requirements of small- to medium-sized companies. The Group provides phone and intranet based in-house applications including the integration of mobile end devices into new and existing IT and telecommunication structures. Our development and manufacturing activities concentrate on the design and assembly of combined IT and telecommunications systems for our clients. We also sell and service the hardware and software products of our business partners. Refer to note 4 for further information about the Group's operating segments.

Granthor Corporation Ltd (Granthor Corporation) is the Group's ultimate parent company. The company is a limited liability company incorporated and domiciled in Euroland. The address of Granthor Corporation's registered office, which is also its principal place of business, is 149a Great Place, 40237 Greatville, Euroland. Granthor Corporation's shares are listed on the Greatstocks Stock Exchange.

The consolidated interim financial statements are presented in currency (CU), which is also the functional currency of the parent company.

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on [date].

[Other general information required in the local jurisdiction may be included here, for example, if the interim consolidated financial statements are unaudited].

2 Basis of preparation¹

These condensed interim consolidated financial statements are for the six months ended 30 June 2009. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008.¹

¹ Grant Thornton International published *Example Consolidated Financial Statements 2008* in October 2008, providing an example of full annual IFRS financial statements.

Significant accounting policies^{ii, vii, viii}

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2008 except for the adoption of:²

- IAS 1 *Presentation of Financial Statements* (Revised 2007)
- IFRS 8 *Operating Segments*
- IAS 23 *Borrowing Costs* (Revised 2007)
- IFRIC 13 *Customer Loyalty Programmes*ⁱⁱ

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. In accordance with the new standard the entity does not present a 'Statement of recognised income and expenses', as was presented in the 2008 consolidated financial statements. Further, a 'Statement of changes in equity' is now presented as a primary statement.

The adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

IAS 23 *Borrowing Costs* (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. In accordance with the transitional provisions, no retrospective restatement of borrowing costs has been made. Borrowing costs have been capitalised only for qualifying assets with a commencement date after 1 January 2009. The effect of the application of the new standard is to capitalise borrowing costs of CU XX,000 that would have been expensed under the previous accounting policy. The effect is an increase in profit of CU XX,000.

The Group has adopted IFRIC 13 *Customer Loyalty Programmes*, which clarifies that when goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The customer incentive programmes operated by the Group are short term in nature and the adoption of IFRIC 13 does not have a significant effect on the results of the current or prior periods presented.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

² *Example Consolidated Financial Statements 2008* published by Grant Thornton International in October 2008 featured the early adoption of IAS 1 (Revised 2007) and IFRS 8. It is assumed in this publication that the entity did not early adopt those standards. Where these standards have been adopted early this paragraph should be tailored as appropriate.

3 Significant events and transactions^{vi}

The world economy has worsened since the end of the last annual reporting period. As with all businesses, the Group is affected by the economic strains this is putting on investments in new and improved IT and telecommunication structures. The Group's objectives and policies for managing capital, credit risk and liquidity risk is described in its recent annual financial statements.

The Group's management believe that the Group is well positioned in the current economic circumstances. Factors contributing to the Group's strong position are:

- No significant decline in order intake experienced on larger projects. Further, the Group has several long-term contracts with a number of its customers.
- The Group does not expect to need additional borrowing facilities in the next 12 months, as a result of its significant financial resources, existing facilities and strong liquidity reserves. The Group has significant headroom to comply with its debt covenants.
- The Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2009 is considered to be good.

Overall, the Group is in a strong position despite the current economic environment, and has sufficient capital and liquidity to service its operating activities and debt.

4 Segment analysisⁱⁱⁱ

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. The adoption of IFRS 8 has not affected the identified operating segments for the Group compared to the recent annual financial statements.²

Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss on the following page. The chief operating decision maker assesses segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that certain items are not included in arriving at the operating profit of the operating segments (post-employment benefit expenses, expenses relating to share-based payments, research costs and items relating to investment property). In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters and the Granthor Research Lab in Greatville.

The Group operates three main business segments: Consulting, Service and Retail. The activities undertaken by the Consulting segment includes the sale, customisation and integration of IT and telecommunication systems. Maintenance of these systems is undertaken by the Service segment. The retail segment includes the entire Group's internet based selling activities of hardware and software products. In addition, two minor operating segments, for which the quantitative thresholds have not been met, are currently combined below under 'other'. The main sources of revenue for this operating segment is sale and disposal of used IT equipment that the Group collects from its customers.

The revenues and profit generated by each of the Group's business segments are summarised as follows:

	Consul- ting CU000	Services CU000	Retail CU000	Other CU000	Total CU000
6 months to 30 June 2009					
Revenue from external customers	-	-	-	-	-
Inter-segment revenues	-	-	-	-	-
Segment operating profit	-	-	-	-	-
Total assets	-	-	-	-	-
6 months to 30 June 2008					
Revenue from external customers	-	-	-	-	-
Inter-segment revenues	-	-	-	-	-
Segment operating profit	-	-	-	-	-
Total assets	-	-	-	-	-
Year to 31 December 2008					
Revenue from external customers	-	-	-	-	-
Inter-segment revenues	-	-	-	-	-
Segment operating profit	-	-	-	-	-
Total assets	-	-	-	-	-

Segment operating profit can be reconciled to Group profit or loss as follows:

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Segment operating profit	-	-	-
Reconciling items:			
Rental income from investment property	-	-	-
Change in fair value of investment property	-	-	-
Share-based payment expense	-	-	-
Post-employment benefit expenses	-	-	-
Research and development costs	-	-	-
Other income not allocated	-	-	-
Other expenses not allocated	-	-	-
Elimination of operating profit of discontinued operations	-	-	-
Elimination of intersegment profits	-	-	-
Group operating profit	-	-	-
Share of profit from equity accounted investments	-	-	-
Finance costs	-	-	-
Finance income	-	-	-
Other financial items	-	-	-
Group profit before tax and discontinued operations	-	-	-

5 Additions and disposals of property, plant and equipment^{iv}

[This note is included as a possible disclosure under LAS 34.16(c). See further discussion in the explanatory notes.]

The following tables show the significant additions and disposals of property, plant and equipment:

	Land CU000	Buildings CU000	IT equipment CU000	Other equipment CU000	Total CU000
6 months to 30 June 2009					
Carrying amount at 1 January 2009	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Impairment loss	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2009	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
6 months to 30 June 2008					
Carrying amount at 1 January 2008	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2008	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Year to 31 December 2008					
Carrying amount at 1 January 2008	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2008	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

6 Additions and disposals of intangible assets^{iv}

[This note is included as a possible disclosure under LAS 34.16(c). See further discussion in the explanatory notes.]

The following tables show the significant additions and disposals to intangible assets.

	Acquired software licenses CU000	Internally generated software CU000	Brand names CU000	Customer lists CU000	Total CU000
6 months to 30 June 2009					
Carrying amount at 1 January 2009	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation	-	-	-	-	-
Impairment loss	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2009	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
6 months to 30 June 2008					
Carrying amount at 1 January 2008	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation	-	-	-	-	-
Impairment loss	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2008	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Year to 31 December 2008					
Carrying amount at 1 January 2008	-	-	-	-	-
Additions	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation	-	-	-	-	-
Impairment loss	-	-	-	-	-
Net exchange differences	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2008	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

7 Earnings per share^{iv}

[This note is included as a possible disclosure under LAS 34.16(c). See further discussion in the explanatory notes.]

The calculation of the basic earnings per share is based on the profits attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	6 months to 30 June 2009	6 months to 30 June 2008	Year to 31 December 2008
Continuing operations			
Profit after tax and earnings attributable to ordinary shareholders	-	-	-
Weighted average number of shares (used for basic earnings per share)	-	-	-
Dilutive effect of options	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted weighted average number of shares (used for diluted earnings per share)	-	-	-
Basic earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>
Discontinued operations			
Profit after tax and earnings attributable to ordinary shareholders	-	-	-
Weighted average number of shares (used for basic earnings per share)	-	-	-
Dilutive effect of options	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted weighted average number of shares (used for diluted earnings per share)	-	-	-
Basic earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>
Total operations			
Profit after tax and earnings attributable to ordinary shareholders	-	-	-
Weighted average number of shares (used for basic earnings per share)	-	-	-
Dilutive effect of options	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted weighted average number of shares (used for diluted earnings per share)	-	-	-
Basic earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>
Diluted earnings per share	-	-	-
	<hr/>	<hr/>	<hr/>

8 Seasonal fluctuationsⁱⁱⁱ

Demand for maintenance and installation of IT and telecommunication systems and equipment is subject to seasonal fluctuations. Historically, peak demand is in the second half of each year. Revenue for maintenance and installation for the six months ended 30 June 2009 represented XX% of the annual level of maintenance and installation revenue in the year ended 31 December 2008. For the six months ended 30 June 2008, the level of maintenance and installation revenue represented approximately XX% of the annual level of maintenance and installation revenue in the year ended 31 December 2008.

9 Share issueⁱⁱⁱ

During the six months period to 30 June 2009 XX,XXX shares were issued to satisfy share options previously granted under the Group's employee share option scheme. Shares issued and authorised for the period to 30 June 2009 may be summarised as follows:

	Number	CU000
6 months to 30 June 2009		
At 1 January 2009	-	-
Issue of shares	-	-
At 30 June 2009	-	-
	<hr/>	<hr/>
6 months to 30 June 2008		
At 1 January 2008	-	-
Issue of shares	-	-
At 30 June 2008	-	-
	<hr/>	<hr/>
Year to 31 December 2008		
At 1 January 2008	-	-
Issue of shares	-	-
At 31 December 2008	-	-
	<hr/>	<hr/>

The share issue yielded CU X,XXX,000 in cash and increased equity by CU X,XXX,000. The weighted average share price at the date of exercise was CU XX.0.

10 Dividendsⁱⁱⁱ

During the first six months of 2009, Granthor Corporation paid dividends of CU X,000,000 to its equity shareholders (first six months of 2008 CU X,000,000; 2008: CU X,000,000). This represents a payment of CU 0.XX per share (first six months of 2008: CU 0.XX; 2008: CU 0.XX). No dividends were paid on new shares issued in 2009 pursuant to the Group's share-based payment scheme.

11 Contingent liabilitiesⁱⁱⁱ

During the prior year various warranty and legal claims were brought against the Group. At 30 June 2008 and 31 December 2008 management considered these claims to be unjustified and no provision had been recognised. During the current period the counterparties withdrew their claims against the Group.

12 Business combinationⁱⁱⁱ

On 5 April 2009 the Group acquired 100% of the issued share capital of Sysmagic Limited, a company based in the United Kingdom that operates within service and maintenance of IT systems. The total cost of acquisition includes the components stated below. The purchase price was settled in cash.

	CU000
Purchase price	-
Due diligence fees	-
Other professional fees	-
	<hr/>
Total fair value of purchase consideration	-
	<hr/>

The allocation of the purchase price to the assets and liabilities of Sysmagic Limited has been determined only provisionally at 30 June 2009, because the acquisition was completed late in the period and the Group is currently obtaining the information necessary to finalise the accounting for the business combination. The amounts provisionally recognised for each class of the acquiree's assets, liabilities and contingent liabilities recognised at the acquisition date are as follows:

	Pre-acquisition carrying amount CU000	Adjust- ments CU000	Provisional fair value at acquisition date CU000
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Inventories	-	-	-
Trade and other receivables	-	-	-
Cash and cash equivalents	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	-	-	-
Deferred tax liabilities	-	-	-
Provisions	-	-	-
Contingent liability	-	-	-
Trade payables	-	-	-
Current tax liability	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Goodwill on acquisition			-
			<hr/>
Fair value of purchase consideration, satisfied in cash			-
			<hr/>
Cash and cash equivalents acquired			-
			<hr/>
Net cash outflow on acquisition			-
			<hr/>

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Sysmagic Limited which cannot be recognised as an intangible asset under IAS 38 *Intangible Assets*. Goodwill has been allocated to cash-generating units at 30 June 2009, and is attributable to the service segment.

Since the acquisition Sysmagic Limited has contributed CU XX,000 to the Group profit for the period to 30 June 2009. Had the acquisition occurred on 1 January 2009 the revenue for the period to 30 June 2009 would have been CU XX,000 and the profit for the period would have been CU XX,000. Management does not expect any major line of business to be disposed of as a result of the combination.

13 Provisions^v

A restructuring provision was recognised by the Group in its annual financial statements as at 31 December 2008 in relation to the 'Phoenix Programme'. The estimate of the restructuring provision was reduced by CU XXX,000 in the six months ended 30 June 2009 due to a positive outcome of claims brought against the Group by former employees. The Group's management still expects to settle the remaining termination remuneration in 2009, predominantly through out of court settlements.

14 Discontinued operations and non-current assets held for saleⁱⁱⁱ

The amounts presented in the income statement under discontinued operations relate to Highstreet Ltd, which was sold on 30 September 2008. No component of the entity has been presented as a discontinued operation in the income statement for the six months ended 30 June 2009.

The former Highstreet storage facilities retained by the Group after the sale of Highstreet Ltd were sold in February 2009, and accordingly no assets are presented as held for sale at 30 June 2009. A gain of CU XX,000 was recognised in profit or loss.

15 Events after the reporting dateⁱⁱⁱ

On 29 July 2009 the group acquired 100% of the issued share capital of Servers.com Limited, a company based in Euroland. The total cost of acquisition includes the components stated below. The purchase price was settled in shares and cash. The fair value of the equity shares issued was based on the market value of the Group's traded equity shares at the date of the combination.

	CU000
Equity shares issued	-
Purchase price, settled in cash	-
Due diligence fees	-
	<hr/>
Total fair value of purchase consideration	-
	<hr/> <hr/>

The Group is in the process of allocating the purchase price to the assets and liabilities of Servers.com Limited and therefore disclosure of the purchase price allocation cannot be made. Finalisation of the allocation is expected to be completed before year-end.

Appendix A: Organising the income statement by function of expenses

IAS 1 allows an income statement format analysing expenses using a classification based on either the nature of expenses (NOE) or based on the function of expenses (FOE) within the entity, whichever format provides information that is reliable and more relevant.

The NOE format is illustrated in the main body of the example financial statements. The FOE format is illustrated below.

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
	<hr/>	<hr/>	<hr/>
Gross profit	-	-	-
Other income	-	-	-
Distribution costs	-	-	-
Administrative expenses	-	-	-
Research and development costs	-	-	-
Change in fair value of investment property	-	-	-
Other expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Operating profit	-	-	-
Share of profit from equity accounted investments	-	-	-
Finance costs	-	-	-
Finance income	-	-	-
Other financial items	-	-	-
	<hr/>	<hr/>	<hr/>
Profit before tax	-	-	-
Income tax expense	-	-	-
	<hr/>	<hr/>	<hr/>
Profit for the period from continuing operations	-	-	-
 Discontinued operations			
Profit for the period from discontinued operations	-	-	-
	<hr/>	<hr/>	<hr/>
Profit for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Attributable to:			
Owners of the parent	-	-	-
Minority interest	-	-	-
	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>

The earnings per share disclosures are not repeated here but would be equivalent to those shown in the NOE income statement in the body of this Publication.

Appendix B: Statement of comprehensive income in single statement

This appendix demonstrates the approach of presenting a single statement of comprehensive income.

	6 months to 30 June 2009 CU000	6 months to 30 June 2008 CU000	Year to 31 December 2008 CU000
Continuing operations			
Revenue	-	-	-
Other income	-	-	-
Changes in inventories	-	-	-
Costs of material	-	-	-
Employee benefits expense	-	-	-
Change in fair value of investment property	-	-	-
Depreciation, amortisation and impairment of non-financial assets	-	-	-
Other expenses	-	-	-
Operating profit	-	-	-
Share of profit of associates and joint ventures	-	-	-
Finance income	-	-	-
Finance costs	-	-	-
Other financial items	-	-	-
Profit before tax	-	-	-
Income tax expense	-	-	-
Profit for the period from continuing operations	-	-	-
Discontinued operations			
Profit for the period from discontinued operations	-	-	-
Profit for the period	-	-	-
Other comprehensive income			
Revaluation of land	-	-	-
Cash flow hedging			
- current period gains/(losses)	-	-	-
- reclassification to profit or loss	-	-	-
Available-for-sale financial assets			
- current period gains/(losses)	-	-	-
- reclassification to profit or loss	-	-	-
Exchange differences on translating foreign operations	-	-	-
Exchange gain/(loss) on disposal of foreign operations recognised in profit or loss	-	-	-
Share of other comprehensive income of associate			
- current period	-	-	-
- reclassification to profit or loss	-	-	-
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	-	-	-

The attribution of both profit and loss and total comprehensive income to owners of the parent and to minority interests will both need to be shown on the face of the statement of comprehensive income as will the earnings per share disclosures. Neither is repeated here as they are shown in the main body.

Appendix C: Explanatory Notes

Introduction

- i IAS 1 has made changes to the titles of the primary statements. Although the use of these titles are not mandatory under IAS 1 they have been used throughout this document. The new titles for these individual statements are as follows:
 - a statement of financial position (formerly the balance sheet)
 - b statement of comprehensive income
 - c statement of changes in equity
 - d statement of cash flows.
- ii An interim report must not be described as complying with IAS 34 if it has not been prepared in accordance with IAS 34 (IAS 34.3).
- iii Where a full set of financial statements are presented in the interim financial report, the form and content of those statements is required to conform to the requirements of IAS 1 for a complete set of financial statements (IAS 34.9). Interim financial statements should not be described as having been prepared in accordance with IFRS unless the interim financial statements comply with all the requirements of IFRS (IAS 34.19). In other words interim financial statements can only be described as complying with IFRS if they contain all of the disclosures that are required in the annual financial statements.
- iv IAS 34.8 requires that an interim financial report contains as a minimum:
 - a a condensed statement of financial position
 - b a condensed statement of comprehensive income, presented as either a condensed single statement or a condensed separate income statement and a condensed statement of comprehensive income
 - c a condensed statement of changes in equity
 - d a condensed statement of cash flows
 - e selected explanatory notes.

Consolidated income statement

- i IAS 34.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Where an entity chooses, in accordance with IAS 1.81(b), to present a separate income statement and statement of comprehensive income rather than one statement of comprehensive income the items in IAS 1.82(a)-(f) must be shown in the income statement (IAS 1.84). These items include:
 - a revenue
 - b finance costs
 - c share of the profit or loss of associates and joint ventures accounted for using the equity method
 - d tax expense
 - e a single amount comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation
 - f profit or loss.

Additional line items, headings and subtotals may also need to be included. IAS 1.85 requires an entity to present such additional items on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1 allows an entity to use either the 'nature of expense' or 'function of expense' methods, whichever is reliable and more relevant (IAS 1.99). This example provides an example of the 'nature of expense' method. Appendix A provides an example based on the 'function of expense' method.

- ii IFRS, in particular IAS 1.32, prohibits the offsetting of income and expenses. Therefore where an entity has both finance income and costs, both should be shown on the face of the income statement.
- iii The illustrative examples in IAS 1 indicate that the figure included for share of profit of associates and joint ventures should be the Group's share of the associate's, or joint venture's, profit after tax and minority interests.
- iv IFRS does not require or define an operating profit subtotal. However IAS 1.BC55-56 states that where such a subtotal is provided the figure disclosed should include items which would normally be considered to be operating. IAS 1.BC56 indicates that inventory write-downs and restructuring and relocation expenses are clearly related to operations and hence should form part of operating profit or loss.
- v Where the Group has minority interests, IFRS requires these to be shown as an allocation of profit or loss for the year and not as an expense (IAS 1.83). IAS 1 requires the annual financial statements to show the profit or loss attributable to minority interests and that attributable to owners of the parent on the face of the income statement.
- vi IAS 34.11 requires both basic and diluted earnings per share on the face of the statement that presents components of profit or loss (ie the statement of comprehensive income if a single statement is presented).
- vii Where an entity presents a separate income statement and statement of comprehensive income the basic and diluted earnings per share figures should be presented on the face of the income statement (IAS 34.11A).
- viii IAS 34 does not specifically require earnings per share figures separately for continuing, discontinued and total operations. IAS 33 *Earnings per Share* requires the annual financial statements to show, on the face of the income statement, the basic and diluted earnings per share for continuing operations and total from continuing and discontinued operations (IAS 33.66). The figure for discontinued operations is required to be shown, in the annual financial statements, on either the face of the income statement or in the notes to those financial statements (IAS 33.68).

IAS 34 does not specify which figures should be reported, however in our opinion it should be the earnings per share figures for total operations (as a minimum). Where the directors decide to show earnings per share from continuing or discontinued operations on the face of the income statement, in our opinion the earnings per share figures for total operations should also be shown on the face of the income statement.

Consolidated statement of comprehensive income

- i Where an entity chooses, in accordance with IAS 1.81(b), to present a separate income statement and statement of comprehensive income rather than a single statement of comprehensive income, the separate statement of comprehensive income must start with the profit or loss for the period (IAS 1.81(b)).
- ii IAS 34.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Where an entity chooses, in accordance with IAS 1.81(b), to present a separate income statement and statement of comprehensive income rather than a single statement of comprehensive income, the items in IAS 1.82(g)-(i) must therefore be shown in the statement of comprehensive income. These items include:
 - a each component of other comprehensive income classified by nature
 - b share of other comprehensive income of associates and joint ventures accounted for using the equity method
 - c total comprehensive income.

Items of 'other comprehensive income' may also include actuarial gains (or losses) on defined benefit plans, if the entity does not apply the 'corridor method'.

- iii Where the Group has minority interests, IFRS requires these to be shown as an allocation of total comprehensive income and not as an expense (IAS 1.83). IAS 1 requires the annual financial statements to show total comprehensive income attributable to minority interests and that attributable to owners of the parent on the face of the statement of comprehensive income.
- iv According to IAS 1 the entity shall, in annual financial statements, disclose reclassification adjustments (IAS 1.92) and related tax effects for each component of other comprehensive income either on the face of the statement or in the notes (IAS 1.90). In this interim report, the entity has shown reclassification adjustments directly in the statement, and has elected to show one aggregate amount of income tax relating to all components of other comprehensive income. The annual financial statements will need to include additional analysis of tax effects by component of comprehensive income.

Consolidated statement of financial position

- i IFRS, in particular IAS 1.60, requires the reporting entity to present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. This example is based on the current/non-current distinction.

An entity shall classify an asset as current when (IAS 1.66):

- a it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle
- b it holds the asset primarily for the purpose of trading
- c it expects to realise the asset within twelve months after the reporting period; or
- d the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when (IAS 1.69):

- a it expects to settle the liability in its normal operating cycle
- b it holds the liability primarily for the purposes of trading
- c the liability is due to be settled within twelve months after the reporting period;
or
- d the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

An entity shall classify all other liabilities as non-current.

- ii IAS 34.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. IAS 1.54 requires, as a minimum, the following items to be presented on the face of the statement of financial position:
 - a property, plant and equipment
 - b investment property
 - c intangible assets
 - d financial assets, other than those shown under investments accounted for using the equity method, trade and other receivables, or cash and cash equivalents
 - e investments accounted for using the equity method
 - f biological assets
 - g inventories
 - h trade and other receivables
 - i cash and cash equivalents
 - j the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
 - k trade and other payables
 - l provisions
 - m financial liabilities, other than amounts shown under trade and other payables, and provisions
 - n liabilities and assets for current tax
 - o deferred tax liabilities and deferred tax assets
 - p liabilities included in disposal groups classified as held for sale in accordance with IFRS 5
 - q minority interest, presented within equity
 - r issued capital and reserves attributable to owners of the parent.

Additional line items, headings and subtotals may also need to be included.

IAS 1.55 requires an entity to present such additional items on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

- iii Only where joint ventures are accounted for using equity accounting will this line include items relating to joint ventures. Where a policy of proportionate consolidation is adopted for joint ventures, this line will only include amounts for equity accounted associates.
- iv IAS 1.54 requires an entity's statement of financial position to disclose amounts relating to financial assets. These example primary statements include a line for other long-term financial assets, other short-term financial assets and derivative financial assets (and liabilities). Alternatively the statement of financial position could include line items for each category of financial asset in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

- v IAS 1.56 requires a statement of financial position which classifies items as current assets (liabilities) and non-current assets (liabilities) to show deferred tax assets (liabilities) as non-current.
- vi IAS 19 *Employee Benefits* provides an exemption from splitting a defined benefit pension scheme liability between current and non-current in accordance with IAS 1.60 (IAS 19.118). Such a liability can be presented as non-current in its entirety.

Consolidated statement of changes in equity

- i IAS 34.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. IAS 1.106 requires the face of the statement of changes in equity to show:
 - a total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to minority interests
 - b for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
 - c for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
 - i. profit or loss
 - ii. each item of other comprehensive income; and
 - iii. transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in loss of control.

Consolidated statement of cash flows

- i Where a statement of cash flows is prepared using the indirect method, the first line on the statement of cash flows should be the profit or loss for the year (IAS 7.18(b)). IAS 1.82 shows profit or loss as a post-tax item. Therefore, this is sometimes taken to imply that the first line of a statement of cash flows prepared using the indirect method should begin with the post-tax profit or loss. The illustrative example in IAS 7 shows a cash flow statement prepared using the indirect method beginning with profit before tax.

Whichever figure is chosen for the starting point of this reconciliation, the reconciling items following the profit figure must be amended appropriately. For example, if the statement of cash flows starts with profit after tax, one of the reconciling items will be the taxation expense recognised in profit and loss, with the figure for income taxes paid appearing later in the statement of cash flows. Alternatively, if the statement of cash flows begins with profit before tax a reconciling item of the taxation expense recognised in profit and loss will not be required.

Note: the indirect method takes the profit or loss for the year and adjusts for the effects of transactions of a non-cash nature; any deferrals or accruals of past operating cash receipts or payments; and items of income or expense associated with investing or financing cash flows.

Notes to the consolidated interim financial statements

- i Where an entity's interim financial report is in compliance with IAS 34, that fact shall be disclosed (IAS 34.19). Where a condensed set of financial statements is prepared, the basis of preparation will need to refer to the fact that these interim financial statements are 'condensed'. An interim financial report shall not be described as complying with IFRS, unless it complies with all of the requirements of IFRS.
- ii IAS 34.28 requires the use of accounting policies that were used in the last annual financial statements except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. Where there are such changes in accounting policies, the interim financial statements should include a description of the changes as a result of adopting the new accounting policy (IAS 34.16(a)). This paragraph should be tailored as appropriate to indicate the precise effect on the interim financial statements of adopting a new accounting policy.
- iii IAS 34.16 sets out the minimum information required to be disclosed in the notes to the condensed interim financial statements. This information is required only if material. IAS 34.16 requires disclosure of:
 - a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change
 - b explanatory comments about the seasonality or cyclicity of interim operations
 - c the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence
 - d the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period
 - e issuances, repurchases, and repayments of debt and equity securities
 - f dividends paid (aggregate or per share) separately for ordinary shares and other shares
 - g the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):
 - i. revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker
 - ii. inter-segment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker
 - iii. a measure of segment profit or loss
 - iv. total assets for which there has been a material change from the amount disclosed in the last annual financial statements
 - v. a description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss
 - vi. a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity

may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation.

- h material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period
- i the effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required to be disclosed under paragraphs 66-73 of IFRS 3 *Business Combinations*; and
- j changes in contingent liabilities or contingent assets since the last annual reporting period.

The entity is also required to disclose any events or transactions that are material to an understanding of the current interim period (IAS 34.16).

Except as required by paragraph 16(i), the disclosures required by other IFRSs are not required if an entity's interim financial report includes only condensed financial statements and selected explanatory notes rather than a complete set of financial statements (IAS 34.18).

- iv IAS 34.16(c) requires disclosure of the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

In this Publication management has included supplementary information of property, plant and equipment (note 5), intangible assets (note 6) and earnings per share (note 7). Depending on the circumstances, this disclosure might be regarded either as voluntary or as necessary to meet the general requirements of IAS 34.16(c).

Examples of disclosures affecting assets, liabilities, equity, net income or cash flows that are unusual because of their size, nature or incidence may include:

- a acquisitions and disposals of items of property, plant and equipment, intangible assets etc.
- b any loan default or any breach of a loan agreement that has not been remedied on or before the end of the interim period
- c related party transactions.

Examples of other disclosures that are material to an understanding of the current interim period may include:

- a commitments at the end of the interim period to purchase property, plant and equipment
- b corrections of prior period errors
- c recognition of a loss from the impairment of property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss.

- v Examples of changes in estimates of amounts previously reported that might require disclosure in accordance with IAS 34.16(d) include:
 - a inventory write-downs and reversal of previous write-downs resulting from changes in estimated net realisable value
 - b changes in estimates of share options expected to vest in employee share-based payment schemes

- c changes in provisions for restructuring resulting from revisions to estimated cash to settle the restructuring
 - d litigation settlements.
- vi IAS 34.16 requires that the entity shall disclose any events or transactions that are material to an understanding of the current interim period. According to IAS 34.15, an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period is useful.

As an example of disclosures, management has included an explanation of 'current economic conditions' in this interim report. Depending on the circumstances, this disclosure might be regarded either as voluntary or as necessary to meet the general requirements of IAS 34.16.

- vii IAS 34.28 requires the use of the discrete period approach. This requires that items of income and expenses should be recognised and measured on a basis consistent with that used in preparing the annual financial statements, and that no adjustments should be made for events expected to occur subsequent to the end of the interim period. IAS 34.28 notes that the frequency of an entity's interim reporting should not affect the measurement of its annual results. Accordingly, IAS 34.23 requires assessment of materiality by reference to the interim period financial data. This may result in items being separately disclosed in interim financial reports, but not necessarily in the next annual financial statements.
- viii The discrete period approach is problematic in the context of income taxes, which are generally measured based on the taxable profit of an annual period. Accordingly, IAS 34 requires that interim period income tax is accrued using the tax rate that would be applicable to expected total annual earnings. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period (IAS 34.B12). It may be appropriate in some cases to refer to the basis of measurement of income tax expense in the notes to the interim financial statements. An appropriate disclosure might be:

"The tax charge on underlying business performance is calculated by reference to the estimated effective tax rate for the full year. Tax on disposals and other exceptional items is based on the expected tax impact of each item."



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