

# Good Group (International) Limited

International GAAP®  
Illustrative interim condensed  
consolidated financial statements

Based on International Financial Reporting  
Standards in issue at 31 March 2011





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## Abbreviations and key

The following styles of abbreviation are used in these International GAAP Illustrative Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC.13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 4.6	International Financial Reporting Interpretations Committee Interpretation No. 4, paragraph 6
IAS 39.IG.G.2	IAS 39 <i>Financial Instruments: Recognition and Measurement</i> - Guidance on Implementing IAS 39 Section G: Other, paragraph G.2
IAS 39.AG71	IAS 39 <i>Financial Instruments: Recognition and Measurement</i> - Appendix A-Application Guidance, paragraph AG71
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
GAAP	Generally Accepted Accounting Principles/Practice
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
SIC	Standing Interpretations Committee (predecessor to the IFRIC)

## Introduction

This publication contains an illustrative set of interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (the Group) for the six months ended 30 June 2011. These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group is a large publicly listed manufacturing company incorporated in a fictitious country within Europe, whose currency is the euro. The functional currency of the parent and the presentation currency of the Group is the euro.

This set of illustrative statements is one of many prepared by Ernst & Young to assist you in preparing your own financial statements. The illustration intends to reflect transactions and disclosures that we consider to be most common and most likely for a broad range of companies. Users of this publication are encouraged to select disclosures relevant to their circumstance and adjust appropriately. Users may also keep in mind that other transactions are likely to require additional disclosures.

This publication is however not designed to reflect all disclosure requirements that may apply to regulated or specialised industries. We provide a number of illustrative financial statements, which you may consider.

The entire series of model financial statements comprises:

- ▶ Good Group (International) Limited (annual financial statements)
- ▶ Good Bank (International) Limited
- ▶ Good Insurance (International) Limited
- ▶ Good Investment Fund (Equities) Limited
- ▶ Good Investment Fund (Liabilities) Limited
- ▶ Good Real Estate Group (International) Limited
- ▶ Good Construction Group (International) Limited
- ▶ Good Mining (International) Limited
- ▶ Good Petroleum (International) Limited

Notations shown on the right hand side of each page are IFRS paragraphs that describe the specific disclosure requirements. In case of doubt as to the IFRS requirements, it is essential to refer to the relevant sources and, where necessary, to seek appropriate professional advice.

Please note that these illustrative financial statements are not designed to satisfy any country or stock market regulatory requirements and do not illustrate all possible IFRS accounting or disclosure requirements.

### Interim financial reporting

An interim financial report may contain either a complete set of financial statements (as described in IAS 1 *Presentation of Financial Statements*) or a condensed set of financial statements as described in IAS 34. This publication contains an illustrative set of interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (the Group) for the six months ended 30 June 2011.

These interim condensed consolidated financial statements assume that Good Group (International) Limited only publishes half-year interim financial statements. If the Group published quarterly interim financial statements, the second quarter information would include, in addition to the information included in this publication, income statements for the three months ending 30 June in 2011 and 2010, irrespective of whether the Group presents a condensed or complete set of interim financial statements.

Although IAS 34 permits an entity to present less information at an interim reporting date as compared with its annual financial statements (in the form of condensed financial statements and selected explanatory notes), the Group has elected to present the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows in the same format as the annual financial statements. Paragraph 10 of IAS 34 requires the statements to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. IAS 34 requires entities to include explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the last annual reporting date. IAS 34 also requires comparatives to be included for the comparable interim period of the previous financial year in the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows. A comparative statement of financial position must be provided for the preceding annual period. IAS 34 does not provide any further guidance about which comparative information should be included in the explanatory notes. In these interim condensed consolidated financial statements, we have included comparative information for the comparable interim period of the previous financial year in notes relating to the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows. Notes relating to statement of financial position items do not

include comparatives as the interim condensed consolidated financial statements should be read in conjunction with the previous annual statements. However, when financial information is provided in respect of movements in assets and liabilities, the comparative information relates to the corresponding interim period in the previous year. Disclosures about significant one-off events for the interim period do not include comparatives.

These interim condensed consolidated financial statements include disclosures not specifically required by IAS 34 (such as notes regarding financial instruments and share-based payments). These selected explanatory disclosures have been included as they are considered to be material and important for an understanding of the Group's financial position as at the half-year and its performance during the interim period.

## **International Financial Reporting Standards (IFRS)**

The abbreviation IFRS is defined in paragraph 5 of the Preface to International Financial Reporting Standards to include "standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards (IASs) and Standing Interpretations Committee (SIC) interpretations issued under previous Constitutions". This is also noted in IAS 1.7 and IAS 8.5. Thus, when financial statements are described as 'complying with IFRS', it means that they comply with the entire hierarchy of pronouncements sanctioned by the IASB. This includes the International Financial Reporting Standards, the International Accounting Standards, and their related interpretations originated by the IFRS Interpretations Committee (formerly known as the IFRIC) or the former SIC.

## **International Accounting Standards Board (IASB)**

The IASB is the independent standard-setting body of the IFRS Foundation (an independent, not-for-profit private sector organisation working in the public interest). The IASB members (currently 15 full-time members) are responsible for the development and publication of IFRSs, including the IFRS for SMEs and for approving interpretations of IFRSs as developed by the IFRS Interpretations Committee. In fulfilling its standard-setting duties, the IASB follows a due process of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component.

## **IFRS Interpretations Committee**

The IFRS Interpretations Committee (Interpretations Committee) is a committee appointed by the IFRS Foundation Trustees that assists the IASB in establishing and improving standards of financial accounting and reporting for the benefit of users, preparers and auditors of financial statements.

The Interpretations Committee addresses issues of reasonably widespread importance, rather than issues of concern to only a small set of entities. Its activities cover:

- ▶ Newly identified financial reporting issues not specifically addressed in IFRS
- ▶ Issues where unsatisfactory or conflicting interpretations have developed, or seem likely to develop in the absence of authoritative guidance, with a view to reaching a consensus on the appropriate treatment
- ▶ Advising the IASB of issues to be considered in the Annual Improvements to IFRSs project

## **IFRS as at 31 March 2011**

The standards applied in these interim condensed consolidated financial statements are those that were in issue as at 31 March 2011 and effective for annual periods beginning on or after 1 January 2011, except where stated otherwise. The measurement and recognition requirements of these standards have been applied in these interim condensed consolidated financial statements. However, IAS 34 outlines the required disclosures for interim statements. It is important to note that these interim condensed consolidated financial statements will require continual update as standards are issued and/or revised by the IASB. Standards applied in these interim condensed consolidated financial statements are as listed below. However, not all of the standards may be reflected due to the condensed nature of presentation of these financial statements.

The standards applied in the annual illustrative financial statements for the year ended 31 December 2010 are the IFRS that were effective for the annual period commencing on 1 January 2010.

These illustrative interim condensed financial statements use standards that are in issue as at 31 March 2011 and are effective for the annual period beginning on or after 1 January 2011. IFRS is illustrated across our various illustrative financial statements as follows:

		Good Group Interim	Good Group Annual	Good First-time Adopter	Good Bank	Good Insurance	Good Investment	Good Real Estate	Good Construction	Good Mining	Good Petroleum
<b>International Financial Reporting Standards (IFRS)</b>											
IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i>			✓		✓					✓
IFRS 2	<i>Share-based Payment</i>	✓	✓	✓	✓	✓			✓		
IFRS 3	<i>Business Combinations</i>	✓	✓	✓		✓		✓	✓	✓	✓
IFRS 4	<i>Insurance Contracts</i>					✓					
IFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>	✓	✓	✓				✓	✓		
IFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>									✓	✓
IFRS 7	<i>Financial Instruments: Disclosures</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 8	<i>Operating Segments</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 9	<i>Financial Instruments</i>										
<b>International Accounting Standards (IAS)</b>											
IAS 1	<i>Presentation of Financial Statements</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 2	<i>Inventories</i>	✓	✓	✓				✓	✓	✓	✓
IAS 7	<i>Statement of Cash Flows</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 10	<i>Events after the Reporting Period</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 11	<i>Construction Contracts</i>							✓	✓		
IAS 12	<i>Income Taxes</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 16	<i>Property, Plant and Equipment</i>	✓	✓	✓	✓	✓		✓	✓	✓	✓
IAS 17	<i>Leases</i>	✓	✓	✓	✓	✓		✓	✓	✓	✓
IAS 18	<i>Revenue</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 19	<i>Employee Benefits</i>	✓	✓	✓	✓	✓				✓	✓
IAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>	✓	✓	✓							
IAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 23	<i>Borrowing Costs</i>	✓	✓	✓		✓		✓	✓	✓	✓
IAS 24	<i>Related Party Disclosures</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>										
IAS 27	<i>Consolidated and Separate Financial Statements</i>	✓	✓	✓	✓	✓		✓	✓	✓	✓
IAS 28	<i>Investments in Associates</i>	✓	✓	✓		✓		✓	✓		
IAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>										
IAS 31	<i>Interests in Joint Ventures</i>	✓	✓	✓				✓	✓	✓	✓
IAS 32	<i>Financial Instruments: Presentation</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 33	<i>Earnings per Share</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 34	<i>Interim Financial Reporting</i>	✓									
IAS 36	<i>Impairment of Assets</i>	✓	✓	✓		✓		✓	✓	✓	✓
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 38	<i>Intangible Assets</i>	✓	✓	✓	✓	✓		✓	✓	✓	✓
IAS 39	<i>Financial Instruments: Recognition and Measurement</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IAS 40	<i>Investment Property</i>	✓	✓	✓		✓		✓	✓		
IAS 41	<i>Agriculture</i>										

**Good Group Interim**  
 Good Group Annual  
 Good First-time Adopter  
 Good Bank  
 Good Insurance  
 Good Investment  
 Good Real Estate  
 Good Construction  
 Good Mining  
 Good Petroleum

## Interpretations

IFRIC 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	✓	✓	✓					✓	✓
IFRIC 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>									
IFRIC 4	<i>Determining whether an Arrangement Contains a Lease</i>	✓	✓	✓					✓	✓
IFRIC 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	✓							✓	✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	✓	✓	✓						
IFRIC 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>									
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>	✓	✓				✓			
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>	✓	✓							
IFRIC 12	<i>Service Concession Arrangements</i>								✓	
IFRIC 13	<i>Customer Loyalty Programmes</i>	✓	✓	✓						
IFRIC 14	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	✓	✓	✓	✓					
IFRIC 15	<i>Agreements for the Construction of Real Estate</i>								✓	
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>	✓	✓	✓						
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>									
IFRIC 18	<i>Transfers of Assets from Customers</i>									
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>									
SIC 7	<i>Introduction of the Euro</i>									
SIC 10	<i>Government Assistance – No Specific Relation to Operating Activities</i>									
SIC 12	<i>Consolidation – Special Purpose Entities</i>	✓	✓	✓	✓					
SIC 13	<i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i>	✓	✓	✓						
SIC 15	<i>Operating Leases – Incentives</i>	✓	✓	✓					✓	
SIC 21	<i>Income Taxes – Recovery of Revalued Non-Depreciable Assets</i>	✓	✓	✓					✓	
SIC 25	<i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>									
SIC 27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	✓	✓	✓						
SIC 29	<i>Service Concession Arrangements: Disclosures</i>									
SIC 31	<i>Revenue – Barter Transactions Involving Advertising Services</i>									
SIC 32	<i>Intangible Assets – Web Site Costs</i>									

✓ This standard or interpretation is reflected in the accounting policies and / or individual transactions with appropriate note disclosures were applicable.

Users of this publication are cautioned to check that there has been no change in requirements of IFRS between 31 March 2011 and the date on which their financial statements are authorised for issue.

## Changes in 2011 edition of the interim financial statements

The 2011 Good Group (International) Limited illustrative interim condensed consolidated financial statements differ from the 2010 edition due to new standards and interpretations that have become effective. The following standards and interpretations have been illustrated as if they were applied for the first time in the 2011 interim financial period, resulting in consequential changes to the accounting policies and other note disclosures. Standards and interpretations issued that are only effective after 1 January 2011 are not reflected in these interim financial statements.

### Amendments to IFRSs

The following amendments became effective as of 1 January 2011:

- ▶ Amendment to IAS 24 *Related Party Transactions*
- ▶ Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
- ▶ Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

In addition, in May 2010, the Board issued its third omnibus of amendments to standards, primarily with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each amendment. The Group illustrates the adoption of these amendments in Note 2.

None of these amendments impacted the financial position or performance of the Group. A description of the amendments is provided in Note 2 of these interim financial statements.

### Financial review by management

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although IAS 1.13 gives a brief outline of what may be included in their annual report. The IASB has issued an IFRS Practice Statement *Management Commentary* in December 2010 which provides a broad, non-binding framework for the presentation of narrative reporting to accompany financial statements that have been prepared in accordance with IFRS. The Practice Statement is not an IFRS, consequently, an entity need not comply with the Practice Statement to comply with IFRS.

The content of a financial review by management is often determined by local market requirements or issues specific to a particular jurisdiction. Therefore, no financial review by management has been included in the interim financial statements of Good Group (International) Limited.

# **Good Group (International) Limited**

**Unaudited interim condensed  
consolidated financial statements**

**30 June 2011**

# Report on review of interim condensed consolidated financial statements to the shareholders of Good Group (International) Limited

## Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (the Group) as at 30 June 2011, comprising of the interim consolidated statement of financial position as at 30 June 2011 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Chartered Accountants & Co.

11 August 2011

17 Euroville High Street

Euroville

## Commentary

The report on review of interim condensed consolidated financial statements has been prepared in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. If reporting under other standards or jurisdictions, the report may be replaced to conform with the specific requirements of those standards or jurisdictions.

# Interim consolidated income statement

for the six months ended 30 June 2011

IAS 1.10(b), IAS 1.51  
IAS 34.10

	Notes	2011	2010	IAS 1.51(d)(e)
		Unaudited		
		€000	€000	
<b>Continuing operations</b>				
Sale of goods		95,780	78,460	IAS 18.35(b)(i)
Rendering of services		8,578	8,093	IAS 18.35(b)(ii)
Revenue from redemption of <i>GoodPoints</i>		688	562	IAS 18.35(b)(ii)
Rental income		715	715	IAS 18.35(c)
<b>Revenue</b>	5	<b>105,761</b>	<b>87,830</b>	IAS 1.82(a)
Cost of sales		(79,612)	(67,216)	IAS 1.103
<b>Gross profit</b>		<b>26,149</b>	<b>20,614</b>	IAS 1.85, IAS 1.103
Other income	14	617	1,728	IAS 1.103
Selling and distribution costs		(9,254)	(7,228)	IAS 1.103
Administrative expenses		(11,843)	(10,043)	IAS 1.103
Other expenses	10, 11	(1,497)	(91)	IAS 1.103
<b>Operating profit</b>		<b>4,172</b>	<b>4,980</b>	
Finance income		204	166	IAS 1.82(a)
Finance costs		(1,718)	(487)	IAS 1.82(b), IFRS 7.20
Share of profit of an associate		43	35	IAS 1.82(c), IAS 28.38
<b>Profit for the period from continuing operations before tax</b>	5	<b>2,701</b>	<b>4,694</b>	IAS 1.85
Income tax expense	7	(826)	(1,592)	IAS 1.82(d), IAS 12.77
<b>Profit for the period from continuing operations</b>		<b>1,875</b>	<b>3,102</b>	IAS 1.85
<b>Discontinued operations</b>				
Gain/(loss) after tax for the period from discontinued operations	8	573	(18)	IAS 1.82(e) IFRS 5.33(a)
<b>Profit for the period</b>		<b>2,448</b>	<b>3,084</b>	IAS 1.82(f)
Attributable to:				
Owners of the parent		2,401	3,023	IAS 1.83(a)(ii)
Non-controlling interests		47	61	IAS 1.83(a)(i), IAS 27.27
		<b>2,448</b>	<b>3,084</b>	
Earnings per share:				IAS 33.66, IAS 34.11
▶ Basic, profit for the period attributable to ordinary equity holders of the parent		€0.11	€0.15	
▶ Diluted, profit for the period attributable to ordinary equity holders of the parent		€0.11	€0.15	
Earnings per share for continuing operations:				
▶ Basic, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.15	
▶ Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.15	

## Commentary

IAS 1.99 requires expenses to be analysed by nature of expense or by their function within the entity, whichever provides information that is reliable and more relevant. In line with its annual financial statements, the Group has presented the analysis of expenses by function. Appendix 1 illustrates the income statement if the analysis by nature was used.

IAS 33.68 requires presentation of basic and diluted amounts per share for discontinued operations either on the face of the income statement or in the notes to the financial statements. The Group has elected to show this information with other disclosures required for discontinued operations in Note 8 *Discontinued operation* (per IFRS 5) as well as information for continuing operations on the face of the income statement.

# Interim consolidated statement of comprehensive income

for the six months ended 30 June 2011

IAS 1.51(b)(c)  
IAS .81(b)

	Notes	2011	2010	
		Unaudited		
		€000	€000	IAS 1.51(d)(e)
<b>Profit for the period</b>		<b>2,448</b>	<b>3,084</b>	IAS 1.82(f)
Net gain on hedge of a net investment		274	129	
Income tax effect		(82)	(39)	IAS 1.90
		192	90	
Exchange differences on translation of foreign operations		(293)	(137)	
Income tax effect		88	41	
		(205)	(96)	
Net (loss)/gain on cash flow hedges	9	(340)	40	
Income tax effect		102	(12)	IAS 1.90
		(238)	28	
Net (loss)/gain on available-for-sale financial assets	9	(172)	57	
Income tax effect		52	(17)	IAS 1.90
		(120)	40	
Actuarial gains and losses on defined benefit plans		(27)	160	IAS 19.93B
Income tax effect		8	(48)	IAS 1.90
		(19)	112	
Revaluation of land and buildings		–	846	
Income tax effect		–	(254)	IAS 1.90
		–	592	
<b>Other comprehensive income for the period, net of tax</b>		<b>(390)</b>	<b>766</b>	IAS 1.85
<b>Total comprehensive income for the period, net of tax</b>		<b>2,058</b>	<b>3,850</b>	IAS 1.82(i)
Attributable to:				
Owners of the parent		2,011	3,789	IAS 1.83(b)(ii)
Non-controlling interests		47	61	IAS 1.83(b)(i) IAS 27.27
		<b>2,058</b>	<b>3,850</b>	

## Commentary

Paragraphs 8, 8A and 10 of IAS 34 require the interim financial report to present a condensed statement of comprehensive income in the same format and include each of the headings and subtotals included in its preceding annual financial statements. In line with its annual financial statements, the Group presents the statement of comprehensive income in two statements. However, IAS 34 does not specify whether the information required by IAS 1, which may be presented either on the face of the statement or in the notes, should also be disclosed in its interim financial statements.

As the Group presents the components of comprehensive income on a net basis in its annual financial statements, the same presentation applies to its interim financial statements above. Therefore, the Group has provided an additional information (Note 9) to present the amount of reclassification adjustments and current period gains or losses. Alternatively, the individual components could have been presented within the statement of comprehensive income if such presentation was elected in the preceding annual financial statements. The income tax of each component has been presented within the statement of comprehensive income, consistent with its annual financial statement presentation. Alternatively, this information could have been presented on an aggregated basis, with the income tax effect for each component disclosed in a note to the financial statements at year-end and in the Group's interim financial statements.

# Interim consolidated statement of financial position

as at 30 June 2011

		30 June 2011 unaudited €000	31 December 2010 audited €000	
	Notes			IAS 1.10(a) IAS 1.51(b)(c) IAS 34.10 IAS 1.51(d)(e)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	41,001	34,411	IAS 1.60, IAS 1.66 IAS 1.54(a)
Investment properties		8,893	8,893	IAS 1.54(b)
Intangible assets		4,990	6,019	IAS 1.54(c)
Investment in an associate		807	764	IAS 1.54(e), IAS 28.38
Other non-current financial assets	12	5,596	6,425	IAS 1.54(d), IFRS 7.8
Deferred tax asset		657	383	IAS 1.54(o), IAS 1.56
		<u>61,944</u>	<u>56,895</u>	
<b>Current assets</b>				
Inventories	11	25,496	24,875	IAS 1.60, IAS 1.66 IAS 1.54(g)
Trade and other receivables		29,792	27,672	IAS 1.54(h), IFRS 7.8(c)
Prepayments		208	244	IAS 1.55
Other current financial assets	12	421	551	IAS 1.54(d), IFRS 7.8
Cash and short-term deposits	13	16,229	17,112	IAS 1.54(i)
		<u>72,146</u>	<u>70,454</u>	
Assets of disposal group classified as held for sale	8	–	13,554	IAS 1.54(j), IFRS 5.38
		<u>72,146</u>	<u>84,008</u>	
<b>Total assets</b>		<b>134,090</b>	<b>140,903</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				
Issued capital		21,888	21,888	IAS 1.54(r)
Share premium		4,780	4,780	IAS 1.54(r), IAS 1.78(e)
Treasury shares		(508)	(508)	IAS 1.54(r), IAS 1.78(e)
Other capital reserves		1,036	833	IAS 1.54(r), IAS 1.78(e)
Retained earnings		36,847	35,512	IAS 1.54(r), IAS 1.78(e)
Other components of equity		(839)	(474)	IAS 1.54(r), IAS 1.78(e)
Reserves of disposal group classified as held for sale		–	46	IAS 1.54(p)
<b>Equity attributable to owners of the parent</b>		<b>63,204</b>	<b>62,077</b>	
Non-controlling interests		2,445	2,410	IAS 1.54(q), IFRS 7.8(e)
<b>Total equity</b>		<b>65,649</b>	<b>64,487</b>	
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	12	21,259	20,856	IAS 1.60, IAS 1.69 IAS 1.54(m)
Other non-current financial liabilities	12	806	806	IAS 1.54(m), IAS 1.78(d)
Provisions	14	1,551	1,950	IAS 1.54(l), IAS 1.78(d)
Government grants		2,852	3,300	IAS 20.24
Deferred revenue		190	196	IAS 1.55
Employee benefit liability		2,533	2,622	IAS 1.55, IAS 1.78(d)
Other liabilities		274	263	IAS 1.55
Deferred tax liability		4,099	3,060	IAS 1.54(o), IAS 1.56
		<u>33,504</u>	<u>33,053</u>	
<b>Current liabilities</b>				
Trade and other payables		25,510	19,556	IAS 1.60, IAS 1.69 IAS 1.54(k)
Interest-bearing loans and borrowings	12	2,381	2,460	IAS 1.54(m), IFRS 7.8(f)
Other current financial liabilities	12	2,234	3,040	IAS 1.54(m), IFRS 7.8(e)
Government grants		80	149	IAS 1.55, IAS 20.24
Deferred revenue		200	220	IAS 1.55
Income tax payable		3,789	3,963	IAS 1.54(n)
Provisions	14	683	850	IAS 1.54(l)
		<u>34,877</u>	<u>30,238</u>	
Liabilities directly associated with the assets of a disposal group classified as held for sale	8	–	13,125	IAS 1.54(p), IFRS 5.38
		<u>34,877</u>	<u>43,363</u>	
<b>Total liabilities</b>		<b>68,618</b>	<b>76,416</b>	
<b>Total equity and liabilities</b>		<b>134,090</b>	<b>140,903</b>	

**Commentary**

In line with its annual financial statements, the Group has presented separate classifications on the face of the statement of financial position for current and non-current assets, and current and non-current liabilities. IAS 1 requires that entities should present assets and liabilities broadly in order of their liquidity when this presents information that is reliable and more relevant.

# Interim consolidated statement of changes in equity

IAS 1.10(c)  
IAS 1.51(b)(c)  
IAS 1.106(d)

## For the six months ended 30 June 2011

Attributed to owners of the parent

IAS 1.106(d)

	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation reserve	Asset revaluation reserve	Discontinued operations	Total	Non-controlling interest	Total equity	IAS 1.51(d)(e)
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>As at 1 January 2011</b>	<b>21,888</b>	<b>4,780</b>	<b>(508)</b>	<b>833</b>	<b>35,512</b>	<b>(405)</b>	<b>(86)</b>	<b>(495)</b>	<b>512</b>	<b>46</b>	<b>62,077</b>	<b>2,410</b>	<b>64,487</b>	
Profit for the period	-	-	-	-	2,401	-	-	-	-	-	2,401	47	2,448	IAS 106(d)(i)
Other comprehensive income	-	-	-	-	(19)	(238)	(120)	(13)	-	-	(390)	-	(390)	IAS 106(d)(ii)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,382</b>	<b>(238)</b>	<b>(120)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>2,011</b>	<b>47</b>	<b>2,058</b>	
Depreciation transfer for land and buildings	-	-	-	-	40	-	-	-	(40)	-	-	-	-	IAS 1.96
Discontinued operation (Note 8)	-	-	-	-	-	-	46	-	-	(46)	-	-	-	IFRS 5.38
Share-based payment transaction (Note 15)	-	-	-	203	-	-	-	-	-	-	203	-	203	IAS 1.106(d)(iii) IFRS 2.50
Dividends (Note 19)	-	-	-	-	(1,087)	-	-	-	-	-	(1,087)	-	(1,087)	IAS 1.107 IAS 1.106(d)(iii)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12)	(12)	IAS 1.106(d)(iii)
<b>At 30 June 2011 (unaudited)</b>	<b>21,888</b>	<b>4,780</b>	<b>(508)</b>	<b>1,036</b>	<b>36,847</b>	<b>(643)</b>	<b>(160)</b>	<b>(508)</b>	<b>472</b>	<b>-</b>	<b>63,204</b>	<b>2,445</b>	<b>65,649</b>	

# Interim consolidated statement of changes in equity

IAS 1.51(b)(c)  
IAS 1.10(c)  
IAS 1.106(d)

## For the six months ended 30 June 2010

IAS 8.28  
IAS 1.106(d)

### Attributed to owners of the parent

	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation reserve	Asset revaluation reserve	Discontinued operations	Total	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>As at 1 January 2010</b>	<b>19,388</b>	<b>80</b>	<b>(654)</b>	<b>526</b>	<b>29,433</b>	<b>107</b>	<b>2</b>	<b>(444)</b>	<b>–</b>	<b>–</b>	<b>48,438</b>	<b>740</b>	<b>49,178</b>
Profit for the period	–	–	–	–	3,023	–	–	–	–	–	3,023	61	3,084
Other comprehensive income	–	–	–	–	112	28	40	(6)	592	–	766	–	766
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,135</b>	<b>28</b>	<b>40</b>	<b>(6)</b>	<b>592</b>	<b>–</b>	<b>3,789</b>	<b>61</b>	<b>3,850</b>
Issue of share capital	2,500	4,703	–	–	40	–	–	–	(40)	–	7,203	–	7,203
Transaction costs	–	(32)	–	–	–	–	–	–	–	–	(32)	–	(32)
Discontinued operation (Note 8)	–	–	–	–	–	–	10	–	–	(10)	–	–	–
Share-based payment transaction (Note 15)	–	–	–	150	–	–	–	–	–	–	150	–	150
Dividends (Note 19)	–	–	–	–	(1,082)	–	–	–	–	–	(1,082)	–	(1,082)
Dividends of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(20)	(20)
Non-controlling interest arising on business combinations	–	–	–	–	–	–	–	–	–	–	–	1,547	1,547
<b>At 30 June 2010 (unaudited)</b>	<b>21,888</b>	<b>4,751</b>	<b>(654)</b>	<b>676</b>	<b>31,526</b>	<b>135</b>	<b>52</b>	<b>(450)</b>	<b>552</b>	<b>(10)</b>	<b>58,466</b>	<b>2,328</b>	<b>60,794</b>

IAS 1.51(d)(e)

IAS 1.106(d)(i)

IAS 1.106(d)(ii)

IAS 1.106(a)

IAS 1.106(d)(iii)

IAS 32.39

IAS 1.106(d)(ii)

IAS 1.106(d)(iii)

IFRS 2.50

IAS 1.106(d)(iii)

IAS 1.106(d)(iii)

IAS 1.106(d)(iii)

### Commentary

For equity-settled share-based payment transactions, IFRS 2.7 requires entities to recognise an increase in equity when goods or services are received. However, IFRS 2 does not specify where in equity this should be recognised. The Group has chosen to recognise the credit in other capital reserves.

IAS 32.35 requires transaction costs of an equity transaction to be accounted for as a deduction from equity, but does not specify where in equity this should be recognised. The Group has chosen to recognise the charge as a reduction of share premium.

IFRS 5.38 requires income and expenses recognised in other comprehensive income related to a discontinued operation to be separately disclosed. The Group presents this effect in the statement of changes in equity above. However, presentation of such items within discontinued operations does not change the nature of the reserve. Reclassification to profit or loss occurred on 28 February 2011 when the sale was completed.

# Interim consolidated statement of cash flows

For the six months ended 30 June 2011

		For the six months ended 30 June		IAS 1.51 (b)(c) IAS 1.10(d), IAS 34.10
		2011	2010	
		Unaudited		
Notes		€000	€000	IAS 1.51(d)(e)
<b>Operating activities</b>				
				IAS 7.10, IAS 7.18(b)
		2,701	4,694	
	8	822	(30)	
		3,523	4,664	
<b>Non cash adjustment to reconcile profit before tax to net cash flows:</b>				
				IAS 7.20(b)
		1,820	1,905	
		1,614	70	
		53	–	
		203	150	
		(53)	(5)	
	8	(817)	–	
		(204)	(166)	IAS 7.20(c)
		1,718	487	IAS 7.20(c)
		700	567	
		(43)	(35)	
		(1,214)	(356)	
<b>Working capital adjustments:</b>				
				IAS 7.20(a)
		(321)	(2,147)	
		(360)	987	
		4,321	1,473	
		<b>10,940</b>	<b>7,594</b>	
	12	(411)	–	IAS 7.15
		250	319	IAS 7.31
		(860)	(1,243)	IAS 7.35
<b>Net cash flows from operating activities</b>		<b>9,919</b>	<b>6,670</b>	
<b>Investing activities</b>				
				IAS 7.10, IAS 7.21
	10	210	1,415	IAS 7.16(b)
	10	(4,087)	(1,320)	IAS 7.16(a)
	4	(5,929)	(370)	IAS 7.39
	12	(714)	–	IAS 7.16
	8	(62)	–	IAS 7.39
		(50)	–	IAS 7.16(e)
<b>Net cash flows used in investing activities</b>		<b>(10,632)</b>	<b>(275)</b>	
<b>Cash flows from financing activities</b>				
				IAS 7.10, IAS 7.21
	12	1,270	2,271	IAS 7.17(c)
	12	(1,253)	(108)	IAS 7.17(d)
		–	(32)	IAS 7.17(a)
		(304)	(424)	IAS 7.31
	19	(1,087)	(1,082)	IAS 7.31
		(12)	(20)	IAS 7.31
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,386)</b>	<b>605</b>	
		(2,099)	7,000	
		(12)	(17)	IAS 7.28
		17,440	12,266	
<b>Cash and cash equivalents at 30 June</b>		<b>15,329</b>	<b>19,249</b>	IAS 7.45

## **Commentary**

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Group presents its cash flows using the indirect method. The statement of cash flows presented using the direct method for operating activities is included in Appendix 2 for illustrative purposes.

The Group has reconciled profit before tax to net cash flows from operating activities. However, a reconciliation from profit after tax is also acceptable under IAS 7.

The IASB issued an amendment to IAS 7 as part of its Improvements to IFRSs project in April 2009. This clarified that only expenditures that result in recognising an asset in the statement of financial position are eligible for classification as investing activities. The amendment suggests that cash payments for any contingent consideration in excess of the amount recorded on the acquisition date cannot be classified in investing activities, since that incremental amount would not give rise to a recognised asset. Hence, the Group has split the settlement of the contingent consideration. Payment of the acquisition date fair value is classified as cash flow from investing activity, any payment above this amount has been classified as cash flow from operating activities.

IAS 7 permits interest paid to be shown as operating or financing activities and interest received to be shown as operating or investing activities, as deemed relevant for the entity. Interest paid is classified as a financing activity as the Group considers this to relate directly to the cost of obtaining financial resources. Interest and dividends received is considered an operating activity by the Group.

# Notes to the interim condensed consolidated financial statements

## 1. Corporate information

IAS 1.138(a)

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 11 August 2011.

IAS 1.138(b)

Good Group (International) Limited is a limited company incorporated and domiciled in Euroland whose shares are publicly traded. The principal activities of the company and its subsidiaries (the Group) are described in Note 5.

IAS 1.138(b)

## 2. Basis of preparation and changes to the Group's accounting policies

### Basis of preparation

IAS 34.19

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

### New standards, interpretations and amendments thereof, adopted by the Group

IAS 34.16A(a)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

#### ▶ IAS 24 *Related Party Transactions* (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

#### ▶ IAS 32 *Financial Instruments: Presentation* (Amendment)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

#### ▶ IFRIC 14 *Prepayments of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The Group is not subject to minimum funding requirements in Euroland. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

# Notes to the interim condensed consolidated financial statements

## 2. Basis of preparation and accounting policies *continued*

### ▶ *Improvements to IFRSs (issued May 2010)*

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

- ▶ *IFRS 3 Business Combinations*: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- ▶ *IFRS 7 Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in Note 12.
- ▶ *IAS 1 Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The Group provides this analysis in Note 9.
- ▶ *IAS 34 Interim Financial Statements*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The Group has illustrated those amendments in Note 12.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- ▶ *IFRS 3 Business Combinations – Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005)*
- ▶ *IFRS 3 Business Combinations – Unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination*
- ▶ *IAS 27 Consolidated and Separate Financial Statements – applying the IAS 27 (as revised in 2008) transition requirements to consequentially amended standards*
- ▶ *IFRIC 13 Customer Loyalty Programmes – in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme)*

**The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.**

### **Commentary**

New standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption).

In some jurisdictions, the adoption of IFRS for reporting purposes may be subject to a specific legal process (e.g., in the European Union or Australia). In those jurisdictions, the effective date may therefore be different from the IASB's. Nevertheless, all new standards and interpretations must be considered for disclosure as standards issued but not yet effective in accordance with IAS 8.30 when an entity provides a complete set of financial statements, irrespective of whether the legal process referred to above has been completed.

## 3. Seasonality of operations

The electronics segment is a supplier of electronic equipment for defence, aviation, electrical safety markets and consumer electronic equipment for home use. It offers products and services in the areas of electronics, safety, thermal and electrical architecture. Due to the seasonal nature of this segment, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased demand for aviation electronic equipment during the peak holiday season, as well as in December, due to increased demand for electronic equipment from private customers.

IAS 34.16A(b)

### **Commentary**

The business of the Group is seasonal and therefore the interim condensed consolidated financial statements include disclosure according to IAS 34.16A(b). However, the business is not regarded as highly seasonal. Therefore, the additional disclosure of financial information for the 12-month period ending on the interim reporting date encouraged to in IAS 34.21 is not provided.

# Notes to the interim condensed consolidated financial statements

## 4. Business combinations

IAS 34.16A(i)

### Acquisition of Electra Limited

On 1 June 2011, the Group acquired 100% of the voting shares of Electra Limited (Electra), an unlisted company based in Euroland specialising in the manufacture of electronic equipment. The Group has acquired Electra Limited because it enlarges the existing product portfolio and enlarges the customer base of the Group. The acquisition has been accounted for using the acquisition method. The acquisition date fair value of acquired patents is preliminary and may be adjusted as a result of obtaining additional legal clarification as to their registration. The interim condensed consolidated financial statements include the results of Electra Limited for the one month period from the acquisition date.

IFRS 3.59  
IFRS 3.B64(a)  
IFRS 3.B64(b)  
IFRS 3.B64(c)  
IFRS 3.B64(d)  
IFRS 3.B67(a)

The provisional fair value of the identifiable assets and liabilities of Electra as at the date of acquisition was:

	<b>Fair value recognised on acquisition</b>	<i>IFRS 3.B64(i) IAS 7.40(d)</i>
	<b>Unaudited</b>	
	<b>€000</b>	
<b>Assets</b>		
Property, plant and equipment	4,571	
Cash	642	
Trade receivables	1,763	
Inventories	961	
Deferred tax asset	175	
Patents	375	
	<b>8,487</b>	
<b>Liabilities</b>		
Trade payables	(1,246)	
Deferred tax liability	(880)	
	<b>(2,126)</b>	
Total identifiable net assets at fair value	6,361	
Goodwill arising on acquisition	210	
<b>Purchase consideration transferred</b>	<b>6,571</b>	

Analysis of cash flows on acquisition:

	<b>Unaudited</b>	
	<b>€000</b>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	642	<i>IAS 7.40(c)</i>
Cash paid	(6,571)	<i>IAS 7.40(b)</i>
<b>Net cash outflow</b>	<b>(5,929)</b>	

The fair value of the trade receivables amounts to €1,763,000. The gross amount of trade receivables is €1,775,000. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

*IFRS 3.B64(h)*

From the date of acquisition, Electra has contributed €1,151,500 of revenue and €242,000 to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, the profit from continuing operations for the period would have been €3,181,000 and revenue from continuing operations would have been €110,073,000.

*IFRS  
3.B64(q)(i)  
IFRS  
3.B64(q)(ii)  
IFRS 3.B64(e)  
IFRS 3.B64(k)*

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of Electra with those of the Group. None of the recognised goodwill is expected to be deductible for income tax purposes.

The transaction costs of €90,000 have been expensed and are included in administrative expenses in the income statement and are part of operating cash flows in the statement of cash flows.

### Additional information on prior year acquisition

On 1 May 2010, the Group acquired 80% of the voting shares of Extinguishers Limited, an unlisted company based in Euroland, specialising in the manufacture of fire retardant fabrics. The consideration paid included an element of contingent consideration. Refer to Note 12 for adjustments to the related liability in the current period.

# Notes to the interim condensed consolidated financial statements

## 5. Operating segment information

### Operating segments

IAS 34.16A(g)

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2011 and 2010, respectively.

Six months ended 30 June 2011	Fire prevention equipment €000	Electronics €000	Investment property €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Revenue</b>							
External customer	69,496	35,550	715	105,761	–	105,761	IAS 34.16A (gXi)
Inter-segment	1,484	4,249	–	5,733	(5,733)	–	IAS 34.16A (gXii)
<b>Total revenue</b>	<b>70,980</b>	<b>39,799</b>	<b>715</b>	<b>111,494</b>	<b>(5,733)</b>	<b>105,761</b>	
<b>Results</b>							
<b>Segment profit</b>	<b>2,575</b>	<b>2,989</b>	<b>164</b>	<b>5,728</b>	<b>(3,027)</b>	<b>2,701</b>	IAS 34.16A (gXiii)

Inter-segment revenues of €5,733,000 are eliminated on consolidation.

Six months ended 30 June 2010	Fire prevention equipment €000	Electronics €000	Investment property €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Revenue</b>							
External customer	57,545	29,570	715	87,830	–	87,830	IAS 34.16A (gXi)
Inter-segment	1,084	4,094	–	5,178	(5,178)	–	IAS 34.16A (gXii)
<b>Total revenue</b>	<b>58,629</b>	<b>33,664</b>	<b>715</b>	<b>93,008</b>	<b>(5,178)</b>	<b>87,830</b>	
<b>Results</b>							
<b>Segment profit</b>	<b>3,707</b>	<b>1,304</b>	<b>179</b>	<b>5,190</b>	<b>(536)</b>	<b>4,694</b>	IAS 34.16A (gXiii)

Inter-segment revenues are eliminated on consolidation.

The following table presents segment assets of the Group's operating segments as at 30 June 2011 and 31 December 2010:

	Fire prevention equipment €000	Electronics €000	Investment property €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Segment assets</b>							
<b>At 30 June 2011</b>	<b>58,409</b>	<b>52,482</b>	<b>17,541</b>	<b>128,432</b>	<b>5,658</b>	<b>134,090</b>	IAS 34.16A (gXiv)
<b>At 31 December 2010</b>	<b>58,696</b>	<b>44,814</b>	<b>18,467</b>	<b>121,977</b>	<b>18,926</b>	<b>140,903</b>	

### Commentary

IAS 34.16A(g)(iv) requires disclosure of total assets where there has been a material change from the total assets disclosed in the last annual financial statements. To fulfil this requirement, the Group has disclosed segment assets at the end of the current period and at the end of the most recent annual financial year.

The Group has disposed of an entire operating segment during the period. IFRS 8 does not provide guidance as to whether segment disclosures still apply to discontinued operations. Although the quantitative thresholds for disclosures have been met, the Group has not disclosed the results within the segment disclosures. This decision was based on the fact that management did not separately review the results of the rubber equipment operating segment since its decision to dispose of the segment. Alternatively, the discontinued operation could have been presented within the segment note as it meets the quantitative thresholds for disclosure.

# Notes to the interim condensed consolidated financial statements

## 5. Operating segment information *continued*

### Adjustments and eliminations

IFRS 8.28

Finance income and expenses, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

<b>Reconciliation of profit</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>€000</b>	<b>€000</b>
<b>Segment profit</b>	<b>5,728</b>	<b>5,190</b>
Finance income	204	166
Finance costs	(1,718)	(487)
Write-down of assets	(1,400)	–
Net realised gains from available-for-sale financial assets (elimination)	88	–
Inter-segment sales (elimination)	(201)	(175)
<b>Group profit</b>	<b>2,701</b>	<b>4,694</b>

<b>Reconciliation of assets</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>€000</b>	<b>€000</b>
<b>Segment operating assets</b>	<b>128,432</b>	<b>121,977</b>
Deferred tax assets	657	383
Loans to an associate	431	200
Loans to directors	13	13
Loan notes	3,054	3,674
Derivatives	1,503	1,102
Assets classified as held for sale	–	13,554
<b>Group operating assets</b>	<b>134,090</b>	<b>140,903</b>

## 6. Impairments

### Goodwill

IAS 34.15B(b)  
IAS 34.17(a)  
IAS 36.134(c)

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2010.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2011, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill. In addition, the overall decline in construction and development activities around the world, as well ongoing economic uncertainty, have led to a decreased demand in both fire prevention equipment and electronics units. As a result, management performed an impairment calculation as at 30 June 2011.

IAS 36.130(a)

### Electronics cash-generating unit

The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15% (31 December 2010: 15.5%) was applied. Cash flows beyond the five-year period have been extrapolated using a 3.5% growth rate (31 December 2010: 3%). All other assumptions remained consistent with those disclosed in the annual statements for the year ended 31 December 2010. As a result of the updated analysis, management did not identify an impairment for this cash-generating unit to which goodwill of €260,000 is allocated.

IAS 36.134  
(dXiii)  
IAS 36.134  
(dXiv)  
IAS 36.134(dXv)

# Notes to the interim condensed consolidated financial statements

## 6. Impairments continued

### Fire prevention equipment cash-generating unit

The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 14% (31 December 2010: 14.4%) was applied. Cash flows beyond the five-year period have been extrapolated using a 3.0% growth rate (31 December 2010: 2.9%). All other assumptions remained consistent with those disclosed in the annual statements for the year ended 31 December 2010. As a result of this analysis, management has recognised an impairment charge of €1,541,000 against goodwill previously carried at €2,231,000, which is recorded within administrative expenses in the income statement.

IAS 36.134(c)  
IAS 36.134  
(dXiii)  
IAS 36.134  
(dXiv)  
IAS 36.134  
(dXv)  
IAS 36.126(a)

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the electronics equipment unit, there are no significant changes to the sensitivity information disclosed at year end.

IAS 36.134(f)

For the fire prevention equipment unit, the estimated recoverable amount is equal to its carrying value and, consequently, any adverse change in a key assumption could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

IAS 36.134(f)(i)

- ▶ *Growth rate assumptions* – Rates are based on published industry research, which have been updated for the current economic outlook. The revised growth rate of 3.0% reflects the effect of the acquisition of a significant industry patent. However, given the economic uncertainty, further reductions to growth estimates may be necessary in the future.
- ▶ *Discount rates* – The discount rate has been adjusted to reflect the current market assessment of the risks specific to the fire prevention equipment unit, and was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of risks specific to the fire prevention equipment unit for which future estimate of cash-flows have not been adjusted. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

### Available-for-sale financial investments

IAS 39.58

For available-for-sale financial investments, the Group assesses at each statement of financial position date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. A significant decline is assessed based on the historical volatility of the share price. The higher the historical volatility, the greater the decline in fair value required before it is likely to be regarded as significant.

IAS 39.67  
IAS 39.68  
IAS 39.69

Based on this criteria, the Group identified an impairment of €88,000 on available-for-sale investment – quoted debt securities, which was reclassified from other comprehensive income to finance costs in the income statement.

IAS 34.158(b)

## 7. Income tax

The major components of income tax expense in the interim consolidated income statement are:

IAS 34.16A(c)

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
<b>Income taxes</b>		
Current income tax expense	686	1,332
Deferred income tax expense related to origination and reversal of deferred taxes	140	260
<b>Income tax expense</b>	<b>826</b>	<b>1,592</b>
Income tax recognised in other comprehensive income	(168)	329
<b>Total income taxes from continuing operations</b>	<b>658</b>	<b>1,921</b>

### Commentary

In accordance with IAS 34.16A(c), the Group has disclosed the major components of the Group income tax expense as this provides useful information to understand the amount reported in the interim consolidated income statement.

# Notes to the interim condensed consolidated financial statements

## 8. Discontinued operation

IAS 34.16A(i)

On 1 March 2010, the Group publicly announced the decision of its Board of Directors to dispose of Hose Limited. The business of Hose Limited was included in the Rubber Equipment operating segment, which is no longer reviewed by management and is therefore no longer disclosed in the segment note. By the end of May 2010, management was committed to a plan to sell the operation and an active programme to locate a buyer and complete the plan had been initiated. On 28 February 2011, the Group completed the sale of Hose Limited for €2,377,000 in cash, resulting in a pre-tax gain of €817,000.

The results of Hose Limited are as follows:

	For the six months ended 30 June	
	2011	2010
	€000	€000
Revenue	3,329	21,548
Expenses	(3,285)	(21,180)
Gross profit	44	368
Finance costs	(39)	(43)
Loss recognised on the remeasurement to fair value	-	(355)
Profit/(loss) before tax from discontinued operation: Tax income/(expense):	5	(30)
▶ Related to current pre-tax profit/(loss)	(2)	9
▶ Related to measurement to fair value less cost to sell (deferred tax)	(3)	3
Profit/(loss) for the period from discontinued operation:	-	(18)
▶ Gain on disposal of the discontinued operation	817	-
▶ Attributable tax expense	(244)	-
<b>Profit/(loss) after tax for the period from a discontinued operation</b>	<b>573</b>	<b>(18)</b>
<b>Cash outflow on sale:</b>	<b>€000</b>	
Consideration received	2,377	
Net cash disposed of with the discontinued operation	(2,439)	
<b>Net cash outflow</b>	<b>(62)</b>	

The net cash flows incurred by Hose Limited are as follows:

	For the six months ended 30 June	
	2011	2010
	€000	€000
Operating	244	(1,020)
<b>Net cash inflow/(outflow)</b>	<b>244</b>	<b>(1,020)</b>
<b>Earnings/(loss) per share:</b>		
▶ Basic, from discontinued operations	€0.03	€0.00
▶ Diluted, from discontinued operations	€0.03	€0.00

As Hose Limited was sold prior to 30 June 2011, the assets and liabilities classified as part of a disposal group held for sale as at 31 December 2010 are no longer included in the statement of financial position.

### Commentary

IFRS 5 specifies certain disclosures required in respect of discontinued operations and non-current assets held for sale. In April 2009, the IASB issued its second omnibus of Improvements to IFRSs which clarified that disclosures required in other IFRSs do not apply to non-current assets held for sale and discontinued operations, except where other IFRSs explicitly refer to non-current assets held for sale and discontinued operations.

The Group elected to present earnings per share (EPS) from discontinued operations in the notes. Alternatively, it could have presented those figures on the face of the statement of comprehensive income.



# Notes to the interim condensed consolidated financial statements

## 10. Property, plant and equipment

### Acquisitions and disposals

During the six months ended 30 June 2011, the Group acquired assets with a cost of €2,587,000 (2010: €1,320,000), excluding property, plant and equipment acquired through a business combination (see Note 4) and property under construction. IAS 34.15B(d)

The Group also started construction of a new corporate headquarters in February 2011. This project is expected to be completed in February 2013 and the carrying amount at 30 June 2011 was €1.5 million (2010: €Nil). The amount of borrowing costs capitalised during the six months ended 30 June 2011 was approximately €151,000 (2010: €Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 11%, which is the effective interest rate of the specific borrowing. IAS 23.26(a)  
IAS 23.26(b)

Assets (other than those classified as discontinuing operations) with a net book value of €157,000 were disposed of by the Group during the six months ended 30 June 2011 (2010: €1,410,000), resulting in a net gain on disposal of €53,000 (2010: €5,000).

### Write down of storage facilities

On 14 January 2011, one of the Group's storage facilities, a building with a net book value of €1,695,000 had been damaged by flooding. As a result, the carrying amount of the building was written down by €700,000. The write-down is included in other expenses in the income statement. IAS 34.15B(b)

See also Note 16 for capital commitments.

### Commentary

In accordance with IAS 34.16A(c), the Group has disclosed the acquisitions and disposals of property, plant and equipment made during the interim period, as it is significant to an understanding of the financial performance during the interim period.

## 11. Inventories

During the six months ended 30 June 2011, the Group wrote down €700,000 of inventories that had been damaged by flooding. This expense is included in other expenses in the income statement. IAS 34.15B(a)

### Commentary

In accordance with IAS 34.15B(a), the Group has disclosed the write-down of inventory as it is significant to understanding the financial performance of the Group during the interim period.

## 12. Other financial assets and financial liabilities

### Other financial liabilities

#### Contingent consideration

As part of the purchase agreement with the previous owners of Extinguishers Limited, dated 1 May 2010, a portion of the consideration was determined to be contingent, based on the performance of the acquired entity. At 30 April 2011, a total of €1,125,000 was paid out under this arrangement. IAS 34.15B(m)

Initial fair value of the contingent consideration at acquisition date	€714,000
Fair value adjustment as at 31 December 2010	€357,500
Financial liability for the contingent consideration as of 31 December 2010	<u>€1,071,500</u>
Fair value adjustment as at 30 April 2011	€53,500
<b>Total consideration paid</b>	<b><u>€1,125,000</u></b>

# Notes to the interim condensed consolidated financial statements

## 12. Other financial assets and financial liabilities *continued*

As of 31 December 2010 and prior to the payment the fair value of the contingent liability was reassessed which led to additional cost, charged to the income statement.

The initial fair value of the consideration of €714,000 is included in cash flows from investing activities, the remainder, totalling to €411,000, is recognised in cash flows from operating activities.

### **Commentary**

The IASB issued an amendment to IAS 7 as part of its Improvements to IFRSs project in April 2009. This clarified that expenditures that result in recognising an asset in the statement of financial position are eligible for classification as investing activities. The amendment suggests that cash payments for any contingent consideration in excess of the amount recorded on the acquisition date cannot be classified in investing activities, since that incremental amount would not give rise to a recognised asset. Hence, the Group has split the settlement of the contingent consideration. Payment of the acquisition date fair value is classified as cash flow from investing activity, any payment above this amount has been classified as cash flow from operating activities.

### **Hedge activities**

IAS 34.16A(c)

#### **Cash flow hedges**

At 30 June 2011, the Group held two foreign currency forward contracts designated as hedges of expected future sales to customers in the United States for which the Group has highly probable forecasted transactions. The Group also has two foreign currency forward contracts outstanding at 30 June 2011, designated as hedges of expected future purchases from suppliers in the United Kingdom for which the Group has forecasted transactions. The foreign currency forward contracts are being used to hedge the foreign currency risk of highly probable forecasted transactions.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

The cash flow hedge of the expected future sales in October and December 2011 were assessed to be highly effective and, as at 30 June 2011, an unrealised gain of €12,000, with a deferred tax charge of €3,600 relating to the hedging instrument is included in other comprehensive income.

The cash flow hedges of the expected future purchases in August and November 2011 were assessed to be highly effective and, as at 30 June 2011, a net unrealised loss of €18,000, with a related deferred tax asset of €5,400 was included in other comprehensive income in respect of these contracts.

#### **Fair value hedges**

The Group entered into a commodity hedge relationship in July 2010. The commodity forward contracts are renewed on an ongoing basis. As of 30 June 2011, the fair value of the effective portion of the outstanding commodity forward contracts was €330,000, recorded in other comprehensive income. The ineffective portion accumulated during the first six months in 2011 is recognised in finance cost and amounted to €43,000.

#### **Hedge of net investments in foreign operations**

Included in loans at 30 June 2011 was a borrowing of US\$3,750,000, which has been designated as a hedge of the net investments in the United States subsidiaries, Wireworks Inc. and Sprinklers Inc., and is being used to hedge the Group's exposure to foreign exchange risk on these investments. During the six-month period ended 30 June 2011, an after tax gain in the amount of €192,000 on the retranslation of this borrowing was transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the period ended 30 June 2011.

#### **Borrowing and repayment of debt**

IAS 34.16(e)

On 2 March 2011, the Group borrowed €1,270,000 from a bank. The loan is unsecured and is repayable in full on 2 June 2013. The loan bears interest of Euribor +2%. On 1 May 2011, the Group repaid €1,000,000 of a secured bank loan bearing an interest rate of Libor +2%.

# Notes to the interim condensed consolidated financial statements

## 12. Other financial assets and financial liabilities *continued*

### Debt refinancing

On 30 June 2011, the Group exercised its right to refinance the secured bank loan of €2,477,000 at Libor +2% under the six-year multi-option facility (MOF). The loan was classified as long-term as at 31 December 2010, even though it was repayable within 12 months of the year-end, as the Group expected to exercise its rights under the MOF to refinance this funding.

### Commentary

In accordance with IAS 34.16A(c), the Group has disclosed details of the other financial liabilities it has entered into as they are significant to understanding the financial performance of the Group in the period to 30 June 2011.

### Fair value hierarchy

All financial instruments carried at fair value are categorised in three categories, defined as follows:

IAS 34.15B(k)

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-marked observable)

As at 30 June 2011, the Group held the following financial instruments measured at fair value:

### Assets measured at fair value

IFRS 7.27A

	<u>30 June 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	€000	€000	€000	€000
Financial assets at fair value through profit or loss				
Foreign exchange contracts – hedged	242	–	242	–
Foreign exchange contracts – non-hedged	1,100	–	1,100	–
Embedded derivatives	161	–	161	–
Available-for-sale financial assets				
Equity shares	1,175	237	–	938
Debt securities	552	552	–	–

### Liabilities measured at fair value

	<u>30 June 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	€000	€000	€000	€000
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – hedged	194	–	194	–
Commodity forward contract	402	–	402	–
Foreign exchange forward contracts – non-hedged	741	–	741	–
Embedded derivatives	764	–	764	–

During the six-month period ended 30 June 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The only movement in the Level 3 equity shares since 31 December 2010 was a fair value decrease of €100,000, which has been recorded in other comprehensive income. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

IAS 34.15B(k)  
IFRS 7.27B(b)  
IFRS 7.27B(c)

IAS 34.15B(l)

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

IFRS 7.36

# Notes to the interim condensed consolidated financial statements

## 12. Other financial assets and financial liabilities *continued*

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy as required for complete sets of financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

IFRS 7.32A

Financial assets at fair value through profit or loss are mainly dependent on the change of input variables used to determine fair value, such as interest rates and foreign exchange rates. A significant portion of the available-for-sale financial assets is invested in shares of a non-listed company which are valued based on non-market observable information. Changes in assumptions can lead to adjustments in the fair value of the investment.

The Group enters into a number of foreign exchange forward contracts to hedge or diminish the risks associated with fluctuating foreign exchange rates for both purchases and sales. Changes in foreign exchange rates for those derivatives not designated in hedge relationships therefore have a direct impact on the financial assets and liabilities recognised in the statement of financial position.

### Commentary

The Group determined the fair value information as relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in its interim financial statements as well. These disclosures will vary depending on the nature of the entity.

The IFRS 7 amendments issued in May 2010, as part of the Improvements to IFRSs project, did not amend IAS 34. Therefore, there are no additional disclosure requirements for interim statements as a result of these amendments. Each entity must assess if the disclosures required for the annual statements are material to an understanding of the interim financial statements, and should therefore be included. The same Improvements to IFRSs project has changed IAS 34, which requires additional disclosure for the fair value hierarchy, the classification of financial assets and transfers between the different levels.

The Group determined that more information on the nature and extent of risk associated with its financial instruments as well as information about credit enhancements and collateral held is relevant and significant for the users of its financial statements. The amendments are reflected in the above disclosure as far as relevant for the Group's interim financial statements.

## 13. Cash and cash equivalents

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

IAS 34.16A(c)

IAS 7.45

	<u>30 June 2011</u>	<u>30 June 2010</u>
	<u>€000</u>	<u>€000</u>
Cash at bank and in hand	12,733	17,216
Short term deposits	3,496	3,500
<b>Total cash and short-term deposits</b>	<b>16,229</b>	<b>20,716</b>
Bank overdraft	(900)	(2,617)
Cash at bank and in hand attributable to a discontinued operation	–	1,150
<b>Total cash and cash equivalents</b>	<b>15,329</b>	<b>19,249</b>

### Commentary

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

The Group has disclosed the breakdown of the cash and cash equivalent balance as it provides further useful information for the statement of cash flows.

# Notes to the interim condensed consolidated financial statements

## 14. Reversal of restructuring provision

As at 31 December 2010, a restructuring provision of €466,000 had been recognised for the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2011 were charged against the provision and the remaining unused amount of €266,000 was reversed and is included the line items in the income statement where the creation of the provision was initially recorded. The reversal arises from contract termination costs being lower than expected.

IAS 34.15B(c)

## 15. Share-based payment

In March 2011, 450,000 share options were granted to senior executives under the Senior Executive Plan (SEP). The exercise price of the options of €3.45 was equal to the market price of the shares on the date of grant. The options vest if and when the Group's earnings per share amount increases by 10% within three years from the date of grant and the senior executive is still employed on such date. If this increase is not met, the options lapse. The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is five years. There is no cash settlement of the options. The fair value of options granted during the six months ended 30 June 2011 was estimated on the date of grant using the following assumptions:

IAS 34.16A(c)

Dividend yield (%)	3.55
Expected volatility (%)	15.50
Risk-free interest rate (%)	5.15
Expected life (years)	3.00
Weighted average share price (€)	3.15

For the six months ended 30 June 2011, the Group has recognised €203,000 of share-based payment transactions expense in the income statement (30 June 2010: €150,000).

### Commentary

In accordance with IAS 34.16A(c), the Group has disclosed the number of share options granted to senior executives in the period to 30 June 2011 together with the terms of the options, as this was considered to be a significant event impacting the results for the period and gives an understanding of the impact for future periods.

## 16. Commitments and contingencies

In March 2011, an overseas customer has commenced an action against the Group in respect of sold equipment that it claimed to be defective. The estimated payment is €850,000 should the action be successful. A trial date has been scheduled for 4 September 2011. The Group has been advised by its legal advisers that it is possible, but not probable, that the customer will succeed. Accordingly, no provision for any liability has been made in these financial statements.

IAS 34.15B(m)

### Capital commitments

At 30 June 2011, the Group had capital commitments of €1,610,000 (31 December 2010: €2,310,000) principally relating to the completion of the operating facilities of Sprinklers Inc. and capital commitments of €300,000 (31 December 2010: €310,000) in relation to the Group's interest in the joint venture entity. These capital commitments are for the acquisition of new machinery.

IAS 34.15B(e)

# Notes to the interim condensed consolidated financial statements

## 17. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six month periods ending 30 June 2011 and 30 June 2010 as well as balances with related parties as of 30 June 2011 and 31 December 2010: IAS 34.15B(j)

		<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Entity with significant influence over the Group:					
International Fires P.L.C.	2011	3,382	–	412	–
	2010	3,620	–	320	–
Associate:					
Power Works Limited	2011	1,380	–	865	–
	2010	1,458	–	980	–
Joint venture in which the parent is a venturer:					
Showers Limited	2011	–	327	–	75
	2010	–	285	–	20
Key management personnel of the Group:					
Other directors' interests	2011	132	270	6	18
	2010	–	220	15	7

The following table provides the interest received during the six months ended 30 June 2011 and 30 June 2010, as well as the loans outstanding from related parties as at 30 June 2011 and 31 December 2010:

		<b>Interest received</b>	<b>Amounts owed by related parties</b>
<b>Loans to related parties</b>			
Associate:			
Power Works Limited	2011	27	431
	2010	10	200
Key management personnel of the Group:			
	2011	1	13
	2010	1	8

## 18. Events after the reporting period

IAS 34.16A(h)

On 15 July 2011, a building was broken into and a number of computers and items of inventory with a net book value of €537,000 were stolen. The Group has submitted an insurance claim for the replacement of these items. The Group expects to be only partially reimbursed for the incurred losses.

## 19. Dividends paid and proposed

IAS 34.16A(f)

	<b>30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>€000</b>	<b>€000</b>
Dividends on ordinary shares declared and paid during the six-month period:		
<b>Final dividend for 2010: 5.01 cents (2009: 5.66 cents)</b>	<b>1,087</b>	<b>1,082</b>
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 June):		
<b>First dividend for 2011: 4.63 cents (2010: 4.66 cents)</b>	<b>1,002</b>	<b>890</b>

The 2011 proposed dividend was approved on 1 August 2011.

# Appendix 1 – Interim consolidated income statement (example of expenses disclosed by nature)

## For the six months ended 30 June 2011

### Commentary

The Group presents the income statement disclosing expenses by function. For illustrative purposes, the income statement disclosing expenses by nature is presented in this appendix.

	Notes	For the six months ended 30 June		IAS 1.10(b)
		2011	2010	IAS 1.51(b)(c), IAS 34.10
		€000	€000	IAS 1.51(d)(e)
<b>Continuing operations</b>				
Sale of goods		95,780	78,460	IAS 18.35(b)(i)
Rendering of services		8,578	8,093	IAS 18.35(b)(ii)
Revenue from redemption of <i>GoodPoints</i>		688	562	
Rental income		715	715	IAS 18.35(c)
<b>Revenue</b>		<b>105,761</b>	<b>87,830</b>	IAS 1.82(a)
Other income		617	1,728	IAS 1.103
Changes in inventories of finished goods and work in progress		(1,567)	(985)	IAS 1.103
Raw materials and consumables used		(73,475)	(59,354)	IAS 1.103
Employee benefits expense		(21,757)	(21,872)	IAS 1.103
Depreciation and amortisation expense		(1,946)	(1,975)	IAS 1.103
Impairment of non-current assets		(2,241)	(301)	IAS 1.103
Other expenses		(1,220)	(91)	IAS 1.103
Operating profit		<b>4,172</b>	<b>4,980</b>	
Finance income		204	166	IAS 1.82(a)
Finance costs		(1,718)	(487)	IAS 1.82(b)
Share of profit of an associate		43	35	IAS 1.82(c)
<b>Profit before tax from continuing operations</b>		<b>2,701</b>	<b>4,694</b>	IAS 1.85
Income tax expense	7	(826)	(1,592)	IAS 1.82(d)
<b>Profit for the period from continuing operations</b>		<b>1,875</b>	<b>3,102</b>	IAS 1.85
<b>Discontinued operation</b>				
Profit/(loss) after tax for the period from discontinued operations	8	573	(18)	IAS 1.82(e), IFRS 5.33(a)
<b>Profit for the period</b>		<b>2,448</b>	<b>3,084</b>	IAS 1.82(f)
Attributable to:				
Owners of the parent		2,401	3,145	IAS 1.83(a)(ii)
Non-controlling interests		47	(61)	IAS 1.83(a)(i)
		<b>2,448</b>	<b>3,084</b>	
Earnings per share:				
IAS 33.66, IAS 34.11				
▶ Basic, for profit for the period attributable to owners of the parent		€0.110	€0.152	
▶ Diluted, for profit for the period attributable to owners of the parent		€0.106	€0.146	
Earnings per share from continuing operations:				
▶ Basic, for profit from continuing operations attributable to owners of the parent		€0.084	€0.152	
▶ Diluted, for profit from continuing operations attributable to owners of the parent		€0.082	€0.147	

## Appendix 2 – Interim consolidated statement of cash flows (direct method)

for the six months ended 30 June 2011

IAS 1.10(d),  
IAS 1.51,  
IAS 34.10

### Commentary

The Group presents cash flows using the indirect method. For illustrative purposes, the statement of cash flows is prepared using the direct method is presented in this appendix.

	Notes	For the six months ended 30 June		
		2011	2010	
		€000	€000	IAS 7.10, IAS 1.51(dXe) IAS 7.18(a)
<b>Cash flows from operating activities</b>				
Receipts from customers		104,981	109,040	
Payments to suppliers and employees		(94,041)	(101,446)	
Settlement of contingent consideration of business combination	12	(411)	-	
Interest received		250	319	IAS 7.31
Income tax paid		(860)	(1,243)	IAS 7.35
<b>Net cash flows from operating activities</b>		<b>9,919</b>	<b>6,670</b>	
<b>Cash flows from investing activities</b>				
				IAS 7.21
Proceeds from sale of property, plant and equipment	10	210	1,415	IAS 7.16(b)
Purchase of property, plant and equipment	10	(4,087)	(1,320)	IAS 7.16(a)
Acquisition of a subsidiary, net of cash acquired	4	(5,929)	(370)	IAS 7.39
Settlement of contingent consideration of business combination	12	(714)	-	
Net outflow from sale of a subsidiary, net of cash disposed	8	(62)	-	IAS 7.39
Loan to associate		(50)	-	IAS 7.16(c)
<b>Net cash flows (used in)/from investing activities</b>		<b>(10,632)</b>	<b>(275)</b>	
<b>Cash flows from financing activities</b>				
				IAS 7.21
Proceeds from borrowings	12	1,270	2,271	IAS 7.17(c)
Repayment of borrowings	12	(1,253)	(108)	IAS 7.17(d)
Transaction costs of issue of shares		-	(32)	IAS 7.17(a)
Interest paid		(304)	(424)	IAS 7.31
Dividends paid to owners of the parent	19	(1,087)	(1,082)	IAS 7.31
Dividends paid to non-controlling interests		(12)	(20)	IAS 7.31
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,386)</b>	<b>605</b>	
Net (decrease)/ increase in cash and cash equivalents		(2,099)	7,000	
Net foreign exchange difference		(12)	(17)	IAS 7.28
Cash and cash equivalents at 1 January		17,440	12,266	
<b>Cash and cash equivalents at end of period</b>	<b>13</b>	<b>15,329</b>	<b>19,249</b>	IAS 7.45

## Notes

## Notes

## Notes



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