Adviser alert—*Example Interim Consolidated Financial Statements 2014*

April 2014

Overview

The Grant Thornton International IFRS team has published the 2014 version of the *Example Interim Consolidated Financial Statements,* which has been revised and updated to reflect changes in IFRS, including IAS 34 *Interim Financial Reporting* (IAS 34), that are effective for the year ending December 31, 2014.

Specifically, the example interim consolidated financial statements reflect the adoption of IFRIC 21 *Levies* which is effective for year ends beginning on or after January 1, 2014 as well as the early adoption of Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) which is effective for year ends beginning on or after July 1, 2014.

Example Interim Consolidated Financial Statements—summary

The example interim consolidated financial statements illustrate condensed interim statements for a six month accounting period beginning on January 1, 2014. The condensed interim consolidated financial statements are based on the activities and results of Illustrative Corporation and its subsidiaries—a fictional consulting, service and retail company that has been preparing IFRS financial statements for several years and produces half-yearly interim reports in accordance with IAS 34 at June 30, 2014.

Entities have a choice of preparing a condensed set of interim financial statements or a full set of IFRS financial statements, when applying IAS 34. As previously noted, this publication illustrates a condensed set of interim financial statements. In cases where entities choose to present a full set of financial statements in the interim financial report, the form and content of those financial statements are required to conform to the requirements of IAS 1 *Presentation of Financial Statements* for a complete set of financial statements, as required by IAS 34.9.

It is important to remember that the objective in preparing example interim financial statements is to illustrate one possible approach to interim reporting by an entity engaging in transactions that are considered typical across a range of non-specialist sectors. The attached financial statements are an illustrative example only and should not be considered comprehensive.

Resources

The *Example Interim Consolidated Financial Statements 2014* follows this Adviser alert.

Please note that this publication has not been modified from its original version (English version only).

Grant Thornton

An instinct for growth™

Illustrative Corporation Group 30 June 2014

Example Interim Consolidated Financial Statements 2014

Contents

Introduction

Example Interim Consolidated Financial Statements 2014

The member firms within Grant Thornton International Ltd (GTIL) – one of the world's leading organisations of independent assurance, tax and advisory firms – have extensive expertise in the application of IFRSs. Grant Thornton International Ltd, through its IFRS team, develops general guidance that supports its member firms' commitment to high quality, consistent application of IFRSs and is therefore pleased to share these insights by publishing 'Example Interim Consolidated Financial Statements 2014' (the Publication).

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

The Publication illustrates condensed interim financial statements for a six month accounting period beginning on 1 January 2014. It is based on the activities and results of Illustrative Corporation and its subsidiaries (together the Group) – a fictional consulting, service and retail entity that has been preparing IFRS financial statements for several years. The Group produces half-yearly interim financial reports in accordance with IAS 34 'Interim Financial Reporting' (IAS 34) at 30 June 2014.

The Publication has been reviewed and updated to reflect changes in IAS 34 and in other IFRSs that are effective for the year ending 31 December 2014. In particular, this Publication reflects the application of IFRIC 21 'Levies' and also the early application of 'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19).

Condensed set of interim financial statements

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 based on the requirements of IAS 34.8. Where a full set of financial statements is presented in the interim financial report, the form and content of those financial statements are 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 local requirements usually impose interim reporting deadlines and may require disclosure of specified information. This may be presented either in the financial statements or in an accompanying narrative report, eg financial and other highlights, chairman's statement, operating and financial review and specific qualitative and quantitative disclosures (collectively referred to as 'management commentary').

The IASB's Practice Statement 'Management Commentary – A framework for presentation' provides a broad framework of principles, qualitative characteristics and recommended contents for high quality management commentary. Although the Practice Statement is not mandatory, it may be used by regulators and others to benchmark the quality of the information presented and so its guidance should be considered.

Management commentary and other regulatory 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 this Publication 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.

Grant Thornton International Ltd
April 2014

Example Interim Consolidated Financial Statements 2014

International Financial Reporting Standards (IFRSs)
Illustrative Corporation Group.
30 June 2014

Contents of interim financial statements

Paragraph 8 of IAS 34 'Interim Financial Reporting' requires that condensed interim financial statements contain at a minimum:

- a condensed statement of financial position
- a condensed statement or condensed statements of profit or loss and other comprehensive income
- a condensed statement of changes in equity
- a condensed statement of cash flows
- selected explanatory notes.

According to IAS 34.20, the interim financial statements (condensed or complete) shall 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 a statement of profit or loss and a statement of other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparatives for the comparable interim periods (ie comparable interim period and financial year to date) or
  - a single statement of profit or loss and other comprehensive income for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim periods (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.

Presentation of the interim statement of profit or loss and other comprehensive income either as a single statement or two separate statements should follow the presentation in the annual financial statements (IAS 34.8A). The Group presents a separate profit or loss statement and a separate statement of other comprehensive income in its annual financial statements. In addition, the Group's profit or loss statement illustrates the 'nature of expense' format. Accordingly, this Publication follows the same approach. The alternative methods of presenting a single statement of profit or loss and other comprehensive income and of presenting a profit or loss statement illustrating the 'function of expense format' are included as appendices to the 'Example Consolidated Financial Statements 2013'[1].

IAS 1 'Presentation of Financial Statements' (IAS 1) requires an additional statement of financial position at the start of the preceding period in certain circumstances (IAS 1.40A). IAS 34 does not require, and therefore this Publication does not include, such a statement of financial position.

Entities wishing to follow best practice may include a statement/statements of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows for the immediately preceding financial year. This Publication reflects this practice, with three periods for each primary statement and associated notes.

Summary of requirements (IAS 34.A2)

	Interim period	Last year end	Comparative interim period
Statement of financial position	Yes	Yes	Good practice
Statement of profit or loss and other comprehensive income	Yes (current and year-to-date)	Good practice	Yes (current and year-to-date)
Statement of changes in equity	Yes (year-to-date)	Good practice	Yes (year-to-date)
Statement of cash flows	Yes (year-to-date)	Good practice	Yes (year-to-date)

[1] In August 2013, the Grant Thornton International Ltd IFRS Team published 'Example Consolidated Financial Statements 2013', providing an example of a full set of annual IFRS financial statements.

Consolidated statement of financial position

		Notes	30 June 2014 CU'000	30 June 2013 CU'000 (Restated)	31 Dec 2013 CU'000
IAS 1.51(c)					
IAS 1.51(d-e)					
	Assets				
IAS 1.60/66	**Non-current**				
IAS 1.57	Goodwill	9	**7,397**	5,880	5,041
IAS 1.54(c)	Other intangible assets	10	**25,950**	19,973	17,424
IAS 1.54(a)	Property, plant and equipment	11	**26,043**	23,400	22,199
IAS 1.54(e), IAS 28.38	Investments accounted for using the equity method		**925**	777	860
IAS 1.54(b)	Investment property		**12,732**	12,487	12,662
IAS 1.54(d)	Other long-term financial assets		**3,802**	3,525	3,765
IAS 1.60	Non-current assets		**76,849**	**66,042**	**61,951**
IAS 1.60/66	**Current**				
IAS 1.54(g)	Inventories		**32,394**	29,605	18,298
IAS 1.54(h)	Trade and other receivables		**28,746**	22,572	33,629
IAS 1.54(d)/55	Derivative financial instruments		**598**	554	582
IAS 1.54(d)	Other short-term financial assets		**689**	651	655
IAS 1.54(i)	Cash and cash equivalents		**42,539**	9,797	34,729
			104,966	**63,179**	**87,893**
IFRS 5.38, IAS 1.54(j)	Assets included in disposal group classified as held for sale	12	**–**	3,236	103
IAS 1.60	Current assets		**104,966**	**66,415**	**87,996**
IAS 1.55	**Total assets**		**181,815**	**132,457**	**149,947**

Guidance note: Consolidated statement of financial position

IAS 34.10 requires the interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements.

IAS 1.54 provides a list of the minimum items to be presented on the face of the statement of financial position. Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated statement of financial position. There may be situations where additional line items, headings and subtotals may also need to be included. IAS 1.55 requires an entity to present 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.

Consolidated statement of financial position

		Notes	30 June 2014 CU'000	30 June 2013 CU'000 (Restated)	31 Dec 2013 CU'000
IAS 1.51(c)					
IAS 1.51(d-e)					
	Equity and liabilities				
	Equity				
IAS 1.54(r)	Share capital	14	**15,820**	12,270	13,770
IAS 1.78(e)	Share premium		**40,045**	4,465	19,645
IAS 1.78(e)	Other components of equity	16	**755**	342	1,951
IAS 1.54(r)	Retained earnings		**60,657**	42,196	52,162
	Equity attributable to owners of the parent		**117,277**	**59,273**	**87,528**
IAS 1.54(q)	Non-controlling interests		**780**	648	713
IAS 1.55	**Total equity**		**118,057**	**59,921**	**88,241**
	Liabilities				
IAS 1.60/69	**Non-current**				
IAS 1.55	Pension and other employee obligations		**12,331**	11,956	10,386
IAS 1.54(m)	Borrowings		**19,768**	21,125	21,000
IAS 1.54(k)	Trade and other payables		**5,142**	4,806	4,060
IAS 1.54(o)/56	Deferred tax liabilities		**1,359**	880	1,907
IAS 1.55	Other liabilities		**1,854**	2,057	2,020
IAS 1.60	Non-current liabilities		**40,454**	**40,824**	**39,373**
IAS 1.60/69	**Current**				
IAS 1.54(l)	Provisions	17	**615**	2,280	1,215
IAS 1.55	Pension and other employee obligations		**1,625**	1,398	1,467
IAS 1.54(m)	Borrowings		**3,986**	4,655	4,815
IAS 1.54(k)	Trade and other payables		**10,466**	18,759	9,009
IAS 1.54(n)	Current tax liabilities		**3,325**	1,077	3,068
IAS 1.55	Other liabilities		**3,287**	3,160	2,759
			23,304	**31,329**	**22,333**
IFRS 5.38, IAS 1.54(p)	Liabilities included in disposal group classified as held for sale	12	**–**	383	–
IAS 1.60	Current liabilities		**23,304**	**31,712**	**22,333**
IAS 1.55	**Total liabilities**		**63,758**	**72,536**	**61,706**
IAS 1.55	**Total equity and liabilities**		**181,815**	**132,457**	**149,947**

Consolidated statement of profit or loss

IAS 1.51(c)		Notes	6 mths to 30 June 2014	6 mths to 30 June 2013	Year to 31 Dec 2013
IAS 1.51(d-e)			CU'000	CU'000 (Restated)	CU'000
IAS 1.82(a)	Revenue	8	**116,846**	88,863	205,793
IAS 1.85	Other income		**202**	185	427
IAS 1.85	Changes in inventories		**(5,066)**	(3,248)	(7,923)
IAS 1.85	Costs of material		**(23,403)**	(18,501)	(42,434)
IAS 1.85	Employee benefits expense		**(61,232)**	(51,042)	(113,809)
IAS 1.85	Change in fair value of investment property		**55**	125	310
IAS 1.85	Depreciation, amortisation and impairment of non-financial assets		**(3,904)**	(3,143)	(7,932)
IAS 1.85	Other expenses		**(4,879)**	(5,798)	(12,622)
	Operating profit		**18,619**	**7,441**	**21,810**
IAS 1.82(c)	Share of profit from equity accounted investments		**50**	84	135
IAS 1.82(b)	Finance costs		**(413)**	(393)	(1,490)
IAS 1.85	Finance income		**1,188**	465	994
IAS 1.85	Other financial items		**669**	339	943
	Profit before tax		**20,113**	**7,936**	**22,392**
IAS 1.82(d)	Tax expense		**(5,059)**	(2,370)	(6,911)
	Profit for the period from continuing operations		**15,054**	**5,566**	**15,481**
IAS 1.82(ea)	Profit (loss) for the period from discontinued operations	12	**96**	8	(9)
IAS 1.85	**Profit for the period**		**15,150**	**5,574**	**15,472**
	Profit for the period attributable to:				
IAS 1.81B(a)(i)	Non-controlling interests		**67**	56	121
IAS 1.81B(a)(ii)	Owners of the parent		**15,083**	5,518	15,351
			15,150	**5,574**	**15,472**
IAS 34.11/11A	**Earnings per share**	13	**CU**	**CU**	**CU**
IAS 33.67A	Basic earnings per share				
IAS 33.66	– From continuing operations		**0.94**	0.45	1.22
IAS 33.68A	– From discontinued operations		**0.01**	–	–
IAS 33.66	**Total**		**0.95**	**0.45**	**1.22**
IAS 33.67A	Diluted earnings per share				
IAS 33.66	– From continuing operations		**0.94**	0.45	1.22
IAS 33.68A	– From discontinued operations		**0.01**	–	–
IAS 33.66	**Total**		**0.95**	**0.45**	**1.22**

Guidance note: Consolidated statement of profit or loss

IAS 34.10 requires the interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Consistent with the Group's annual financial statements, a separate statement of profit or loss and a separate statement of other comprehensive income are presented in this Publication.

IAS 1.82(a)-(ea) provides a list of the minimum items to be presented in the profit or loss section (when an entity presents a single statement of comprehensive income) or in the statement of profit or loss (when an entity presents separate statements of profit or loss and of other comprehensive income, as in this Publication).

There may be situations where additional line items, headings and subtotals need to be included. IAS 1.85 requires an entity to present such additional items on the face of the statement of profit or loss 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' format, whichever is reliable and more relevant (IAS 1.99). This Publication provides an example of the 'nature of expense' format.

IAS 34.11 requires the presentation of both basic and diluted earnings per share on the face of the statement that presents the components of profit or loss when the entity is within the scope of IAS 33 'Earnings per Share' (IAS 33). Where an entity presents a separate statement of profit or loss and separate statement of other comprehensive income, the basic and diluted earnings per share (EPS) figures should be presented on the face of the statement of profit or loss (IAS 34.11A).

IAS 33 requires disclosure in the annual financial statements of basic and diluted earnings per share (EPS) for continuing operations and total operations, on the face of the statement of profit and loss. EPS for discontinued operations is required to be shown either on the face of the statement of profit or loss or in the notes (IAS 33.68).

IAS 34 does not specifically require disclosure of separate EPS figures for continuing and discontinued operations in condensed interim financial statements. In our opinion the minimum requirement is to disclose basic and diluted EPS for total operations. This Publication also includes separate EPS figures for continuing and discontinued operations as a matter of good practice and for consistency with the annual financial statements. In our opinion, when such separate EPS figures are shown on the face of the statement of profit or loss, EPS for total operations should also be shown on the face.

Where relevant, references to IAS 1 and other IFRSs requirements are included on the left hand side of the consolidated statement of profit or loss.

Consolidated statement of profit or loss and other comprehensive income

		6 mths to 30 June 2014 CU'000	6 mths to 30 June 2013 CU'000 (Restated)	Year to 31 Dec 2013 CU'000
IAS 1.51(c)				
IAS 1.51(d-e)				
IAS 1.81A	**Profit for the period**	**15,150**	**5,574**	**15,472**
	Other comprehensive income:			
IAS 1.82A(a)	**Items that will not be reclassified subsequently to profit or loss**			
IAS 16.77(f)	Revaluation of land	**–**	–	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	**(1,771)**	1,915	3,830
IAS 1.90/ 91(b)	Income tax relating to items not reclassified	**531**	(575)	(1,240)
IAS 1.82A(b)	**Items that will be reclassified subsequently to profit or loss**			
	Cash flow hedging			
IFRS 7.23(c-d)	– current period gains	**215**	287	367
IAS 1.92	– reclassification to profit or loss	**157**	178	260
	Available-for-sale financial assets			
IFRS 7.20(a)(ii)	– current period gains (losses)	**35**	(22)	113
IAS 1.92	– reclassification to profit or loss	**24**	(32)	(50)
IAS 21.52(b)	Exchange differences on translating foreign operations	**(575)**	(414)	(664)
IAS 1.82A	Share of other comprehensive income of equity accounted investments	**15**	26	5
IAS 1.92	– reclassification to profit or loss	**–**	–	(3)
IAS 1.90/ 91(b)	Income tax relating to components of other comprehensive income	**173**	125	176
IAS 1.81A	**Other comprehensive income for the period, net of tax**	**(1,196)**	**1,488**	**3,097**
IAS 1.81A	**Total comprehensive income for the period**	**13,954**	**7,062**	**18,569**
	Total comprehensive income for the period attributable to:			
IAS 1.81B(b)(i)	Non-controlling interests	**67**	56	121
IAS 1.81B(b)(ii)	Owners of the parent	**13,887**	7,006	18,448
		13,954	**7,062**	**18,569**

Guidance note: Consolidated statement of profit or loss and other comprehensive income

When an entity presents a separate statement of comprehensive income (as in this Publication), IAS 1.82A requires an entity to present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method).

IAS 1.82A further requires items to be grouped into those that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.87 precludes an entity from presenting any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes.

According to IAS 1.90, an entity discloses the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes. In accordance with IAS 1.91(b), the Group, in its annual financial statements, presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income. The tax effects of each component of other comprehensive income are disclosed in the notes to the annual financial statements. This Publication follows the same format. When an entity selects alternative (b) of IAS 1.91, it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated statement of comprehensive income.

Consolidated statement of changes in equity

		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interests	Total equity
IAS 1.51(d-e)		CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
IAS 1.106(d)	**Balance at 1 January 2014**	**13,770**	**19,645**	**1,951**	**52,162**	**87,528**	**713**	**88,241**
	Dividends	–	–	–	(6,855)	(6,855)	–	(6,855)
	Issue of share capital under share-based payment scheme	350	1,750	–	–	2,100	–	2,100
	Employee share-based payment options	–	–	–	267	267	–	267
	Issue of share capital	1,700	18,650	–	–	20,350	–	20,350
IAS 1.106(d)(iii)	Transactions with owners	2,050	20,400	–	(6,588)	15,862	–	15,862
IAS 1.106(d)(i)	Profit for the period	–	–	–	15,083	15,083	67	15,150
IAS 1.106(d)(ii)	Other comprehensive income	–	–	(1,196)	–	(1,196)	–	(1,196)
IAS 1.106(a)	Total comprehensive income for the period	–	–	(1,196)	15,083	13,887	67	13,954
IAS 1.106(d)	**Balance at 30 June 2014**	**15,820**	**40,045**	**755**	**60,657**	**117,277**	**780**	**118,057**
IAS 1.106(d)	**Balance at 1 January 2013**	**12,000**	**3,050**	**(1,146)**	**39,513**	**53,417**	**592**	**54,009**
	Dividends	–	–	–	(3,000)	(3,000)	–	(3,000)
	Issue of share capital under share-based payment scheme	270	1,415	–	–	1,685	–	1,685
	Employee share-based payment options	–	–	–	165	165	–	165
IAS 1.106(d)(iii)	Transactions with owners	270	1,415	–	(2,835)	(1,150)	–	(1,150)
IAS 1.106(d)(i)	Profit for the period (Restated)	–	–	–	5,518	5,518	56	5,574
IAS 1.106(d)(ii)	Other comprehensive income	–	–	1,488	–	1,488	–	1,488
IAS 1.106(a)	Total comprehensive income for the period (Restated)	–	–	1,488	5,518	7,006	56	7,062
IAS 1.106(d)	**Balance at 30 June 2013 (Restated)**	**12,270**	**4,465**	**342**	**42,196**	**59,273**	**648**	**59,921**

Guidance note: Consolidated statement of changes in equity

IAS 34.10 requires the interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements while IAS 1.106 provides a list of the required items to be presented on the face of the statement of changes in equity.

Entities have a choice to present the required reconciliations for each component of other comprehensive income either (1) in the statement of changes in equity or (2) in the notes to the financial statements (IAS 1.106(d)(ii) and IAS 1.106A). This Publication presents the reconciliations for each component of other comprehensive income in the notes to the financial statements. This reduces duplicated disclosures and presents more clearly the overall changes in equity.

Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated statement of changes in equity.

Consolidated statement of changes in equity

		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interests	Total equity
IAS 1.51(d-e)		CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
IAS 1.106(d)	**Balance at 1 January 2013**	**12,000**	**3,050**	**(1,146)**	**39,513**	**53,417**	**592**	**54,009**
	Dividends	–	–	–	(3,000)	(3,000)	–	(3,000)
	Issue of share capital under share-based payment scheme	270	1,415	–	–	1,685	–	1,685
	Employee share-based payment options	–	–	–	298	298	–	298
	Issue of share capital	1,500	15,180	–	–	16,680	–	16,680
IAS 1.106(d)(iii)	Transactions with owners	1,770	16,595	–	(2,702)	15,663	–	15,663
IAS 1.106(d)(i)	Profit for the year	–	–	–	15,351	15,351	121	15,472
IAS 1.106(d)(ii)	Other comprehensive income	–	–	3,097	–	3,097	–	3,097
IAS 1.106(a)	Total comprehensive income for the year	–	–	3,097	15,351	18,448	121	18,569
IAS 1.106(d)	**Balance at 31 December 2013**	**13,770**	**19,645**	**1,951**	**52,162**	**87,528**	**713**	**88,241**

Consolidated statement of cash flows

		Notes	6 mths to 30 June 2014 CU'000	6 mths to 30 June 2013 CU'000 (Restated)	Year to 31 Dec 2013 CU'000
IAS 1.51(c)					
IAS 1.51(d-e)					
IAS 7.10	**Operating activities**				
	Profit before tax		**20,113**	7,936	22,392
	Adjustments for non-cash items		**2,053**	1,598	8,818
	Contributions to defined benefit plans		**(995)**	(616)	(1,186)
	Net changes in working capital		**(384)**	12,003	(2,018)
	Settling of derivative financial instruments		**–**	–	(33)
	Acquisition costs, expensed to profit or loss	6	**(304)**	–	–
IAS 7.35	Taxes paid		**(5,602)**	(577)	(1,984)
	Net cash from continuing operations		**14,881**	**20,344**	**25,989**
IFRS 5.33(c)	Net cash from discontinued operations		**–**	18	(22)
	Net cash from operating activities		**14,881**	**20,362**	**25,967**
IAS 7.10	**Investing activities**				
	Purchase of property, plant and equipment	11	**(47)**	(26)	(76)
	Proceeds from disposals of property, plant and equipment		**128**	11	86
	Purchase of other intangible assets	10	**(2,470)**	(2,805)	(3,666)
	Proceeds from disposals of other intangible assets		**–**	–	924
IAS 7.39	Acquisition of subsidiaries, net of cash	6	**(18,176)**	(15,714)	(15,714)
IAS 7.39	Proceeds from sale of subsidiaries, net of cash		**–**	–	3,117
	Proceeds from sale of assets classified as held for sale		**199**	–	–
	Proceeds from disposals and redemptions of non-derivative financial assets		**105**	135	228
IAS 7.31	Interest received		**465**	352	752
IAS 7.31	Dividends received		**48**	40	62
IAS 7.35	Taxes paid		**–**	–	(244)
	Net cash used in investing activities		**(19,748)**	**(18,007)**	**(14,531)**
IAS 7.10	**Financing activities**				
	Proceeds from borrowings		**–**	1,441	1,441
	Repayment of borrowings		**(2,543)**	(3,478)	(3,778)
	Proceeds from issue of share capital		**22,450**	1,685	18,365
IAS 7.31	Interest paid		**(473)**	(400)	(1,015)
IAS 7.31	Dividends paid	15	**(6,855)**	(3,000)	(3,000)
	Net cash from (used in) financing activities		**12,579**	**(3,752)**	**12,013**
IAS 7.45	**Net change in cash and cash equivalents**		**7,712**	(1,397)	23,449
	Cash and cash equivalents, beginning of period		**34,729**	11,219	11,219
IAS 7.28	Exchange differences on cash and cash equivalents		**98**	(25)	61
IAS 7.45	**Cash and cash equivalents, end of period**		**42,539**	**9,797**	**34,729**

Guidance note: Consolidated statement of cash flows

IAS 34.10 requires the interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Consistent with the Group's annual financial statements, the interim statement of cash flows is prepared using the indirect method in accordance with IAS 7.18(b). The statement of cash flows can also be prepared using the direct method (IAS 7.18(a)).

Where relevant, references to IAS 7 and other IFRS requirements are included on the left hand side of the consolidated statement of cash flows.

Notes to the Condensed Interim Consolidated Financial Statements

Guidance note: Notes to the condensed interim consolidated financial statements

Where an entity's interim financial report complies 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 IFRSs unless it complies with all of the requirements of IFRSs.

Interim financial reports are prepared assuming that users have access to the most recent annual financial report. Consequently, disclosures in the interim financial report need not duplicate previously reported information (IAS 34.6). IAS 34.16A sets out the information to be disclosed in the notes to the condensed interim financial statements, if not disclosed elsewhere in the interim financial report.

In addition, IAS 34.15 requires disclosure of events and transactions that are significant to an understanding of the changes in the financial position and performance of an entity since the end of the last annual reporting period. The guidance includes some examples of events and transactions which may require disclosure, if significant (IAS 34.15B).

This Publication presents selected explanatory notes that are intended to assist users in understanding the results of operations of the Group for the current interim period. As with any example, it does not envisage every possible transaction and cannot therefore be regarded as comprehensive. Also, depending on the circumstances, certain of these disclosures might be regarded either as voluntary or as necessary to meet the general requirements of IAS 34.

The notes to the interim financial statements follow the format of the disclosures in the Group's annual financial statements in so far as these disclosures are required by IAS 34. Where relevant, references to IAS 34 and other IFRSs are included on the left hand side of the disclosures.

1. Nature of operations

The principal activities of Illustrative Corporation and subsidiaries (the Group) include consulting on, servicing and sale of customised IT and telecommunications systems. These activities are grouped into the following service lines:

- consulting – focused on the design and sale of phone and intranet based in-house applications; customisation and integration of IT and telecommunication systems
- service – provides after-sale service and maintenance of IT and telecommunication systems
- retail – involved in the on-line sales of hardware and software products of the Group's business partners.

2. General information and basis of preparation

IAS 34.3
IAS 34.19

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2014 and are presented in currency units (CU), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' (IAS 34). They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013.[2]

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

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

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

3. Significant accounting policies

IAS 34.28
IAS 34.16A(a)

The interim financial statements have been prepared in accordance with the accounting policies[3] adopted in the Group's most recent annual financial statements for the year ended 31 December 2013[4], except for:

- the application of IFRIC 21 'Levies' (IFRIC 21) and
- the early application of 'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19), effective for annual periods beginning on or after 1 July 2014.

[2] In August 2013, the Grant Thornton International Ltd IFRS Team published the 'Example Consolidated Financial Statements 2013', providing an example of a full set of annual IFRS financial statements.

[3] 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 reporting should not affect its annual results. There are however some situations where annual reporting can be altered. One example is impairment of goodwill. IFRIC 10 'Interim Financial Reporting and Impairment' (IFRIC 10) notes that an entity shall not reverse an impairment loss recognised in a previous interim period even if the impairment loss would not have been recognised had the impairment assessment been made only at the end of the annual reporting period (IFRIC 10.8).

The discrete period approach is also 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).

[4] In August 2013, the Grant Thornton International Ltd IFRS Team published the 'Example Consolidated Financial Statements 2013', providing an example of a full set of annual IFRS financial statements.

The effects of applying IFRIC 21 and the Amendments to IAS 19 are described below.

IAS 34.16A(a)

IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has no material effect on the annual financial statements but affects the allocation of the cost of certain property taxes between interim periods. The Group's past practice was to spread the cost of property taxes payable annually over the year, resulting in the recognition of a prepayment at interim reporting dates. The application of IFRIC 21 requires the Group to recognise the entire obligation at the beginning of the reporting period, which is the date specified in the relevant legislation.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions. The effects on the statement of financial position at 30 June 2013 are:

IAS 34.16A(a)

	30 June 2013 CU'000
Decrease in:	
Trade and other receivables	(500)
Current tax liabilities	150
Change in net assets (all attibutable to the parent)	**(350)**

The effects on the statement profit or loss for the six months ended 30 June 2013 are:

IAS 34.16A(a)

	6 months to 30 June 2013 CU'000
Increase (decrease) in:	
Operating expenses	500
Tax expense	(150)
Decrease in profit for the period (all attibutable to the parent)	**350**

IAS 34.16A(a) The application of IFRIC 21 had an immaterial effect on the statement of cash flows and on the earnings per share for the six months ended 30 June 2013.

IAS 34.16A(a)

Defined Benefit Plans: Employee Contributions

The Amendments to IAS 19:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction in the service cost in the period in which the related service is rendered.

The Group has applied the practical expedient as its accounting policy. This treatment is consistent with the Group's previous practice before the Amendments to IAS 19. Therefore, the initial application of the Amendments to IAS 19 has no effect on the Group's financial statements.

4. Estimates

IAS 34.41
IAS 34.16A(d)

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

IAS 34.28
IAS 34.B12

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2013. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period[5].

5. Significant events and transactions

IAS 34.15
IAS 34.15C

The Group's management believes that the Group is well positioned despite the continuing difficult 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 2014 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. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

6. Business combination

IAS 34.16A(i)
IFRS 3.B64
(a)-(d)

On 5 April 2014, the Group acquired 100% of the issued share capital and voting rights of Sysmagic Limited (Sysmagic), a company based in the United Kingdom that operates within the service segment. The objective of the acquisition is to further increase the Group's market share in providing customised IT and telecommunication systems services.[6]

[5] 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 reporting should not affect its annual results. There are however some situations where annual reporting can be altered. One example is impairment of goodwill. IFRIC 10 'Interim Financial Reporting and Impairment' notes that an entity shall not reverse an impairment loss recognised in a previous interim period even if the impairment loss would not have been recognised had the impairment assessment been made only at the end of the annual reporting period (IFRIC 10.8). The discrete period approach is also 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).

[6] IAS 34.16A(i) states that disclosures of a business combination includes the information required by IFRS 3 'Business Combinations' (paragraphs 59-63 and the related application guidance).

The details of the business combination are as follows:

		CU'000
IFRS 3.B64(f)	**Fair value of consideration transferred**	
IFRS 3.B64(f)(i)	Amount settled in cash	18,500
IAS 7.40(a)		
IFRS 3.B64(i)	**Recognised amounts of identifiable net assets**	
IAS 7.40(d)	Property, plant and equipment	5,818
	Other intangible assets	8,585
	Total non-current assets	**14,403**
	Inventories	7,500
	Trade and other receivables	4,449
IAS 7.40(c)	Cash and cash equivalents	324
	Total current assets	**12,273**
	Borrowings	(2,543)
	Deferred tax liabilities	(1,335)
	Total non-current liabilities	**(3,878)**
	Provisions	(780)
	Other liabilities	(1,855)
	Trade and other payables	(4,165)
	Total current liabilities	**(6,800)**
	Identifiable net assets	**15,998**
	Goodwill on acquisition	**2,502**
IAS 7.40(b)	Consideration transferred settled in cash	18,500
IAS 7.40(c)	Cash and cash equivalents acquired	(324)
IAS 7.42	Net cash outflow on acquisition	**18,176**
	Acquisition costs charged to expenses	304
	Net cash paid relating to the acquisition	**18,480**

Consideration transferred

IFRS 3.B64(m) Acquisition-related costs amounting to CU 304,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

Identifiable net assets

IFRS 3.B67(a) The fair values of the identifiable intangible assets has been determined provisionally at 30 June 2014, because the acquisition was completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation.

IFRS 3.B64(h)(iii) The fair value of the trade and other receivables acquired as part of the business combination amounted to CU 4,449,000 with a gross contractual amount of CU 4,569,000. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to CU 120,000.

Goodwill

IFRS 3.B64(e) IAS 36.133 IFRS 3.B64(k)

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 which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to cash-generating units at 30 June 2014, and is attributable to the service segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

Sysmagic's contribution to the Group results

IFRS 3.B64 (q)(i-ii)

Sysmagic contributed CU 12,232,000 and CU 1,954,000 to the Group's revenues and profits, respectively from the date of the acquisition to 30 June 2014. Had the acquisition occurred on 1 January 2014, the Group's revenue for the period to 30 June 2014 would have been CU 128,386,000 and the Group's profit for the period would have been CU 15,726,000.

7. Segment reporting

IAS 34.16A(g)

Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's three main operating segments are:

- consulting – engaged in the sale, customisation and integration of IT and telecommunication systems
- service – involved in the maintenance of telecommunication systems
- retail segment – engaged in the sale of hardware and software products through the internet.

Each of these operating segments is managed separately as each service line requires different technologies and other resources, as well as marketing approaches. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

In addition, two minor operating segments, for which the quantitative thresholds for separate disclosures have not been met, are currently combined below under 'other'. The main sources of revenue for these operating segments are the sale and disposal of used IT equipment.

IAS 34.16A(g)(v)

During the six month period to 30 June 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

IAS 34.16A (g)(i-iv)

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

6 months to June 2014	Consulting 2014 CU'000	Service 2014 CU'000	Retail 2014 CU'000	Other 2014 CU'000	Total 2014 CU'000
Revenue					
From external customers	56,216	21,435	36,576	2,619	116,846
Discontinued operations	–	–	–	–	–
From other segments	346	–	–	–	346
Segment revenues	**56,562**	**21,435**	**36,576**	**2,619**	**117,192**
Segment operating profit	**16,978**	**2,827**	**2,175**	**112**	**22,092**
Segment assets	**73,720**	**28,109**	**47,965**	**3,033**	**152,827**
Segment liabilities	**27,518**	**10,493**	**17,904**	**1,132**	**57,047**

6 months to June 2013	Consulting 2013 CU'000	Service 2013 CU'000	Retail 2013 CU'000	Other 2013 CU'000	Total 2013 CU'000
Revenue					
From external customers	47,843	7,832	31,129	2,059	88,863
Discontinued operations	–	–	7,352	–	7,352
From other segments	145	–	–	–	145
Segment revenues	**47,988**	**7,832**	**38,481**	**2,059**	**96,360**
Segment operating profit (Restated)	**10,176**	**(280)**	**1,337**	**(24)**	**11,209**
Segment assets	**60,076**	**9,835**	**39,088**	**2,211**	**111,210**
Segment liabilities	**34,329**	**5,620**	**22,336**	**1,264**	**63,549**

Year to 31 Dec 2013	Consulting 2013 CU'000	Service 2013 CU'000	Retail 2013 CU'000	Other 2013 CU'000	Total 2013 CU'000
Revenue					
From external customers	110,810	18,140	72,098	4,745	205,793
Discontinued operations	–	–	9,803	–	9,803
From other segments	231	–	–	–	231
Segment revenues	**111,041**	**18,140**	**81,901**	**4,745**	**215,827**
Segment operating profit	**20,152**	**1,250**	**6,835**	**100**	**28,337**
Segment assets	**68,103**	**11,149**	**44,311**	**2,507**	**126,070**
Segment liabilities	**34,329**	**5,620**	**22,336**	**1,264**	**63,549**

IAS 34.16A (g)(vi)

The Group's segment operating profit reconciles to the Group's profit before tax as presented in its financial statements as follows:

	6 mths to 30 June 2014 CU'000	6 mths to 30 June 2013 CU'000 (Restated)	Year to 31 December 2013 CU'000
Profit or loss			
Total operating profit of reportable segments	21,980	11,233	28,237
Other segment profit	112	(24)	100
Rental income from investment property	550	498	1,066
Change in fair value of investment property	55	125	310
Share-based payment expenses	(267)	(165)	(298)
Post-employment benefit expenses	(3,150)	(2,850)	(6,099)
Research and development costs	(986)	(1,250)	(1,690)
Other income not allocated	502	180	618
Other expenses not allocated	(97)	(165)	(303)
Operating profit of discontinued operations	–	(54)	(73)
Elimination of intersegment profits	(80)	(87)	(58)
Group operating profit	**18,619**	**7,441**	**21,810**
Share of profit from equity accounted investments	50	84	135
Finance costs	(413)	(393)	(1,490)
Finance income	1,188	465	994
Other financial items	669	339	943
Group profit before tax	**20,113**	**7,936**	**22,392**

8. Seasonal fluctuations

IAS 34.16A(b) The demand for maintenance and installation of IT and telecommunication systems and equipment (part of the consulting and service segments) is subject to seasonal fluctuations. Historically, peak demand is in the second half of each year. Revenues for maintenance and installation for the six months ended 30 June 2014 represented 66% (six months period to 30 June 2013: 43%) of the annual level of these revenues for the year ended 31 December 2013.

The percentage of the first six-months revenues in 2014 is higher than 2013 due to the effect of an additional three months revenues contributed by a new subsidiary acquired in 2014 (see Note 6). Excluding these items, the revenues for the six months ended 30 June 2014 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 31 December 2013.

9. Goodwill

IAS 34.16A(c) The following table shows the movements in goodwill[7]:

		6 mths to 30 June 2014 CU'000	6 mths to 30 June 2013 CU'000	Year to 31 December 2013 CU'000
IFRS 3.B67(d)	**Gross carrying amount**			
IFRS 3.B67(d)(i)	Balance, beginning of the period	6,030	3,727	3,727
IFRS 3.B67(d)(ii)	Acquired through business combination	2,502	2,438	2,438
IFRS 3.B67(d)(vi)	Net exchange differences	(146)	(95)	(135)
IFRS 3.B67(d)(viii)	Balance, end of the period	8,386	6,070	6,030
	Accumulated impairment			
IFRS 3.B67(d)(i)	Balance, beginning of the period	(989)	(190)	(190)
IFRS 3.B67(d)(v)	Impairment loss recognised	–	–	(799)
IFRS 3.B67(d)(vi)	Net exchange differences	–	–	–
IFRS 3.B67(d)(viii)	Balance, end of the period	(989)	(190)	(989)
	Carrying amount at the end of the period	**7,397**	**5,880**	**5,041**

[7] In addition to the requirement of IAS 34.16A(c) to disclose the nature and amount of items affecting assets that are unusual because of their nature, size or incidence, this disclosure is also part of the required disclosure under IFRS 3 'Business Combinations' for the business combination that occurred in the current interim period.

10. Other intangible assets

IAS 34.16A(c) The following tables show the movements in intangible assets[8]:

		Acquired software licences CU'000	Internally generated software CU'000	Brand names CU'000	Customer lists CU'000	Total CU'000
IAS 38.118	**Gross carrying amount**					
IAS 38.118(c)	Balance at 1 January 2014	16,469	18,046	975	1,761	37,251
IAS 38.118(e)(i)	Addition, separately acquired	320	–	–	–	320
IAS 38.118(e)(i)	Addition, internally developed	–	2,150	–	–	2,150
IAS 38.118(e)(i)	Acquisition through business combination	5,850	–	1,250	1,485	8,585
IAS 38.118(e)(ii)	Disposals	–	–	–	–	–
IAS 38.118(e)(vii)	Net exchange differences	(75)	(65)	–	–	(140)
IAS 38.118(c)	Balance at 30 June 2014	22,564	20,131	2,225	3,246	48,166
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2014	(7,739)	(11,602)	(287)	(199)	(19,827)
IAS 38.118(e)(vi)	Amortisation	(1,283)	(764)	(115)	(129)	(2,291)
IAS 38.118(e)(iv)	Impairment losses	–	–	–	–	–
IAS 38.118(e)(ii)	Disposals	–	–	–	–	–
IAS 38.118(e)(vii)	Net exchange differences	(52)	(46)	–	–	(98)
IAS 38.118(c)	Balance at 30 June 2014	(9,074)	(12,412)	(402)	(328)	(22,216)
	Carrying amount 30 June 2014	**13,490**	**7,719**	**1,823**	**2,918**	**25,950**

		Acquired software licences CU'000	Internally generated software CU'000	Brand names CU'000	Customer lists CU'000	Total CU'000
IAS 38.118	**Gross carrying amount**					
IAS 38.118(c)	Balance at 1 January 2013	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Addition, separately acquired	120	–	–	–	120
IAS 38.118(e)(i)	Addition, internally developed	–	2,685	–	–	2,685
IAS 38.118(e)(i)	Acquisition through business combination	3,653	–	215	1,387	5,255
IAS 38.118(e)(ii)	Disposals	–	–	–	–	–
IAS 38.118(e)(vii)	Net exchange differences	(51)	(38)	–	–	(89)
IAS 38.118(c)	Balance at 30 June 2013	17,330	17,441	975	1,761	37,507
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2013	(6,063)	(9,381)	(162)	(89)	(15,695)
IAS 38.118(e)(vi)	Amortisation	(1,017)	(645)	(63)	(55)	(1,780)
IAS 38.118(e)(iv)	Impairment losses	–	–	–	–	–
IAS 38.118(e)(ii)	Disposals	–	–	–	–	–
IAS 38.118(e)(vii)	Net exchange differences	(34)	(25)	–	–	(59)
IAS 38.118(c)	Balance at 30 June 2013	(7,114)	(10,051)	(225)	(144)	(17,534)
	Carrying amount 30 June 2013	**10,216**	**7,390**	**750**	**1,617**	**19,973**

[8] In this Publication, this information is considered a necessary disclosure because of the significant additions and the impact of the business combination. Depending on the circumstances, this type of disclosure might be regarded either as voluntary or as necessary to meet the requirements of IAS 34.15C and IAS 34.16A(c). Other examples of events and transactions where IAS 34 requires disclosures are included in IAS 34.15B.

		Acquired software licences CU'000	Internally generated software CU'000	Brand names CU'000	Customer lists CU'000	Total CU'000
IAS 38.118	**Gross carrying amount**					
IAS 38.118(c)	Balance at 1 January 2013	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Addition, separately acquired	440	–	–	–	440
IAS 38.118(e)(i)	Addition, internally developed	–	3,306	–	–	3,306
IAS 38.118(e)(i)	Acquisition through business combination	3,653	–	215	1,387	5,255
IAS 38.118(e)(ii)	Disposals	(1,159)	–	–	–	(1,159)
IAS 38.118(e)(vii)	Net exchange differences	(73)	(54)	–	–	(127)
IAS 38.118(c)	Balance at 31 December 2013	16,469	18,046	975	1,761	37,251
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2013	(6,063)	(9,381)	(162)	(89)	(15,695)
IAS 38.118(e)(vi)	Amortisation	(1,978)	(1,315)	(125)	(110)	(3,528)
IAS 38.118(e)(iv)	Impairment losses	–	(870)	–	–	(870)
IAS 38.118(e)(ii)	Disposals	350	–	–	–	350
IAS 38.118(e)(vii)	Net exchange differences	(48)	(36)	–	–	(84)
IAS 38.118(c)	Balance at 31 December 2013	(7,739)	(11,602)	(287)	(199)	(19,827)
	Carrying amount 31 December 2013	**8,730**	**6,444**	**688**	**1,562**	**17,424**

11. Property, plant and equipment

IAS 34.15B(d)
IAS 34.16A(c)

The following tables show the movements in property, plant and equipment[9]:

		Land CU'000	Buildings CU'000	IT equipment CU'000	Other equipment CU'000	Total CU'000
	Gross carrying amount					
IAS 16.73(d)	Balance 1 January 2014	8,709	20,177	7,806	2,630	39,322
IAS 16.73(e)(i)	Additions	–	–	35	12	47
IAS 16.73(e)(iii)	Acquisition through business combination	–	2,435	2,527	856	5,818
IAS 16.73(e)(ii)	Disposals	–	–	–	(456)	(456)
IAS 16.73(e)(iv)	Revaluation increase	–	–	–	–	–
IAS 16.73(e)(viii)	Net exchange differences	(15)	(65)	(62)	(46)	(188)
IAS 16.73(d)	Balance 30 June 2014	8,694	22,547	10,306	2,996	44,543
	Depreciation and impairment					
IAS 16.73(d)	Balance 1 January 2014	–	(13,213)	(2,446)	(1,464)	(17,123)
IAS 16.73(e)(ii)	Disposals	–	–	–	385	385
IAS 16.73(e)(viii)	Net exchange differences	–	(46)	(55)	(48)	(149)
IAS 16.73(e)(vii)	Depreciation	–	(710)	(602)	(301)	(1,613)
IAS 16.73(d)	Balance 30 June 2014	–	(13,969)	(3,103)	(1,428)	(18,500)
	Carrying amount 30 June 2014	**8,694**	**8,578**	**7,203**	**1,568**	**26,043**

[9] In this Publication, this information is considered a necessary disclosure because of the significant additions and the impact of the business combination. Depending on the circumstances, this type of disclosure might be regarded either as voluntary or as necessary to meet the requirements of IAS 34.15C and IAS 34.16A(c). Other examples of events and transactions where IAS 34 requires disclosures are included in IAS 34.15B.

		Land	Buildings	IT equipment	Other equipment	Total
		CU'000	CU'000	CU'000	CU'000	CU'000
	Gross carrying amount					
IAS 16.73(d)	Balance 1 January 2013	7,697	19,362	5,579	2,319	34,957
IAS 16.73(e)(i)	Additions	–	26	–	–	26
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	–	(156)	–	–	(156)
IAS 16.73(e)(iv)	Revaluation increase	–	–	–	–	–
IAS 16.73(e)(viii)	Net exchange differences	(15)	(57)	(55)	(38)	(165)
IAS 16.73(d)	Balance 30 June 2013	8,412	20,396	7,830	2,646	39,284
	Depreciation and impairment					
IAS 16.73(d)	Balance 1 January 2013	–	(12,159)	(1,503)	(898)	(14,560)
IAS 16.73(e)(ii)	Disposals	–	145	–	–	145
IAS 16.73(e)(viii)	Net exchange differences	–	(38)	(37)	(26)	(101)
IAS 16.73(e)(vii)	Depreciation	–	(661)	(446)	(261)	(1,368)
IAS 16.73(d)	Balance 30 June 2013	–	(12,713)	(1,986)	(1,185)	(15,884)
	Carrying amount 30 June 2013	**8,412**	**7,683**	**5,844**	**1,461**	**23,400**

		Land	Buildings	IT equipment	Other equipment	Total
		CU'000	CU'000	CU'000	CU'000	CU'000
	Gross carrying amount					
IAS 16.73(d)	Balance 1 January 2013	7,697	19,362	5,579	2,319	34,957
IAS 16.73(e)(i)	Additions	–	76	–	–	76
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	–	(401)	–	–	(401)
IAS 16.73(e)(iv)	Revaluation increase	303	–	–	–	303
IAS 16.73(e)(viii)	Net exchange differences	(21)	(81)	(79)	(54)	(235)
IAS 16.73(d)	Balance 31 December 2013	8,709	20,177	7,806	2,630	39,322
	Depreciation and impairment					
IAS 16.73(d)	Balance 1 January 2013	–	(12,159)	(1,503)	(898)	(14,560)
IAS 16.73(e)(ii)	Disposals	–	315	–	–	315
IAS 16.73(e)(viii)	Net exchange differences	–	(54)	(53)	(36)	(143)
IAS 16.73(e)(vii)	Depreciation	–	(1,315)	(890)	(530)	(2,735)
IAS 16.73(d)	Balance 31 December 2013	–	(13,213)	(2,446)	(1,464)	(17,123)
	Carrying amount 31 December 2013	**8,709**	**6,964**	**5,360**	**1,166**	**22,199**

12. Discontinued operations and non-current assets held for sale

IAS 34.16A(i) The amounts presented in the statement of profit or loss under discontinued operations relate to Highstreet Ltd. Most of its assets were sold on 30 September 2013. The remaining storage facility was sold in February 2014 and a gain of CU 96,000 is presented as discontinued operations for the period ended 30 June 2014.

13. Earnings per share

IAS 34.16A(c) Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Illustrative Corporation) as the numerator, ie no adjustments to profits were necessary during the six month periods to 30 June 2014 and 30 June 2013 or the year ended 31 December 2013[10].

IAS 33.70(b) The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Amounts in thousand shares	6 mths to 30 Jun 2014	6 mths to 30 Jun 2013	Year to 31 Dec 2013
Weighted average number of shares used in basic earnings per share	14,970	12,270	12,520
Shares deemed to be issued for no consideration in respect of share-based payments	14	16	17
Weighted average number of shares used in diluted earnings per share	**14,984**	**12,286**	**12,537**

14. Share capital

IAS 34.16A(e) During the six month period to 30 June 2014, 350,000 shares were issued to satisfy share options previously granted under the Group's employee share option scheme. During this period, the weighted average share price at the date of exercise was CU 11.97 (six month period to 30 June 2013: CU 10.50; 2013: CU 11.19).

Illustrative Corporation also issued 1,700,000 shares on 1 April 2014 for cash, corresponding to 13.9% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of Illustrative Corporation.

Shares issued and authorised are summarised as follows:

	Amounts in thousand shares	6 mths to 30 Jun 2014	6 mths to 30 Jun 2013	Year to 31 Dec 2013
IAS 1.79(a)(iv)	Shares issued and fully paid:			
	– Beginning of the period	13,770	12,000	12,000
	– Issued under share-based payment plans	350	270	270
	– Share issue	1,700	–	1,500
IAS 1.79(a)(ii)	Shares issued and fully paid	15,820	12,270	13,770
	Shares authorised for share-based payments	600	600	600
IAS 1.79(a)(i)	**Total shares authorised at the end of the period**	**16,420**	**12,870**	**14,370**

15. Dividends

IAS 34.16A(f) During the six month period to 30 June 2014 Illustrative Corporation paid dividends of CU 6,855,000 to its equity shareholders (six month period to 30 June 2013: CU 3,000,000; 2013: CU 3,000,000). This represents a payment of CU 0.50 per share (six month period to 30 June 2013: CU 0.25; 2013: CU 0.25). No dividends were paid on new shares issued in 2014 pursuant to the Group's share-based payment scheme.

[10] In this Publication, this information is considered a necessary disclosure because of the significant additions and the impact of the business combination. Depending on the circumstances, this type of disclosure might be regarded either as voluntary or as necessary to meet the requirements of IAS 34.15C and IAS 34.16A(c). Other examples of events and transactions where IAS 34 requires disclosures are included in IAS 34.15B.

16. Other components of equity

IAS 1.106(d)(ii) The following tables show the movements in other components of equity[11]:

IAS 1.106A

IAS 1.51(d-e)		Translation reserve CU'000	Revaluation reserve CU'000	Available-for-sale financial assets CU'000	Cash-flow hedges CU'000	Net defined benefit plan CU'000	Total CU'000
IAS 1.106(d)	Balance at 1 January 2014	(847)	901	98	469	1,330	1,951
IAS 19.120(c)	Remeasurement of net defined benefit liability	–	–	–	–	(1,771)	(1,771)
	Cash flow hedges						
IFRS 7.23(c-d)	– current period gains	–	–	–	215	–	215
IAS 1.92	– reclassification to profit or loss	–	–	–	157	–	157
IFRS 7.20(a)(ii)	Available-for-sale financial assets						
	– current period gains	–	–	35	–	–	35
IAS 1.92	– reclassification to profit or loss	–	–	24	–	–	24
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	–	–	–	–	(575)
	Equity accounted investments	–	–	–	15	–	15
IAS 12.81(a), IAS 1.90	Tax benefit	173	–	–	–	531	704
IAS 1.106(a)	Other comprehensive income for the period (all attributable to the parent)	**(402)**	**–**	**59**	**387**	**(1,240)**	**(1,196)**
IAS 1.106(d)	**Balance at 30 June 2014**	**(1,249)**	**901**	**157**	**856**	**90**	**755**

IAS 1.51(d-e)		Translation reserve CU'000	Revaluation reserve CU'000	Available-for-sale financial assets CU'000	Cash-flow hedges CU'000	Net defined benefit plan CU'000	Total CU'000
IAS 1.106(d)	Balance at 1 January 2013	(359)	689	35	(160)	(1,351)	(1,146)
IAS 19.120(c)	Remeasurement of net defined benefit liability	–	–	–	–	1,915	1,915
	Cash flow hedges						
IFRS 7.23(c-d)	– current period gains	–	–	–	287	–	287
IAS 1.92	– reclassification to profit or loss	–	–	–	178	–	178
IFRS 7.20(a)(ii)	Available-for-sale financial assets						
	– current period losses	–	–	(22)	–	–	(22)
IAS 1.92	– reclassification to profit or loss	–	–	(32)	–	–	(32)
IAS 21.52(b)	Exchange differences on translating foreign operations	(414)	–	–	–	–	(414)
	Equity accounted investments	–	–	–	26	–	26
IAS 12.81(a), IAS 1.90	Tax benefit (expense)	125	–	–	–	(575)	(450)
IAS 1.106(a)	Other comprehensive income for the period (all attributable to the parent)	**(289)**	**–**	**(54)**	**491**	**1,340**	**1,488**
IAS 1.106(d)	**Balance at 30 June 2013**	**(648)**	**689**	**(19)**	**331**	**(11)**	**342**

[11] This type of disclosure is not specifically required by IAS 34. However, in this Publication, this information is considered necessary due to the change in the presentation of the reconciliations of each item of comprehensive income.

		Translation reserve CU'000	Revaluation reserve CU'000	Available-for-sale financial assets CU'000	Cash-flow hedges CU'000	Net defined benefit plan CU'000	Total CU'000
IAS 1.51(d-e)							
IAS 1.106(d)	Balance at 1 January 2013	(359)	689	35	(160)	(1,351)	(1,146)
IAS 16.77(f)	Revaluation of land	–	303	–	–	–	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	–	–	–	–	3,830	3,830
	Cash flow hedges						
IFRS 7.23(c-d)	– current year gains	–	–	–	367	–	367
IAS 1.92	– reclassification to profit or loss	–	–	–	260	–	260
IFRS 7.20(a)(ii)	Available-for-sale financial assets						
	– current year gains	–	–	113	–	–	113
IAS 1.92	– reclassification to profit or loss	–	–	(50)	–	–	(50)
IAS 21.52(b)	Exchange differences on translating foreign operations	(664)	–	–	–	–	(664)
	Equity accounted investments	–	–	–	5	–	5
	– reclassification to profit or loss	–	–	–	(3)	–	(3)
IAS 12.81(a), IAS 1.90	Tax benefit (expense)	176	(91)	–	–	(1,149)	(1,064)
IAS 1.106(a)	Other comprehensive income for the period (all attributable to the parent)	**(488)**	**212**	**63**	**629**	**2,681**	**3,097**
IAS 1.106(d)	**Balance at 31 December 2013**	**(847)**	**901**	**98**	**469**	**1,330**	**1,951**

17. Provisions

IAS 34.15B(c) A restructuring provision was recognised by the Group in its annual financial statements as at 31 December 2013 in relation to the 'Phoenix Programme', amounting to CU 1,215,000. The estimate of the restructuring provision was reduced by CU 600,000 at 30 June 2014 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 2014, predominantly through out of court settlements.

18. Contingent liabilities

IAS 34.15B(m) During the prior year, various warranty and legal claims were brought against the Group. At 31 December 2013, 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.

19. Fair value measurement of financial instruments

IAS 34 requires that interim financial statements include certain of the disclosures about fair value of financial instruments set out in IFRS 13 and IFRS 7. These disclosures include the classification of fair values within a three-Level hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

IFRS 13.93(a)-(b) The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014, 30 June 2013 and 31 December 2013:

IFRS 13.93(a)-(b)

30 June 2014	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Financial assets				
Listed securities and debentures	1,018	–	–	1,018
Money market funds	689	–	–	689
US-dollar forward contracts – cash flow hedge	–	467	–	467
Other forward exchange contracts – held-for-trading	–	131	–	131
Total assets	1,707	598	–	2,305
Financial liabilities				
US-dollar loans	–	(7,650)	–	(7,650)
Contingent consideration	–	–	(630)	(630)
Total liabilities	–	(7,650)	(630)	(8,280)
Net fair value	**1,707**	**(7,052)**	**(630)**	**(5,975)**

IFRS 13.93(a)-(b)

30 June 2013	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Financial assets				
Listed securities and debentures	672	–	–	672
Money market funds	651	–	–	651
US-dollar forward contracts – cash flow hedge	–	430	–	430
Other forward exchange contracts – held-for-trading	–	124	–	124
Total assets	1,323	554	–	1,877
Financial liabilities				
US-dollar loans	–	(8,025)	–	(8,025)
Contingent consideration	–	–	(605)	(605)
Total liabilities	–	(8,025)	(605)	(8,630)
Net fair value	**1,323**	**(7,471)**	**(605)**	**(6,753)**

	31 December 2013	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
IFRS 13.93(a)-(b)	**Financial assets**				
	Listed securities and debentures	951	–	–	951
	Money market funds	655	–	–	655
	US-dollar forward contracts – cash flow hedge	–	437	–	437
	Other forward exchange contracts – held-for-trading	–	145	–	145
	Total assets	1,606	582	–	2,188
	Financial liabilities				
	US-dollar loans	–	(7,950)	–	(7,950)
	Contingent consideration	–	–	(620)	(620)
	Total liabilities	–	(7,950)	(620)	(8,570)
	Net fair value	**1,606**	**(7,368)**	**(620)**	**(6,382)**

IFRS 13.93(c) There were no transfers between Level 1 and Level 2 during the six month period to 30 June 2014 or the year to 31 December 2013.

Measurement of fair value

IFRS 13.93(d), IFRS 13.93(g) The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every six months, in line with the Group's reporting dates. The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

US-dollar loans (Level 2)

The fair values of the US-dollar loans are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation at 30 June 2014, 31 December 2013 and 30 June 2013 is 3.9%, 3.9% and 4.2%, respectively.

Contingent consideration (Level 3)

IFRS 13.93(d), IFRS 13.93(h) The fair value of contingent consideration, related to the acquisition of a subsidiary in 2013, is estimated using a present value technique which discounts the management's estimate of the probability that the contract's target level will be achieved.

The probability-weighted cash outflows before discounting are CU 655,000 at 30 June 2014, 31 December 2013 and 30 June 2013. It reflects a management's estimate of a 50% probability that the contract's target level will be achieved.

The discount rate used at 30 June 2014, 31 December 2013 and 30 June 2013 is 4.4%, 4.4% and 4.6%, respectively. These discount rates are based on the Group's estimated incremental borrowing rate for unsecured liabilities at each reporting date, and therefore reflects the Group's credit position.

The significant input for the fair value estimate is the management's estimate of the probability that the contract's target level will be achieved. The following table provides information about the sensitivity of the fair value measurement to changes in that input:

Estimate of the input	Change in the input	Sensitivity of the fair value measurement to input		
		6 months to 30 June 2014 CU000	6 months to 30 June 2013 CU000	Year to 31 December 2013 CU000
50%	An increase to 60% increases fair value by	125	125	125
50%	A decrease to 40% decreases fair value by	125	125	125

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

		6 months to 30 June 2014 CU000	6 months to 30 June 2013 CU000	Year to 31 December 2013 CU000
IFRS 13.93(e)	Balance, beginning of period	(620)	–	–
IFRS 13.93(e)(iii)	Issued in relation to business combination	–	(600)	(600)
IFRS 13.93(e)(i), IFRS 13.93(f)	Net loss recognised in profit or loss (within finance costs)	(10)	(5)	(20)
	Balance, end of period	**(630)**	**(605)**	**(620)**

IFRS 13.93(f) The net loss on Level 3 instruments is analysed into realised and unrealised amounts below:

	6 months to 30 June 2014 CU000	6 months to 30 June 2013 CU000	Year to 31 December 2013 CU000
Realised	–	–	–
Unrealised	(10)	(5)	(20)

IFRS 7.25, IFRS 7.26 The estimated fair values of classes of other financial instruments measured at amortised cost at 30 June 2014, 30 June 2013 and 31 December 2013 are:

	30 June 2014		30 June 2013		31 December 2013	
	Fair value CU'000	Carrying amount (carried at amortised cost) CU'000	Fair value CU'000	Carrying amount (carried at amortised cost) CU'000	Fair value CU'000	Carrying amount (carried at amortised cost) CU'000
Financial assets						
Bonds:						
– Zero coupon bonds	1,180	1,100	1,140	1,120	1,190	1,110
– US straight bonds	1,710	1,684	1,800	1,733	1,705	1,704
Total (1)	2,890	2,784	2,940	2,853	2,895	2,814
Financial liabilities						
Non-current borrowings:						
– Non-convertible bond	7,800	7,858	7,920	8,480	8,259	8,300
– Subordinated shareholder loan	3,475	4,500	5,050	5,100	4,975	5,000
Total (2)	11,275	12,358	12,970	13,580	13,234	13,300
Current borrowings (3)	**3,746**	**3,746**	**4,175**	**4,175**	**4,565**	**4,565**

IFRS 7.6 (1) These financial assets are included in "Other long-term financial assets". The line item also includes listed securities and debentures which are carried at fair value at 30 June 2014, 30 June 2013 and 31 December 2013 of CU 1,018, CU 672 and CU 951 (see above), respectively.

(2) These financial liabilities are included in "Borrowings". The line item also includes US-dollar loans which carried at fair value at 30 June 2014, 30 June 2013 and 31 December 2013 of CU 7,410, CU 7,545 and CU 7,700 (see above), respectively.

(3) These financial liabilities are included in "Borrowings". The line item also includes US-dollar loans which carried at fair value at 30 June 2014, 30 June 2013 and 31 December 2013 of CU 240, CU 480 and CU 250 (see above), respectively.

IFRS 7.29 The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables.

20. Events after the reporting date[12]

IAS 34.16A(h) On 29 July 2014 the Group acquired 100% of the issued share capital of Servers.com Limited
IFRS 3.B66 (Servers.com), a company based in Euroland. The objective of the acquisition is to expand the
IFRS 3.B64(a-d) operations of the Group's retail segment.

IFRS 3.B64(f) The acquisition was settled in cash and by issuing 500,000 shares of Illustrative Corporation.
(i, iii, iv) The purchase agreement also provides for an additional consideration of CU 1,500,000 payable if
IFRS 3.B64(g)(ii) the average profits of Servers.com for 2014 and 2015 exceeds a target level agreed by both parties. Any additional consideration will be paid on 30 July 2016.

IFRS 3.B64(f) The fair value of the consideration transferred is as follows:

		CU'000
IFRS 3.B64(iv)	Fair value of equity shares issued	6,250
IFRS 3.B64(i)	Amount settled in cash	7,000
IFRS 3.B64(g)(i)	Fair value of contingent consideration	680
	Total	**13,930**

IFRS 3.B64(f)(iv) 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 acquisition.

IFRS 3.B64(g)(iii) The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows (ie reflecting management's estimate of a 50% probability that the targets will be achieved) discounted using an interest rate of 5%.[13]

IFRS 3.B66 The Group is in the process of determining the fair values of the acquired assets and assumed liabilities of Servers.com and therefore disclosure of the fair values of the net identifiable assets and the goodwill arising from the acquisition cannot be made. The valuation is expected to be completed before year-end.

[12] IAS 34.16A(h) requires disclosure of events after the interim period that have not been reflected in the interim financial statements. IAS 34 does not specify the level of detail required. This example illustrates the disclosures required by IFRS 3 'Business Combinations' for combinations arising after the reporting date. Other approaches may also be acceptable.

[13] The determination of the acquisition-date fair value of the contingent consideration should consider the expected outcome of the contingency. This example illustrates one possible approach to estimating the fair value of the contingent consideration.

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