

Alerte de votre conseiller – États financiers consolidés intermédiaires types 2020

Janvier 2020

Aperçu

L'équipe IFRS de Grant Thornton International a publié la version 2020 des états financiers consolidés intermédiaires types (*IFRS Example Interim Consolidated Financial Statements*), disponible en anglais seulement, qui a fait l'objet d'une révision et d'une mise à jour visant à illustrer les modifications apportées à IAS 34 *Information financière intermédiaire* (IAS 34) et aux autres IFRS, qui sont en vigueur pour les exercices terminés le 31 décembre 2020.

États financiers consolidés intermédiaires types – Sommaire

Les états financiers consolidés intermédiaires types illustrent des états intermédiaires résumés pour un semestre comptable ouvert le 1^{er} janvier 2020. Les états financiers consolidés intermédiaires types sont basés sur les activités et les résultats de la société Illustrative Corporation et de ses filiales (le « groupe »). Le groupe est une société fictive de services-conseils, d'autres services et de vente au détail qui prépare ses états financiers en IFRS depuis plusieurs années et qui produit des rapports intermédiaires semestriels, conformément à IAS 34 au 30 juin 2020.

Lorsqu'elles appliquent IAS 34, les entités ont le choix de préparer un jeu d'états financiers intermédiaires résumés ou un jeu complet d'états financiers en IFRS. Comme mentionné précédemment, la présente publication illustre un jeu d'états financiers intermédiaires résumés, préparé selon les

exigences d'IAS 34.8. Dans les cas où les entités choisissent de présenter un jeu complet d'états financiers dans leur rapport financier intermédiaire, la forme et le contenu de ces états financiers devront respecter les exigences d'IAS 1 *Présentation des états financiers* relatives à un jeu complet d'états financiers (IAS 34.9).

Il est important de se rappeler que l'objectif de la préparation d'états financiers intermédiaires types est d'illustrer l'une des méthodes possibles de présentation de l'information financière intermédiaire pour une entité concluant des transactions considérées comme typiques de divers secteurs non spécialisés. Les états financiers ci-joints sont présentés à titre illustratif uniquement et ne doivent pas être considérés comme étant exhaustifs.

Ressources

La publication *IFRS Example Interim Consolidated Financial Statements 2020* est jointe à la présente publication, *Alerte de votre conseiller*.

Veuillez noter que la présente publication n'a fait l'objet d'aucune modification par rapport à sa version originale (version anglaise uniquement).

À propos de Raymond Chabot Grant Thornton

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IFRS Example Interim Consolidated Financial Statements 2020

with guidance notes



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Important Disclaimer:

This document has been developed as an information resource. It is intended as a guide only and the application of its contents to specific situations will depend on the particular circumstances involved. While every care is taken in its presentation, personnel who use this document to assist in evaluating compliance with International Financial Reporting Standards should have sufficient training and experience to do so. No person should act specifically on the basis of the material contained herein without considering and taking professional advice.

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Introduction

IFRS Example Interim Consolidated Financial Statements 2020

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) is challenging. Each year, new Standards and amendments are published by the International Accounting Standards Board (IASB) with the potential to significantly impact the presentation of a complete set of financial statements.

The member firms of Grant Thornton International Ltd ('GTIL') have extensive expertise in the application of IFRS. GTIL, 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 'IFRS Example Interim Consolidated Financial Statements 2020' ('Interim Financial Statements').

The Interim Financial Statements illustrate a six month accounting period beginning on 1 January 2020. They are based on the activities and results of Illustrative Corporation Ltd and its subsidiaries ('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' at 30 June 2020.

The Interim Financial Statements have been reviewed and updated to reflect changes in IAS 34 and in other IFRS that are effective for the year ending **31 December 2020**.

About us

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 53,000 Grant Thornton people, across 135 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

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. These Interim Financial Statements illustrate 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 these Interim Financial Statements.

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. The objective in preparing these Interim Financial Statements 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 therefore cannot 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 these specific circumstances and entities will need to exercise judgement in deciding how to meet the requirements of IAS 34.15. The Interim Financial Statements should be amended, amplified or abbreviated according to the importance of the area to the financial statements as a whole. Also, these Interim Financial Statements should not be used as a disclosure checklist to meet the requirements of IAS 34. Facts and circumstances will vary between entities and each entity should assess individually which information to disclose in their Interim Financial Statements.

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IFRS Example Interim Consolidated Financial Statements

Illustrative Corporation Group
30 June 2020



Contents of Interim Financial Statements

Paragraph 8 of IAS 34 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 other financial statements. In addition, the Group's profit or loss statement illustrates the 'nature of expense' format. Accordingly, these Interim Financial Statements follow 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 'IFRS Example Consolidated Financial Statements 2019'¹.

IAS 1 'Presentation of Financial Statements' 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 these Interim Financial Statements do 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. These Interim Financial Statements reflect this practice, with three periods for each of these statements and associated notes.

	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 May 2019, the Grant Thornton International Ltd IFRS Team published 'IFRS Example Consolidated Financial Statements 2019', providing an example of a full set of annual IFRS financial statements.

Condensed consolidated statement of financial position

as at 30 June 2020

(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	30 Jun 2020	30 Jun 2019	31 Dec 2019
Assets				
Non-current				
IAS 1.60 IAS 1.66-67				
IAS 1.55	11	7,397	5,880	5,041
IAS 1.54(c)	12	25,950	19,973	17,424
IAS 1.54(a)	13	52,923	52,636	50,305
IAS 1.54(e)		925	777	860
IAS 1.54(b)		12,732	12,487	12,662
IAS 1.55	8	104	80	185
IAS 1.54(c)	22	4,082	3,895	4,051
		104,113	95,728	90,528
Current				
IAS 1.60 IAS 1.66				
IAS 1.54(g)		32,400	29,605	18,298
IAS 1.55	8	203	211	406
IAS 1.54(h)		28,407	22,297	32,720
IAS 1.54(d) IAS 1.55	22	673	813	716
IAS 1.54(d)	22	689	651	655
IAS 1.54(i)		42,539	9,797	34,729
		104,911	63,374	87,524
IFRS 5.38 IAS 1.54(j)	15	-	3,236	103
		104,911	66,610	87,627
IAS 1.55		209,024	162,338	178,155

Guidance note:

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 in the statement of financial position. Where relevant, references to IAS 1 and other IFRS requirements are included on the left-hand side of the 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 (including the disaggregation of the line items listed in IAS 1.54) in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

IAS 1.55A requires additional subtotals presented in accordance with IAS 1.55 to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS for the statement of financial position.

Condensed consolidated statement of financial position

as at 30 June 2020

(expressed in thousands of Euroland currency units, except per share amounts)

	Notes	30 Jun 2020	30 Jun 2019	31 Dec 2019	
Equity and liabilities					
Equity					
Equity attributable to owners of the parent:					
IAS 1.54(r)	Share capital	17	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	19	580	720	2,265
IAS 1.54(r)	Retained earnings		60,299	41,875	50,018
	Equity attributable to owners of the parent		116,744	59,330	85,698
IAS 1.54(q)	Non-controlling interest		780	648	713
IAS 1.55	Total equity		117,524	59,978	86,411
Liabilities					
Non-current					
IAS 1.60	Pension and other employee obligations		12,331	11,956	10,386
IAS 1.69					
IAS 1.54(m)	Borrowings	22	19,838	21,125	21,070
IAS 1.54(k)	Trade and other payables		1,338	-	-
IFRS 16.47(b)	Lease liabilities		30,680	33,738	32,417
IAS 1.54(o)	Deferred tax liabilities		1,359	880	1,903
IAS 1.56					
IAS 1.55	Other liabilities		454	657	620
	Non-current liabilities		66,000	68,356	66,396
Current					
IAS 1.60	Provisions	20	615	2,280	1,215
IAS 1.69					
IAS 1.54(l)	Pension and other employee obligations		1,625	1,398	1,467
IAS 1.54(m)	Borrowings	22	3,911	4,655	4,815
IAS 1.54(k)	Trade and other payables		10,552	18,805	8,497
IFRS 16.47(b)	Lease liabilities		2,597	2,608	2,522
IAS 1.54(n)	Current tax liabilities		3,013	815	4,174
IAS 1.55	Contract and other liabilities		3,187	3,060	2,658
			25,500	33,621	25,348
IFRS 5.38	Liabilities included in disposal group classified as held for sale	15	-	383	-
IAS 1.54(p)					
	Current liabilities		25,500	34,004	25,348
IAS 1.55	Total liabilities		91,500	102,360	91,744
IAS 1.55	Total equity and liabilities		209,024	162,338	178,155

Condensed consolidated statement of profit or loss

for the period ended 30 June 2020
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019	
IAS 1.82(a)	Revenue	8, 9	116,846	88,863	205,793
IAS 1.85	Other income		202	185	299
IAS 1.85	Changes in inventories		(5,066)	(3,248)	(7,923)
IAS 1.85	Costs of material		(21,872)	(16,808)	(42,535)
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)	(4,174)	(10,093)
IAS 1.82(ba)	Impairment of financial assets		(319)	(275)	(212)
IAS 1.85	Other expenses		(4,305)	(4,328)	(8,598)
	Operating profit		20,405	9,298	23,232
IAS 1.82(c)	Share of profit from equity accounted investments		50	84	391
IAS 1.82(b)	Finance costs		(413)	(1,128)	(3,869)
IAS 1.85	Finance income		1,188	835	964
IAS 1.85	Other financial items		669	339	943
	Profit before tax		21,899	9,428	21,661
IAS 1.82(d)	Tax expense		(5,059)	(2,370)	(6,794)
	Profit for the period from continuing operations		16,840	7,058	14,867
IAS 1.82(ea)	Profit/(Loss) for the period from discontinued operations	15	96	8	(9)
IAS 1.81A(a)	Profit for the period		16,936	7,066	14,858
	Profit for the period attributable to:				
IAS 1.81B(a)(i)	Non-controlling interest		67	56	121
IAS 1.81B(a)(ii)	Owners of the parent		16,869	7,010	14,737
			16,936	7,066	14,858
	Earnings per share	16	CU	CU	CU
IAS 33.67A	Basic earnings (loss) per share				
IAS 33.66	– From continuing operations		1.12	0.58	1.19
IAS 33.68A	– From discontinued operations		0.01	–	–
IAS 33.66	Total		1.13	0.58	1.19
IAS 33.67A	Diluted earnings (loss) per share				
IAS 33.66	– From continuing operations		1.12	0.58	1.19
IAS 33.68A	– From discontinued operations		0.01	–	–
IAS 33.66	Total		1.13	0.58	1.19

Guidance note

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 these Interim Financial Statements.

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 these Interim Financial Statements).

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 (including the disaggregation of the line items listed in IAS 1.82) in the statement of profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1.85A requires any additional subtotals presented to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS for the statement(s) presenting profit or loss and other comprehensive income.

IAS 1 allows an entity to use either the 'nature of expense' or the 'function of expense' format, whichever is reliable and more relevant (IAS 1.99). These Interim Financial Statements provide an example of the 'nature of expense' format.

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

IAS 33 requires basic and diluted EPS disclosures in the annual financial statements for continuing operations and total operations, in the statement of profit and loss. EPS for discontinued operations are required to be shown either in 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 the Interim Financial Statements. In our opinion, the minimum requirement is to disclose basic and diluted EPS for total operations. These Interim Financial Statements also include 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 in the statement of profit or loss, EPS for total operations should also be shown in this statement.

Condensed consolidated statement of other comprehensive income

for the period ended 30 June 2020
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019
IAS 1.81A(a)	Profit for the period	16,936	7,066	14,858
	Other comprehensive income:			
IAS 1.82A(a)(i)	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	(2,201)	1,485	3,830
IAS 1.90 IAS 1.91(b)	Income tax relating to items not reclassified	531	(575)	(1,240)
IAS 1.82A(a)(ii)	Items that will be reclassified subsequently to profit or loss			
	Cash flow hedging			
IFRS 7.23(c)	- current period gains (losses)	215	287	890
IAS 1.92 IFRS 7.23(d)	- reclassification to profit or loss	157	178	(640)
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	(414)	(664)
IAS 1.82A(b)	Share of other comprehensive income of equity accounted investments	15	26	5
IAS 1.92	- reclassification to profit or loss	-	-	(3)
IAS 1.90 IAS 1.91(b)	Income tax relating to items that will be reclassified	173	125	176
IAS 1.81A(b)	Other comprehensive income for the period, net of tax	(1,685)	1,112	2,657
IAS 1.81A(c)	Total comprehensive income for the period	15,251	8,178	17,515
	Total comprehensive income for the period attributable to:			
IAS 1.81B(b)(i)	Non-controlling interest	67	56	121
IAS 1.81B(b)(ii)	Owners of the parent	15,184	8,122	17,394
		15,251	8,178	17,515

Guidance note

When an entity presents a separate statement of comprehensive income, IAS 1.82A requires an entity to present line items of other comprehensive income in the period, classified by nature and grouped into those that, in accordance with other IFRS:

- a) will not be reclassified subsequently to profit or loss; and
- b) will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.82A further requires the presentation of line items for the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other IFRS:

- a) will not be reclassified subsequently to profit or loss; and
- b) 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. 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 and those that will not be reclassified subsequently to the profit or loss.

Condensed consolidated statement of changes in equity

for the period ended 30 June 2020
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
IAS 1.106(d)	Balance at 1 January 2020	13,770	19,645	2,265	50,018	85,698	713	86,411
	Dividends	-	-	-	(6,855)	(6,855)	-	(6,855)
	Issue of share capital on exercise of employee share options	350	1,750	-	-	2,100	-	2,100
	Employee share-based compensation	-	-	-	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	-	-	-	16,869	16,869	67	16,936
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	(1,685)	-	(1,685)	-	(1,685)
IAS 1.106(a)	Total comprehensive income for the period	-	-	(1,685)	16,869	15,184	67	15,251
	Balance at 30 June 2020	15,820	40,045	580	60,299	116,744	780	117,524
IAS 1.106(d)	Balance at 1 January 2019	12,000	3,050	(392)	37,700	52,358	592	52,950
	Adjustment from adoption of IFRS 16	-	-	-	-	-	-	-
	Adjusted balance at 1 January 2019	12,000	3,050	(392)	37,700	52,358	592	52,950
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital on exercise of employee share options	270	1,415	-	-	1,685	-	1,685
	Employee share-based compensation	-	-	-	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	-	-	-	7,010	7,010	56	7,066
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	1,112	-	1,112	-	1,112
IAS 1.106(a)	Total comprehensive income for the period	-	-	1,112	7,010	8,122	56	8,178
	Balance at 30 June 2019	12,270	4,465	720	41,875	59,330	648	59,978

Condensed consolidated statement of changes in equity

for the period ended 30 June 2020
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
IAS 1.106(d)	Balance at 1 January 2019	12,000	3,050	(392)	37,983	52,641	592	53,233
	Adjustment from adoption of IFRS 16	-	-	-	-	-	-	-
	Adjusted balance at 1 January 2019	12,000	3,050	(392)	37,983	52,641	592	53,233
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital on exercise of employee share options	270	1,415	-	-	1,685	-	1,685
	Employee share-based compensation	-	-	-	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 period	-	-	-	14,737	14,737	121	14,858
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	2,657	-	2,657	-	2,657
IAS 1.106(a)	Total comprehensive income for the year	-	-	2,657	14,737	17,394	121	17,515
	Balance at 31 December 2019	13,770	19,645	2,265	50,018	86,698	713	86,411

Guidance note

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 in the statement of changes in equity.

Entities have a choice to present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or 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.

Condensed consolidated statement of cash flows

for the period ended 30 June 2020
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019
IAS 7.10	Operating activities			
	Profit before tax	21,899	9,428	21,661
	Non-cash adjustments	6,269	4,227	11,942
	Contributions to defined benefit plans	(995)	(616)	(1,186)
	Net changes in working capital	(3,446)	8,617	(11,891)
	Settling of derivative financial instruments	-	-	(33)
	Acquisition costs, expensed to profit or loss	7 (304)	-	-
IAS 7.35	Taxes paid/(reclaimed)	(5,602)	(577)	6,149
	Net cash from continuing operations	17,821	21,079	26,642
IFRS 5.33(c)	Net cash from (used in) discontinued operations	-	18	(22)
	Net cash from operating activities	17,821	21,097	26,620
IAS 7.10	Investing activities			
	Purchase of property, plant and equipment	13 (47)	(26)	(76)
	Proceeds from disposal of property, plant and equipment	128	11	86
	Purchase of other intangible assets	12 (2,470)	(2,805)	(3,746)
	Proceeds from disposal of other intangible assets	-	-	809
	Acquisition of subsidiaries, net of cash acquired	7 (18,176)	(15,714)	(15,491)
IAS 7.39	Proceeds from sale of subsidiaries, net of cash sold	-	-	3,117
	Proceeds from sale of assets classified held for sale	199	-	-
	Proceeds from disposal and redemption of non-derivative financial assets	105	135	228
IAS 7.31	Interest received	465	352	745
IAS 7.31	Dividends received	48	40	69
IAS 7.35	Taxes paid	-	-	(244)
	Net cash used in investing activities	(19,748)	(18,007)	(14,503)
IAS 7.10	Financing activities			
	Proceeds from borrowings and lease liabilities	-	1,441	1,441
	Repayment of borrowings and lease liabilities	(5,483)	(3,478)	(2,093)
	Proceeds from issue of share capital	22,450	1,685	18,365
IAS 7.31	Interest paid	(473)	(1,135)	(3,380)
IAS 7.31	Dividends paid	18 (6,855)	(3,000)	(3,000)
	Net cash from (used in) financing activities	9,639	(4,487)	11,333
IAS 7.45	Net change in cash and cash equivalents	7,712	(1,397)	23,450
	Cash and cash equivalents, beginning of year	34,729	11,219	11,219
IAS 7.28	Exchange differences on cash and cash equivalents	98	(25)	60
IAS 7.45	Cash and cash equivalents, end of period	42,539	9,797	34,729

Guidance note

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)).

Notes to the Condensed Consolidated Financial Statements

Illustrative Corporation Group
For the period ended 30 June 2020
(expressed in thousands of Euroland currency units,
except per share amounts)

Guidance note

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 IFRS unless it complies with all of the requirements of IFRS.

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 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).

These Interim Financial Statements present selected explanatory notes that are intended to assist users in understanding the results of the operations of the Group for the current interim period. As with any example, it does not envisage every possible transaction and therefore cannot 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.

1. Nature of operations

The principal activities of Illustrative Corporation Ltd and subsidiaries (the Group) include selling of telecommunications hardware and software, related after-sales service, consulting, and the construction of telecommunications systems. These activities are grouped into the following service lines:

- **retail** – focusing on the sale of the Group’s proprietary hardware and software products and related customisation and integration services
- **after-sales service** – providing fixed-price maintenance of extended warranty agreements to the Group’s retail customers
- **consulting and outsourcing** – advising companies on telecommunications systems strategies and IT security, and providing IT outsourcing services including payroll and accounts payable transaction processing
- **construction** – providing customers with complete telecommunications systems solutions from design to development and installation.

Guidance note: The notes to the Interim Financial Statements only include disclosures relevant to the fictitious entity Illustrative Corporation Ltd and subsidiaries. IFRS may require different or additional disclosures in other situations. Disclosures should always be tailored to reflect an entity’s specific facts and circumstances.

2. General information, basis of preparation and statement of compliance with IFRS

IAS 34.3
IAS 34.19

The Interim Financial Statements are for the six months ended 30 June 2020 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’. 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 for the year ended 31 December 2019.

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.

The Interim Financial Statements have been approved for issue by the Board of Directors on 14 August 2020.

Guidance note: Other general information required in the local jurisdiction may be included here, for example, if the Interim Financial Statements are unaudited.

3. New Standards adopted at 1 January 2020

Guidance note: IAS 34 requires entities to explain significant events and transactions that have occurred in the interim period. The information to be provided will therefore depend on entity-specific circumstances and entities need to provide disclosures relevant to them in their interim financial statements. Entities will need to exercise their judgement in deciding how to best meet the requirements of IAS 34. We also encourage publicly-listed entities to enquire with their local regulatory authority to ascertain whether jurisdiction-specific requirements might apply.

Other pronouncements

Some accounting pronouncements which have become effective from 1 January 2020 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Guidance note: Other Standards and amendments that are effective for the first time in 2020 (for entities with a 31 December 2020 year-end) and could be applicable to the Group are:

- Definition of Material
- Definition of a Business
- Interest Rate Benchmark Reform

These amendments do not have a significant impact on these Interim Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Interim Financial Statements they will impact some entities. Entities should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

4. Significant accounting policies

IAS 34.28
IAS 34.16A(a)

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2019.

Guidance note: 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).

5. 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 2019. The only exceptions are the estimate of income tax liabilities 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.

6. Significant events and transactions

IAS 34.15
IAS 34.15C

Management believes that the Group is well positioned to cope with a downturn in the economy. Factors contributing to the Group's strong position are:

- no significant new orders. In addition, the Group has several long-term contracts with a number of its existing 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 2020 is considered to be good.

Overall, the Group is in a strong position 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.

7. Business Combinations

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

On 5 April 2020, 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.

The details of the business combination are as follows:

	Fair value of consideration transferred	
	Amount settled in cash	18,500
	Recognised amounts of identifiable net assets	
	Property, plant and equipment	5,818
	Intangible assets	8,585
	Total non-current assets	14,403
	Inventories	7,500
	Trade and other receivables	4,449
	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
	Consideration transferred settled in cash	18,500
	Cash and cash equivalents acquired	(324)
	Net cash outflow on acquisition	18,176
	Acquisition costs charged to expenses	304
	Net cash paid relating to the acquisition	18,480

IAS 7.40(b)
IAS 7.40(c)
IAS 7.42

Notes to the condensed consolidated financial statements

For the period ended 30 June 2020 (expressed in thousands of Euroland currency units, except per share amounts)

Consideration transferred

IFRS 3.B64(m) Acquisition-related costs amounting to CU 304 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 have been determined provisionally at 30 June 2020, 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)(i-iii) The fair value of the trade and other receivables acquired as part of the business combination amounted to CU 4,449 with a gross contractual amount of CU 4,569. As of the acquisition date, the Group's best estimate of the contractual cash flows not expected to be collected amounted to CU 120.

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 2020 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) From the date of the acquisition to 30 June 2020, Sysmagic contributed CU 12,232 and CU 1,954 to the Group's revenues and profits, respectively. Had the acquisition occurred on 1 January 2020, the Group's revenue for the period to 30 June 2020 would have been CU 128,386 and the Group's profit for the period would have been CU 15,726.

8. Revenue

IFRS 15.116 For the first six months of 2020, revenue includes CU 1,359 (first six months of 2019: CU 1,267) from the contract liability balance at the beginning of the period, and CU 67 (first six months of 2019: CU 63) from performance obligations satisfied (or partially satisfied) in previous periods due to changes in transaction price.

Guidance note: IAS 34 requires entities to explain the significant events and transactions that have occurred in the interim period. The information to be provided will therefore depend on entity-specific circumstances and not all entities may need to provide the detailed disclosures described by IFRS 15 (shown here) in their interim financial statements. As these Example Interim Consolidated Financial Statements are provided for illustrative purposes only, we have included these disclosures. Other entities will need to exercise their judgement in deciding how to best meet the requirements of IAS 34.

As the Group does not enter into contracts with its customers where, once performance has occurred, the Group's right to consideration is dependent on anything other than the passage of time, the Group does not presently have any contract assets.

For purposes of these Interim Financial Statements, it is assumed that changes to the Group's contract liabilities (ie deferred revenue) are attributable solely to the satisfaction of performance obligations. For other entities, where contract liability balances are affected by other significant factors, IFRS 15.118 requires these changes to be explained. For example, changes due to business combinations or a change in the time frame required for a performance obligation to be satisfied.

The Group's revenue disaggregated by primary geographical markets is as follows:

IFRS 15.115	Six months to 30 June 2020				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	46,324	17,256	29,439	1,736	94,755
United Kingdom	4,911	1,907	3,605	184	10,607
USA	4,527	1,814	3,172	130	9,643
Other countries	454	458	360	19	1,291
Total	56,216	21,435	36,576	2,069	116,296

IFRS 15.115	Six months to 30 June 2019				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	37,721	6,433	23,195	765	68,114
United Kingdom	5,065	692	3,884	388	10,029
USA	4,519	618	2,896	369	8,402
Other countries	538	89	1,154	39	1,820
Total	47,843	7,832	31,129	1,561	88,365

IFRS 15.115	Year to 31 December 2019				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	88,648	14,512	57,678	2,943	163,781
United Kingdom	11,081	1,814	7,210	368	20,473
USA	9,973	1,633	6,489	331	18,426
Other countries	1,108	181	721	37	2,047
Total	110,810	18,140	72,098	3,679	204,727

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

IFRS 15.115	Six months to 30 June 2020				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	13,003	3,960	7,931	516	25,410
Services transferred over time	43,213	17,475	28,645	1,553	90,886
Total	56,216	21,435	36,576	2,069	116,296

IFRS 15.115	Six months to 30 June 2019				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	11,236	1,062	6,524	594	19,416
Services transferred over time	36,607	6,770	24,605	967	68,949
Total	47,843	7,832	31,129	1,561	88,365

IFRS 15.115	Year to 31 December 2019				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	24,378	3,991	15,862	809	45,040
Services transferred over time	86,432	14,149	56,236	2,870	159,687
Total	110,810	18,140	72,098	3,679	204,727

The above revenue figures exclude rental income from investment property (Note 9) which is included in revenue in the statement of profit or loss.

Notes to the condensed consolidated financial statements

For the period ended 30 June 2020 (expressed in thousands of Euroland currency units, except per share amounts)

IFRS 15.120 The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2020:

	2020	2021	Total
Revenue expected to be recognised	765	878	1,643

Prepayments and other assets contain both deferred IT set-up costs and prepayment. IT set-up costs comprise between 1% and 2% of the total labour and materials costs incurred.

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Current			
Deferred customer set-up costs	54	53	109
Prepayments	149	158	297
Other current assets	203	211	406
Non-current			
Deferred customer set-up costs	104	80	185
Total	307	291	591

9. Segment reporting

IAS 34.16A(g) The Group has three operating segments: consulting, service and retail. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment reporting results.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

In addition, two minor operating segments are combined below under other segments. The main sources of revenue for this segment is the sale and disposal of used IT equipment that the Group collects from its customers.

IAS 34.16A(g)(v) During the six month period to 30 June 2020, 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:

	Six months to 30 June 2020					
	Consulting	Service	Retail	Other	Total	
Revenue						
IFRS 8.23(a)	From external customers	56,216	21,435	36,576	2,069	116,296
	Discontinued operations	-	-	-	-	-
IFRS 8.23(b)	From other segments	346	-	-	-	346
	Segment revenues	56,562	21,435	36,576	2,069	116,642
IFRS 8.23	Segment operating profit	15,519	2,827	5,421	112	23,879
IFRS 8.23	Segment assets	79,991	34,379	65,965	3,033	183,368
IFRS 8.23	Segment liabilities	33,736	16,711	35,754	1,132	87,333

		Six months to 30 June 2019				
		Consulting	Service	Retail	Other	Total
Revenue						
IFRS 8.23(a)	From external customers	47,843	7,832	31,129	1,561	88,365
	Discontinued operations	-	-	7,352	-	7,352
IFRS 8.23(b)	From other segments	145	-	-	-	145
	Segment revenues	47,988	7,832	38,481	1,561	95,862
IFRS 8.23	Segment operating profit	10,615	(280)	2,755	(24)	13,066
IFRS 8.23	Segment assets	66,260	16,018	56,049	2,211	140,539
IFRS 8.23	Segment liabilities	40,715	12,006	39,851	1,264	93,836
		Year to 31 December 2019				
		Consulting	Service	Retail	Other	Total
Revenue						
IFRS 8.23(a)	From external customers	110,810	18,140	72,098	3,679	204,727
	Discontinued operations	-	-	9,803	-	9,803
IFRS 8.23(b)	From other segments	231	-	-	-	231
	Segment revenues	111,041	18,140	81,901	3,679	214,761
IFRS 8.23	Segment operating profit	19,213	1,870	8,327	(8)	29,402
IFRS 8.23	Segment assets	75,057	18,326	58,272	2,521	154,176
IFRS 8.23	Segment liabilities	32,494	16,316	29,896	1,185	79,891

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

		6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019
IAS 1.51(c)	Profit or loss			
IAS 1.51(d-e)	Total reportable segment operating profit	23,767	13,090	29,410
IFRS 8.28(b)	Other segment profit	112	(24)	(8)
	Rental income from investment property	550	498	1,066
	Change in fair value of investment property	55	125	310
	Share-based payment expenses	(268)	(165)	(298)
	Post-employment benefit expenses	(3,150)	(2,850)	(5,799)
	Research and development costs	(986)	(1,250)	(1,690)
	Other income not allocated	502	180	676
	Other expenses not allocated	(97)	(165)	(304)
	Operating profit of discontinued operations	-	(54)	(73)
	Elimination of intersegment profits	(80)	(87)	(58)
	Group operating profit	20,405	9,298	23,232
	Share of profits from equity accounted investments	50	84	391
	Finance costs	(413)	(1,128)	(3,869)
	Finance income	1,188	835	964
	Other financial items	669	339	943
	Group profit before tax	21,899	9,428	21,661

10. 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 2020 represented 66% (six months period to 30 June 2019: 43%) of the annual level of these revenues for the year ended 31 December 2019.

The percentage of the first six months revenues in 2020 is higher than 2019 due to the effect of an additional three months revenues contributed by a new subsidiary acquired in 2020 (see Note 6). Excluding these items, the revenues for the six months ended 30 June 2020 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 31 December 2019.

11. Goodwill

Guidance note: 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.

IAS 34.16A(c)

The following table shows the movements in goodwill:

	6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019	
Gross carrying amount				
IFRS 3.B67(d)(i)	Balance at beginning of 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 difference	(146)	(95)	(135)
IFRS 3.B67(d)(viii)	Balance at end of the period	8,386	6,070	6,030
Accumulated impairment				
IFRS 3.B67(d)(i)	Balance at beginning of period	(989)	(190)	(190)
IFRS 3.B67(d)(v)	Impairment loss recognised	-	-	(799)
IFRS 3.B67(d)(vi)	New exchange difference	-	-	-
IFRS 3.B67(d)(viii)	Balance at end of the period	(989)	(190)	(989)
	Carrying amount at end of the period	7,397	5,880	5,041

12. Other intangible assets

Guidance note: In these Interim Financial Statements, 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.

IAS 34.15

The following tables show the movements in intangible assets:

	Acquired software licenses	Internally developed software	Brand names	Customer lists	Total	
IAS 38.118	Gross carrying amount					
IAS 38.118(c)	Balance at 1 January 2020	16,469	18,046	975	1,761	37,251
IAS 38.118(e)(i)	Additions, separately acquired	320	-	-	-	320
IAS 38.118(e)(i)	Additions, 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 2020	22,564	20,131	2,225	3,246	48,166
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2020	(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 2020	(9,074)	(12,412)	(402)	(328)	(22,216)
	Carrying amount 30 June 2020	13,490	7,719	1,823	2,918	25,950
	Gross carrying amount					
IAS 38.118	Balance at 1 January 2019	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Additions, separately acquired	120	-	-	-	120
IAS 38.118(e)(i)	Additions, 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 2019	17,330	17,441	975	1,761	37,507
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2019	(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 2019	(7,114)	(10,051)	(225)	(144)	(17,534)
	Carrying amount 30 June 2019	10,216	7,390	750	1,617	19,973

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	Acquired software licenses	Internally developed software	Brand names	Customer lists	Total	
IAS 38.118	Gross carrying amount					
IAS 38.118(c)	Balance at 1 January 2019	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Additions, separately acquired	440	-	-	-	440
IAS 38.118(e)(i)	Additions, 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 2019	16,469	18,046	975	1,761	37,251
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2019	(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 2019	(7,739)	(11,602)	(287)	(199)	(19,827)
	Carrying amount 31 December 2019	8,730	6,444	688	1,562	17,424

13. Property, plant and equipment

Guidance note: In these Interim Financial Statements 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.

IAS 34.15B(d) The following tables show the movements in property, plant and equipment:

	Land	Buildings	IT equipment	Other equipment	Total	
IAS 16.78(a)	Gross carrying amount					
IAS 16.73(d)	Balance at 1 January 2020	8,709	48,577	9,573	2,645	69,504
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 at 30 June 2020	8,694	50,947	12,073	3,011	74,725
	Amortisation and impairment					
IAS 16.73(d)	Balance at 1 January 2020	-	(15,088)	(2,632)	(1,479)	(19,199)
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	-	(1,793)	(745)	(301)	(2,839)
IAS 16.73(d)	Balance at 30 June 2020	-	(16,927)	(3,432)	(1,443)	(21,802)
	Carrying amount 30 June 2020	8,694	34,020	8,641	1,568	52,923

IAS 16.78(a)	Land	Buildings	IT equipment	Other equipment	Total	
	Gross carrying amount					
IAS 16.73(d)	Balance at 1 January 2019	7,697	19,362	5,579	2,334	34,972
	Adjustment on transition to IFRS 16	-	28,400	1,767	-	30,167
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 at 30 June 2019	8,412	48,796	9,597	2,661	69,466
	Amortisation and impairment					
IAS 16.73(d)	Balance at 1 January 2019	-	(12,159)	(1,503)	(913)	(14,575)
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	-	(1,499)	(539)	(261)	(2,299)
IAS 16.73(d)	Balance at 30 June 2019	-	(13,551)	(2,079)	(1,200)	(16,830)
	Carrying amount 30 June 2019	8,412	35,245	7,518	1,461	52,636

IAS 16.78(a)	Land	Buildings	IT equipment	Other equipment	Total	
	Gross carrying amount					
IAS 16.73(d)	Balance at 1 January 2019	7,697	19,362	5,579	2,334	34,972
	Adjustment on transition to IFRS 16	-	28,400	1,767	-	30,167
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 at 31 December 2019	8,709	48,577	9,573	2,645	69,504
	Amortisation and impairment					
IAS 16.73(d)	Balance at 1 January 2019	-	(12,159)	(1,503)	(913)	(14,575)
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	-	(3,190)	(1,076)	(530)	(4,796)
IAS 16.73(d)	Balance at 31 December 2019	-	(15,088)	(2,632)	(1,479)	(19,199)
	Carrying amount 31 December 2019	8,709	33,489	6,941	1,166	50,305

IFRS 16.53(j)
IFRS 16.47(a)(ii) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Buildings	28,624	31,104	29,887
IT equipment	1,549	2,154	1,812
Total right-of-use assets	30,173	33,258	31,699

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14. Leasing

IFRS 16.47(b)

Lease liabilities are presented in the statement of financial position within borrowings as follows:

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Lease liabilities (current)	2,597	2,608	2,522
Lease liabilities (non-current)	30,680	33,738	32,417
	33,277	36,346	34,939

The Group has leases for the main warehouse and related facilities, an office and production building, and some IT equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due						Total
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	After five years	
30 June 2020							
Lease payments	2,972	2,965	2,960	2,940	2,938	21,191	35,966
Finance charges	(375)	(365)	(355)	(320)	(306)	(968)	(2,689)
Net present values	2,597	2,600	2,605	2,620	2,632	20,223	33,277
30 June 2019							
Lease payments	2,988	2,985	2,975	2,960	2,940	24,663	39,511
Finance charges	(380)	(370)	(360)	(355)	(320)	(1,380)	(3,165)
Net present values	2,608	2,615	2,615	2,605	2,620	23,283	36,346
31 December 2019							
Lease payments	2,979	2,960	2,960	2,942	2,935	22,925	37,701
Finance charges	(457)	(360)	(340)	(272)	(260)	(1,073)	(2,762)
Net present values	2,522	2,600	2,620	2,670	2,675	21,852	34,939

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of a lease liability is as follows:

IFRS 16.54

IFRS 16.53(c)

IFRS 16.53(d)

IFRS.16.53(e)

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Short-term leases	662	670	1,230
Leases of low value assets	80	92	157
Variable lease payments	238	242	482
	980	1,004	1,869

Guidance note: These are not all the disclosure requirements of IFRS 16. Disclosures have been selected for these Interim Financial Statements in order to understand the entity's leasing activities and meet the requirements of IAS 34. The information provided will therefore depend on entity-specific circumstances and not all entities need to provide the same disclosures in their interim financial statements. Entities will need to exercise their judgement in deciding how to best meet the requirements of IAS 34.

15. Disposal groups classified as held for sale and discontinued operations

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 2019. The remaining storage facility was sold in February 2020 and a gain of CU 96 is presented as discontinued operations for the period ended 30 June 2020.

16. Earnings per share

Guidance note: In these Interim Financial Statements, 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.

IAS 33.70(a) 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 2020 and 30 June 2019 or the year ended 31 December 2019.

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:	30 Jun 2020	30 Jun 2019	31 Dec 2019
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

17. Share capital

IAS 34.16A(e) During the six month period to 30 June 2020, 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 2019: CU 10.50; December 2019: CU 11.19).

Illustrative Corporation also issued 1,700,000 shares on 1 April 2020 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.

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	Amounts in thousand shares:	30 Jun 2020	30 Jun 2019	31 Dec 2019
IAS 1.79(a)(iv)	Shares issued and fully paid:			
IAS 1.79(a)(ii)	– Beginning of the period	13,770	12,000	12,000
	– Issued on exercise of employee share options	350	270	270
	– Share issue, private placement	1,700	–	1,500
	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

18. Dividends

IAS 34.16A(f) During the six month period to 30 June 2020 Illustrative Corporation paid dividends of CU 6,855 to its equity shareholders (six month period to 30 June 2019: CU 3,000; December 2019: CU 3,000). This represents a payment of CU 0.50 per share (six month period to 30 June 2019: CU 0.25; December 2019: CU 0.25). No dividends were paid on new shares issued in 2019 pursuant to the Group's share-based payment scheme.

19. Other components of equity

Guidance note: This type of disclosure is not specifically required by IAS 34. However, in these Interim Financial Statements, this information is considered necessary due to the change in the presentation of the reconciliations of each item of comprehensive income.

IAS 1.106(d)(ii)
IAS 1.106A The following tables show the movements in other components of equity

	Translation reserve	Revaluation reserve	Cash-flow hedges	Net defined benefit plan	Total	
	Balance at 1 January 2020	(847)	901	392	1,819	2,265
IAS 19.120(c)	Remeasurement of net defined benefit liability	–	–	–	(2,201)	(2,201)
	Cash flow hedges					
IFRS 7.23(c)	– current period gains	–	–	215	–	215
IFRS 7.23(d) IAS 1.92	– reclassification to profit or loss	–	–	157	–	157
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	–	–	–	(575)
	Equity accounted investments	–	–	15	–	15
IAS 12.81(ab) IAS 1.90	Tax benefit	173	–	–	531	704
	Other comprehensive income for the period (all attributable to the parent)	(402)	–	387	(1,670)	(1,685)
	Balance at 30 June 2020	(1,249)	901	779	149	580

	Translation reserve	Revaluation reserve	Cash-flow hedges	Net defined benefit plan	Total
Balance at 1 January 2019	(359)	689	140	(862)	(392)
IAS 19.120(c)					
Remeasurement of net defined benefit liability	-	-	-	1,485	1,485
- current period gains	-	-	287	-	287
IFRS 7.23(c)					
- reclassification to profit or loss	-	-	178	-	178
IFRS 7.20(a)(ii) IAS 1.92	(414)	-	-	-	(414)
IAS 21.52(b)					
Equity accounted investments	-	-	26	-	26
IAS 12.81(ab) IAS 1.90					
Tax benefit (expense)	125	-	-	(575)	(450)
Other comprehensive income for the period (all attributable to the parent)	(289)	-	491	910	1,112
Balance at 30 June 2019	(648)	689	631	48	720
	Translation reserve	Revaluation reserve	Cash-flow hedges	Net defined benefit plan	Total
Balance at 1 January 2019	(359)	689	140	(862)	(392)
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)					
- current year gains	-	-	890	-	890
IFRS 7.23(d) IAS 1.92					
- reclassification to profit or loss	-	-	(640)	-	(640)
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(ab) IAS 1.90					
Tax benefit (expense)	176	(91)	-	(1,149)	(1,064)
Other comprehensive income for the year (all attributable to the parent)	(488)	212	252	2,681	2,657
Balance at 31 December 2019	(847)	901	392	1,819	2,265

20. Provisions

IAS 34.15B(c)

A restructuring provision was recognised by the Group in its annual financial statements as at 31 December 2019 in relation to the 'Phoenix Programme', amounting to CU 724. The estimate of the restructuring provision was reduced by CU 600 at 30 June 2020 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 2020, predominantly through out of court settlements.

The remaining balance of CU 491 is made up of other provisions relating to legal and other claims by customers, such as warranties for which customers are covered for the cost of repairs.

21. Contingent liabilities

IAS 34.15B(m)

During the prior year, various warranty and legal claims were brought against the Group. At 31 December 2019, 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.

22. Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2020	Amortised cost	FVTPL	Derivatives used for hedging (FV)	Total
Financial assets				
Bonds and debentures	2,915	-	-	2,915
Other investments	-	1,167	-	1,167
Other long-term financial assets	2,915	1,167	-	4,082
Other short-term financial assets	-	689	-	689
Derivative financial instruments	-	115	558	673
Trade and other receivables	25,871	-	-	25,871
Cash and cash equivalents	42,539	-	-	42,539
Total financial assets	71,325	1,971	558	73,854

30 June 2020	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities			
Non-current borrowings	-	19,838	19,838
Current borrowings	-	3,911	3,911
Trade and other payables	-	11,890	11,890
Contingent consideration	630	-	630
Total financial liabilities	630	35,639	36,269

30 June 2019	Amortised cost	FVTPL	Derivatives used for hedging (FV)	Total
Financial assets				
Bonds and debentures	2,701	-	-	2,701
Other investments	-	1,194	-	1,194
Other long-term financial assets	2,701	1,194	-	3,895
Other short-term financial assets	-	651	-	651
Derivative financial instruments	-	120	693	813
Trade and other receivables	19,595	-	-	19,595
Cash and cash equivalents	9,797	-	-	9,797
Total financial assets	32,093	1,965	693	34,751

30 June 2019	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities			
Non-current borrowings	-	21,125	21,125
Current borrowings	-	4,655	4,655
Trade and other payables	-	18,805	18,805
Contingent consideration	605	-	605
Total financial liabilities	605	44,585	45,190

31 December 2019	Amortised cost	FVTPL	Derivatives used for hedging (FV)	Total
Financial assets				
Bonds and debentures	2,878	-	-	2,878
Other investments	-	1,173	-	1,173
Other long-term financial assets	2,878	1,173	-	4,051
Other short-term financial assets	-	655	-	655
Derivative financial instruments	-	115	601	716
Trade and other receivables	30,606	-	-	30,606
Cash and cash equivalents	34,729	-	-	34,729
Total financial assets	68,213	1,943	601	70,757

31 December 2019	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities			
Non-current borrowings	-	21,070	21,070
Current borrowings	-	4,815	4,815
Trade and other payables	-	8,497	8,497
Contingent consideration	620	-	620
Total financial liabilities	620	34,382	35,002

23. Fair value measurement of financial instruments

Guidance note: IAS 34 requires that Interim Financial Statements include certain of the disclosures about fair value of financial instruments set out in IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures'. 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.

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IAS 34.16A(j) 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 2020, 30 June 2019 and 31 December 2019.

	30 June 2020	Level 1	Level 2	Level 3	Total
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities	415	-	-	415
	Investment in XY Ltd	-	-	752	752
	Other short-term financial assets	689	-	-	689
	US-dollar forward contracts – cash flow hedge	-	483	-	483
	GBP forward contracts – cash flow hedge	-	75	-	75
	Other forward exchange contracts – held-for-trading	-	115	-	115
	Total financial assets	1,104	673	752	2,529
	Financial liabilities				
	Contingent consideration	-	-	(630)	(630)
	Total financial liabilities	-	-	(630)	(630)
	Net fair value	1,104	673	122	1,899
	30 June 2019				
	Level 1	Level 2	Level 3	Total	
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities	455	-	-	455
	Investment in XY Ltd	-	-	739	739
	Other short-term financial assets	651	-	-	651
	US-dollar forward contracts – cash flow hedge	-	434	-	434
	GBP forward contracts – cash flow hedge	-	259	-	259
	Other forward exchange contracts – held-for-trading	-	120	-	120
	Total financial assets	1,106	813	739	2,658
	Financial liabilities				
	Contingent consideration	-	-	(605)	(605)
	Total financial liabilities	-	-	(605)	(605)
	Net fair value	1,106	813	134	2,053
	31 December 2019				
	Level 1	Level 2	Level 3	Total	
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities	421	-	-	421
	Investment in XY Ltd	-	-	752	752
	Other short-term financial assets	655	-	-	655
	US-dollar forward contracts – cash flow hedge	-	467	-	467
	GBP forward contracts – cash flow hedge	-	134	-	134
	Other forward exchange contracts – held-for-trading	-	115	-	115
	Total financial assets	1,076	716	752	2,544
	Financial liabilities				
	Contingent consideration	-	-	(620)	(620)
	Total financial liabilities	-	-	(620)	(620)
	Net fair value	1,076	716	132	1,924

IFRS 13.93(c) There were no transfers between Level 1 and Level 2 during the six month period to 30 June 2020 or the year to 31 December 2019.

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 on 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 contracts 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.

Investment in XY Ltd (Level 3)

The fair value of this investment was determined based on an appropriate equity pricing model that takes into account the investee's dividends policy and its historical and expected future performance and based on an appropriate growth factor for a similar listed entity and a risk adjusted discount rate.

Contingent consideration (Level 3)

IFRS 13.93(d)
IFRS 13.93(g) The fair value of the contingent consideration, related to the acquisition of a subsidiary in 2019, 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 at 30 June 2020, 30 June 2019 and 31 December 2019. 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 2020, 30 June 2019 and 31 December 2019 is 4.4%, 4.6% and 4.4%, respectively. These discount rates are based on the Group's estimated incremental borrowing rate for unsecured liabilities at each reporting date, and therefore reflect 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:

IFRS 13.93(h)

Description	Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
Contingent consideration	Probability of meeting target	50%	An increase to 60% (decrease to 40%) would increase (decrease) fair value by CU 125
Investment in XY Ltd	Earnings multiple	5%	An increase of the growth factor by 100 basis points and a lower discount rate of 100 basis points would increase the fair value by CU 65. Lowering the growth factor by 100 basis points and increasing the discount factor by 100 basis points would decrease fair value by CU 85.
Investment in XY Ltd	Risk adjusted discount rate	15%	

There are no major interrelationships between the significant input (management's estimate of the probability that the contract's target level will be achieved) and the unobservable inputs.

Notes to the condensed consolidated financial statements

For the period ended 30 June 2020 (expressed in thousands of Euroland currency units, except per share amounts)

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

		Contingent consideration	Investment in XY Ltd
IFRS 13.93(e)	Balance at 1 January 2019	-	720
IFRS 13.93(e)(iii)	Issued in relation to business combination	(600)	-
IFRS 13.93(e)(i) IFRS 13.93(f)	Amount recognised in profit or loss	(5)	19
	Balance at 30 June 2019	(605)	739
IFRS 13.93(e)(i) IFRS 13.93(f)	Amount recognised in profit or loss	(15)	13
	Balance at 31 December 2019	(620)	752
IFRS 13.93(e)(i) IFRS 13.93(f)	Amount recognised in profit or loss	(10)	-
	Balance at 30 June 2020	(630)	752

IFRS 13.93(f) The total amount included in profit or loss for unrealised losses on level 3 instruments:

	6 months to 30 Jun 2020	6 months to 30 Jun 2019	Year to 31 Dec 2019
Finance costs	(10)	(5)	(20)
Finance income	—	278	32

The estimated fair values of classes of other financial instruments measured at amortised cost at 30 June 2020, 30 June 2019 and 31 December 2019 are:

	30 June 2020		30 June 2019		31 December 2019	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets						
Bonds:						
- Zero coupon bonds	1,180	1,100	1,155	1,103	1,001	1,077
- US straight bonds	1,710	1,718	1,600	1,517	1,705	1,704
- Debentures	98	97	85	81	99	97
Total^a	2,988	2,915	2,840	2,701	2,805	2,878
Financial liabilities						
Non-current borrowings:						
- US-dollar loans	7,437	7,480	7,533	7,545	7,801	7,770
- Non-convertible bond	7,800	7,858	8,320	8,480	8,259	8,300
- Subordinated shareholder loan	4,750	4,500	5,050	5,100	4,975	5,000
Total	19,987	19,838	20,903	21,125	21,035	21,070
Current borrowings						
- US-dollar loans	250	250	250	250	251	250
- Other bank borrowings	3,736	3,661	4,405	4,405	4,565	4,565
Total	3,986	3,911	4,655	4,655	4,816	4,815

^a These financial assets are included in "Other long-term financial assets". The line item also includes listed securities and the investment in XY Ltd which are carried at fair value at 30 June 2020, 30 June 2019 and 31 December 2019 of CU 1,167, CU 1,194 and CU 1,173 (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.

24. Events after the reporting date

Guidance note: 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 for combinations arising after the reporting date. Other approaches may also be acceptable.

- IAS 34.16A(h)
IFRS 3.B66
IFRS 3.B64(a-d) On 29 July 2020 the Group acquired 100% of the issued share capital of Servers.com Limited (Servers.com), a company based in Euroland. The objective of the acquisition is to expand the operations of the Group's retail segment.

- IFRS 3.B64(f)(i, iii, iv)
IFRS 3.B64(g)(ii) The acquisition was settled in cash and by issuing 500,000 shares of Illustrative Corporation. The purchase agreement also provides for an additional consideration of CU 1,500 payable if the average profits of Servers.com for 2020 and 2021 exceeds a target level agreed by both parties. Any additional consideration will be paid on 30 July 2022.

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

IFRS 3.B64(iv)	Fair value of equity shares issued	6,250
IFRS 3.B64(j)	Amount settled in cash	7,000
IFRS 3.B64(g)(i)	Fair value of contingent consideration	680
		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.

Guidance note: 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.

- 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%.

- IFRS 3.B66 The Group is in the process of determining the fair values of the acquired assets and assumed liabilities of Servers.com. The valuation is expected to be completed before year-end.



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