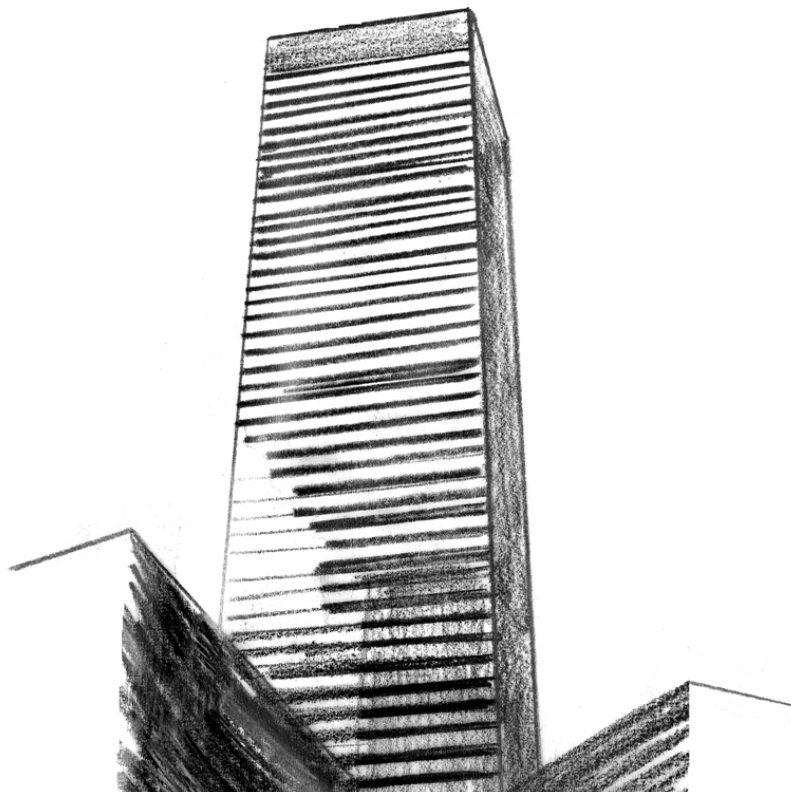


Example Interim Consolidated Financial Statements 2011

International Financial Reporting Standards (IFRS)

Illustrative Corporation Group

30 June 2011



Introduction

Example Interim Consolidated Financial Statements 2011

The member firms within Grant Thornton International Ltd (Grant Thornton International) - one of the world's leading organisations of independently owned and managed accounting and consulting firms - have extensive expertise in the application of IFRS. Grant Thornton International, through its IFRS team, develops general guidance that supports its member firms' commitment to high quality, consistent application of IFRS and is therefore pleased to share these insights by publishing *Example Interim Consolidated Financial Statements 2011* (the Publication). This Publication reflects the collective experience of Grant Thornton International's IFRS team and member firm IFRS experts, and is intended to illustrate the 'look and feel' of IFRS interim financial statements and to provide a realistic example of their presentation.

The Publication illustrates condensed interim consolidated financial statements for a six month accounting period beginning on 1 January 2011. It is based on the activities and results of Illustrative Corporation and its subsidiaries (together the Group) - a fictional manufacturing and retailing entity that has been preparing IFRS financial statements for several years. The Group produces half-yearly interim financial reports in accordance with IAS 34 *Interim Financial Reporting* (IAS 34) at 30 June 2011.

The Publication has been reviewed and updated to reflect changes in IFRSs that are effective for the year ending 31 December 2011. Specifically, this Publication reflects amendments to IAS 34 and *IAS 1 Presentation of Financial Statements* (IAS 1), both included in *Improvements to IFRSs 2010* and take effect for annual periods beginning on or after 1 January 2011. However, no account has been taken of any new developments published after 30 April 2011.

Condensed set of interim financial statements

An entity complying with IAS 34 has a choice of preparing a condensed set of interim financial statements or a full set of IFRS financial statements. This publication illustrates a condensed set of interim financial statements based on the requirements of IAS 34.8. Where a full set of financial statements are presented in the interim financial report, the form and content of those financial statements is required to conform to the requirements of IAS 1 for a complete set of financial statements (IAS 34.9).

Local reporting requirements

The requirements for interim reports vary significantly between jurisdictions. Entities that apply IAS 34 may also be subject to requirements imposed by law or by a stock exchange. Such 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').

In December 2010, the IASB published the IFRS Practice Statement *Management Commentary - A framework for presentation*. This provides a broad framework of principles, qualitative characteristics and recommended contents for high quality management commentary. Although the use of this Practice Statement is not mandatory, it may be used by regulators and others to benchmark the quality of the information presented and so its guidance should be considered.

Management commentary and other regulatory requirements are not included in this Publication.

Using this publication

The form and content of interim financial statements will of course depend on the activities and transactions of the reporting entity in concern. Our objective in preparing *Example Interim Consolidated Financial Statements 2011* is to illustrate one possible approach to interim reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and cannot therefore be regarded as comprehensive. For example, IAS 34 requires that the interim financial statements should explain significant events and transactions that have occurred in the interim period. The required disclosures will therefore depend on the specific circumstances. The interim financial statements should be amended, amplified or abbreviated according to the importance of the area to the financial statements as a whole. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

Grant Thornton International Ltd
May 2011

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Contents of interim financial statements

Paragraph 8 of IAS 34 *Interim Financial Reporting*, requires that condensed interim financial statements contain as a minimum:

- a condensed statement of financial position
- a condensed statement of comprehensive income, presented either as a condensed single statement or a condensed separate income statement and a condensed statement of 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 an income statement and statement of comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparatives for the comparable interim period (ie comparable interim period and financial year to date); or
 - a single statement of comprehensive income for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim period (ie comparable interim period and financial year to date);
- a statement of changes in equity showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year; and
- a statement of cash flows for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

Presentation of the interim statement of 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 income statement and a separate statement of comprehensive income in its annual financial statements. In addition, the Group's income statement illustrates an example of the 'nature of expense format.' Accordingly, these example interim financial statements follows the same approach. The alternative methods of presenting a single statement of comprehensive income and of presenting an income statement illustrating the 'function of expense format' are included as appendices to the *Example Consolidated Financial Statements 2010*¹.

IAS 1 *Presentation of Financial Statements* requires an additional statement of financial position at the start of the comparative period in certain circumstances (IAS 1.39). IAS 34 does not require, and therefore these example interim consolidated financial statements do not include, such a statement of financial position.

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

Summary of requirements (IAS 34.A2)

	Interim period	Last year end	Comparative interim period
Statement of financial position	Yes	Yes	Good practice
Statement of 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 December 2010, the Grant Thornton International IFRS Team published the *Example Consolidated Financial Statements 2010*, providing an example of a full set of annual IFRS financial statements.

Guidance note: Consolidated statement of financial position

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

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

Consolidated statement of financial position

		Notes	30 June 2011	30 June 2010	31 December 2010
	Assets		CU000	CU000	CU000
IAS 1.51(c)	Assets				
IAS 1.51(d-e)					
IAS 1.66	Non-current				
IAS 1.57	Goodwill	9	7,397	5,880	5,041
IAS 1.54(c)	Other intangible assets	10	25,950	19,973	17,424
IAS 1.54(a)	Property, plant and equipment	11	26,281	23,640	22,439
IAS 1.54(e), IAS 28.38	Investments accounted for using the equity method		475	399	430
IAS 1.54(b)	Investment property		12,732	12,487	12,662
IAS 1.54(d)	Other long-term financial assets		3,802	3,525	3,765
IAS 1.60	Non-current assets		<u>76,637</u>	<u>65,904</u>	<u>61,761</u>
IAS 1.66	Current				
IAS 1.54(g)	Inventories		32,586	29,855	18,548
IAS 1.54(h)	Trade and other receivables		28,746	22,576	33,629
IAS 1.55	Derivative financial instruments		598	554	582
IAS 1.54(d)	Other short-term financial assets		689	651	655
IAS 1.54(i)	Cash and cash equivalents		42,539	9,857	34,789
IAS 1.60	Current assets		<u>105,158</u>	<u>63,493</u>	<u>88,203</u>
IAS 1.54(j)	Assets and disposal group classified as held for sale	12	-	3,236	103
IAS 1.55	Total assets		<u>181,795</u>	<u>132,633</u>	<u>150,067</u>

Consolidated statement of financial position

IAS 1.57 IAS 1.51(c) IAS 1.51(d-e)		Notes	30 June 2011 CU000	30 June 2010 CU000	31 December 2010 CU000
	Equity and liabilities				
	Equity				
	Equity attributable to owners of the parent:				
IAS 1.54(r)	Share capital	14	15,820	12,270	13,770
IAS 1.55	Share premium		40,045	4,465	19,645
IAS 1.55	Other components of equity	16	650	327	621
IAS 1.54(r)	Retained earnings		56,404	39,196	49,165
			<u>112,919</u>	<u>56,258</u>	<u>83,201</u>
IAS 1.54(q)	Non-controlling interest		780	649	713
	Total equity		<u>113,699</u>	<u>56,907</u>	<u>83,914</u>
	Liabilities				
IAS 1.60, IAS 1.69	Non-current				
IAS 1.55	Pension and other employee obligations		11,788	10,980	11,224
IAS 1.54(m)	Borrowings		19,768	21,125	21,000
IAS 1.54(k)	Trade and other payables		5,142	4,856	4,096
IAS 1.55	Other liabilities		1,854	2,057	2,020
IAS 1.54(o), 1.56	Deferred tax liabilities		6,241	4,847	5,397
	Non-current liabilities		<u>44,793</u>	<u>43,865</u>	<u>43,737</u>
IAS 1.60, IAS 1.69	Current				
IAS 1.54(l)	Provisions	17	615	2,280	1,215
IAS 1.55	Pension and other employee obligations		1,625	1,398	1,467
IAS 1.54(k)	Trade and other payables		10,466	18,891	9,059
IAS 1.54(m)	Borrowings		3,986	4,655	4,815
IAS 1.54(n)	Current tax liabilities		3,325	1,094	3,102
IAS 1.55	Other liabilities		3,286	3,160	2,758
	Current liabilities		<u>23,303</u>	<u>31,478</u>	<u>22,416</u>
IAS 1.54(p)	Liabilities included in disposal group held for sale		-	383	-
IAS 1.55	Total liabilities		<u>68,096</u>	<u>75,726</u>	<u>66,153</u>
IAS 1.55	Total equity and liabilities		<u>181,795</u>	<u>132,633</u>	<u>150,067</u>

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Guidance note: Consolidated income statement

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

IAS 1.82(a)-(f) provides a list of the minimum items to be presented on the face of the separate income statement. Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated income statement. There may be situations where additional line items, headings and subtotals need to be included. IAS 1.85 requires an entity to present such additional items on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1 allows an entity to use either the 'nature of expense' or 'function of expense' format, whichever is reliable and more relevant (IAS 1.99). This publication provides an example of the 'nature of expense' format.

IAS 34.11 requires the presentation of both basic and diluted earnings per share on the face of the statement that presents the components of profit or loss. Where an entity presents a separate income statement and statement of comprehensive income, the basic and diluted earnings per share figures should be presented on the face of the income statement (IAS 34.11A).

IAS 34 does not specifically require earnings per share figures separately for continuing, discontinued and total operations. IAS 33 *Earnings per Share* requires the annual financial statements to show, on the face of the income statement, the basic and diluted earnings per share for continuing operations and the total from continuing and discontinued operations (IAS 33.66). The figure for discontinued operations is required to be shown, in the annual financial statements, either on the face of the income statement or in the notes to those financial statements (IAS 33.68).

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

Consolidated income statement

	Notes	6 months to 30 June 2011 CU000	6 months to 30 June 2010 CU000	Year to 31 December 2010 CU000
IAS 1.51(c)				
IAS 1.51(d-e)				
IAS 1.82(a)	8	116,846	89,063	206,193
IAS 1.85		202	185	427
IAS 1.85		(5,066)	(3,148)	(7,823)
IAS 1.85		(23,403)	(18,638)	(42,634)
IAS 1.85		(61,532)	(51,076)	(114,190)
IAS 1.85		55	125	310
IAS 1.85		(3,906)	(3,158)	(7,942)
IAS 1.85		(4,879)	(5,848)	(12,722)
		Operating profit	7,505	21,619
		Share of profit from equity accounted investments	45	60
IAS 1.82(c)			29	
IAS 1.82(b)		(1,547)	(1,585)	(3,473)
IAS 1.85		1,050	465	994
IAS 1.85		1,878	1,583	3,388
		Profit before tax	7,997	22,588
IAS 1.82(d)		(5,945)	(2,458)	(7,132)
		Profit for the period from continuing operations	5,539	15,456
IAS 1.82(e)	12	96	8	(9)
IAS 1.82(f)		Profit for the period	5,547	15,447
		Profit for the period attributable to:		
IAS 1.83(a)(i)		67	57	121
IAS 1.83(a)(ii)		13,827	5,490	15,326
		13,894	5,547	15,447
IAS 34.11, 11A	13	Earnings per share	CU	CU
IAS 33.67A		Basic earnings per share		
IAS 33.66		Earnings from continuing operations	0.92	1.22
IAS 33.68		Earnings from discontinued operations	0.01	-
IAS 33.66		Total	0.93	1.22
IAS 33.68A		Diluted earnings per share		
IAS 33.66		Earnings from continuing operations	0.92	1.22
IAS 33.68		Earnings from discontinued operations	0.01	-
IAS 33.66		Total	0.93	1.22

Guidance note: Consolidated statement of comprehensive income

IAS 1.82(g)-(i) provides a list of the minimum items to be presented on the face of the separate statement of comprehensive income. Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated statement of comprehensive income.

According to IAS 1.90, an entity discloses the amount of income tax relating to each component of other comprehensive income, either on the face of the statement of comprehensive income or in the notes. In accordance with IAS 1.91(b), the Group, in its annual financial statements, presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income. The tax effects of each component of other comprehensive income are disclosed in the notes to the annual financial statements. This Publication follows the same format.

Consolidated statement of comprehensive income

	Notes	6 months to 30 June 2011 CU000	6 months to 30 June 2010 CU000	Year to 31 December 2010 CU000
IAS 1.51(c)				
IAS 1.51(d-e)				
IAS 1.81(b)	Profit for the period	13,894	5,547	15,447
IAS 1.82(g)	Other comprehensive income:			
IAS 16.77(f)	Revaluation of land	-	-	303
	Cash flow hedging			
IFRS 7.23(c-d)	- current year gains (losses)	215	287	367
IAS 1.92	- reclassification to profit or loss	157	178	260
	Available-for-sale financial assets			
IFRS 7.20(a)(ii)	- current year gains (losses)	35	(22)	113
IAS 1.92	- reclassification to profit or loss	24	(32)	(50)
	Exchange differences on translating foreign operations			
IAS 21.52(b)		(575)	(414)	(664)
	Share of other comprehensive income of equity accounted investments			
IAS 1.82(h)		-	-	5
IAS 1.92	- reclassification to profit or loss	-	-	(3)
	Income tax relating to components of other comprehensive income			
IAS 1.90		16	125	85
	Other comprehensive income for the period, net of tax	29	122	416
IAS 1.82(i)	Total comprehensive income for the period	<u>13,923</u>	<u>5,669</u>	<u>15,863</u>
	Total comprehensive income for the period attributable to:			
IAS 1.83(b)(i)	Non-controlling interest	67	57	121
IAS 1.83(b)(ii)	Owners of the parent	13,856	5,612	15,742
		<u>13,923</u>	<u>5,669</u>	<u>15,863</u>

Guidance note: Consolidated statement of changes in equity

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

IAS 1.106 provides a list of the required items to be presented on the face of the statement of changes in equity. Where relevant, references to IAS 1 and other IFRS requirements are included on the left hand side of the consolidated statement of changes in equity.

IAS 1.106 was amended by the *2010 Improvements to IFRSs*, which clarified that entities have a choice to present the required reconciliations for each component of other comprehensive income either (1) in the statement of changes in equity or (2) in the notes to the financial statements (IAS 1.106(d)(ii) and IAS 1.106A).

Consequently, these example interim financial statements now present 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. This change in presentation is discussed in Note 3 of the example interim financial statements.

Consolidated statement of changes in equity

		Share capital CU000	Share premium CU000	Other components of equity CU000	Retained earnings CU000	Total attributable to owners of parent CU000	Non-controlling interest CU000	Total equity CU000
IAS 1.51(d-e)								
IAS 1.106(d)	Balance at 1 January 2011	13,770	19,645	621	49,165	83,201	713	83,914
	Dividends	-	-	-	(6,855)	(6,855)	-	(6,855)
	Issue of share capital under share-based payment scheme	350	1,750	-	-	2,100	-	2,100
	Employee share-based payment options	-	-	-	267	267	-	267
	Issue of share capital	1,700	18,650	-	-	20,350	-	20,350
IAS 1.106(d)(iii)	Transactions with owners	2,050	20,400	-	(6,588)	15,862	-	15,862
IAS 1.106(d)(i)	Profit for the period	-	-	-	13,827	13,827	67	13,894
IAS 1.106(d)(ii)	Other comprehensive income	-	-	29	-	29	-	29
IAS 1.106(a)	Total comprehensive income for the period	-	-	29	13,827	13,856	67	13,923
IAS 1.106(d)	Balance at 30 June 2011	15,820	40,045	650	56,404	112,919	780	113,699

Consolidated statement of changes in equity

		Share capital CU000	Share premium CU000	Other components of equity CU000	Retained earnings CU000	Total attri- butable to owners of parent CU000	Non- controlling interest CU000	Total equity CU000
IAS 1.51(d-e)								
IAS 1.106(d)	Balance at 1 January 2010	12,000	3,050	205	36,541	51,796	592	52,388
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital under share-based payment scheme	270	1,415	-	-	1,685	-	1,685
	Employee share-based payment options	-	-	-	165	165	-	165
IAS 1.106(d)(iii)	Transactions with owners	270	1,415	-	(2,835)	(1,150)	-	(1,150)
IAS 1.106(d)(i)	Profit for the period	-	-	-	5,490	5,490	57	5,547
IAS 1.106(d)(ii)	Other comprehensive income	-	-	122	-	122	-	122
IAS 1.106(a)	Total comprehensive income for the period	-	-	122	5,490	5,612	57	5,669
IAS 1.106(d)	Balance at 30 June 2010	12,270	4,465	327	39,196	56,258	649	56,907

Consolidated statement of changes in equity

	Share capital CU000	Share premium CU000	Other components of equity CU000	Retained earnings CU000	Total attri- butable to owners of parent CU000	Non- controlling interest CU000	Total equity CU000
IAS 1.51(d-e) IAS 1.106(d) Balance at 1 January 2010	12,000	3,050	205	36,541	51,796	592	52,388
Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
Issue of share capital under share-based payment scheme	270	1,415	-	-	1,685	-	1,685
Employee share-based payment options	-	-	-	298	298	-	298
Issue of share capital	1,500	15,180	-	-	16,680	-	16,680
IAS 1.106(d)(iii) Transactions with owners	1,770	16,595	-	(2,702)	15,663	-	15,663
IAS 1.106(d)(i) Profit for the year	-	-	-	15,326	15,326	121	15,447
IAS 1.106(d)(ii) Other comprehensive income	-	-	416	-	416	-	416
IAS 1.106(a) Total comprehensive income for the year	-	-	416	15,326	15,742	121	15,863
IAS 1.106(d) Balance at 31 December 2010	13,770	19,645	621	49,165	83,201	713	83,914

Guidance note: Consolidated statement of cash flows

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

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

Guidance note: Notes to the consolidated interim financial statements

Where an entity's interim financial report is in compliance with IAS 34, that fact shall be disclosed (IAS 34.19). Where a condensed set of financial statements is prepared, the basis of preparation will need to refer to the fact that these interim financial statements are 'condensed.' An interim financial report shall not be described as complying with IFRS unless it complies with all of the requirements of IFRS.

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

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 *2010 Improvements to IFRSs* clarified this requirement and added some examples of events and transactions which may require disclosure, if significant (IAS 34.15B).

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

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

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

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

The Group provides phone and intranet based in-house applications including the integration of mobile end devices into new and existing IT and telecommunication structures. By integrating these activities, the Group acts as a one-stop-shop for the modern day communication requirements of small- to medium-sized companies. Services include consulting activities that concentrate on the design of combined IT and telecommunication systems for clients. The Group also delivers IT and telecommunication solutions specifically designed for the customer through modification of complex equipment. The Group sells the hardware and software products of the Group's business partners and delivers extensive after-sale service and maintenance for these products. Refer to Note 7 for further information about the Group's operating segments.

2 General information and basis of preparation

IAS 34.3
IAS 34.19

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2011 and are presented in currency (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 of the Group for the year ended 31 December 2010.¹

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

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

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

3 Significant accounting policies

IAS 34.28
IAS 34.16A(a) The interim financial statements have been prepared in accordance with the accounting policies² adopted in the Group's last annual financial statements for the year ended 31 December 2010¹, except for the adoption of *Improvements to IFRSs 2010* (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to IFRSs. The relevant amendments and their effects on the current period or prior periods are described below.

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

Amendment to IAS 1 Presentation of Financial Statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group previously presented such reconciliations in the Consolidated Statement of Changes in Equity. The Group now presents the reconciliations of each component of other comprehensive income in the notes to the financial statements (see Note 16). This reduces duplicated disclosures and presents more clearly the overall changes in equity. Prior period comparatives have been restated accordingly.

Amendments to IAS 34 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements³. The Group's interim financial statements as of 30 June 2011 reflect these amended disclosure requirements, where applicable.

² IAS 34.28 requires the use of the discrete period approach. This requires that items of income and expenses should be recognised and measured on a basis consistent with that used in preparing the annual financial statements, and that no adjustments should be made for events expected to occur subsequent to the end of the interim period. IAS 34.28 notes that the frequency of an entity's reporting should not affect its annual results. There are however some situations where annual reporting can be altered. One example is impairment of goodwill. IFRIC 10 *Interim Financial Reporting and Impairment* notes that an entity shall not reverse an impairment loss recognised in a previous interim period even if the impairment loss would not have been recognised had the impairment assessment been made only at the end of the annual reporting period (IFRIC 10.8).

The discrete period approach is also problematic in the context of income taxes, which are generally measured based on the taxable profit of an annual period. Accordingly, IAS 34 requires that interim period income tax is accrued using the tax rate that would be applicable to expected total annual earnings. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period (IAS 34.B12).

³ The amendments to IAS 34 added several examples of events and transactions that may require disclosure (IAS 34.15B). This Publication illustrates the disclosure only of the items considered significant to the Group.

4 Estimates

IAS 34.41
IAS 34.16A(d) When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

IAS 34.28
IAS 34.B12 The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2010. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period².

5 Significant events and transactions

IAS 34.15
IAS 34.15C The Group's management believes that the Group is well positioned despite the continuing difficult economic circumstances. Factors contributing to the Group's strong position are:

- No significant decline in order intake experienced on larger projects. Further, the Group has several long-term contracts with a number of its customers.
- The Group does not expect to need additional borrowing facilities in the next 12 months as a result of its significant financial resources, existing facilities and strong liquidity reserves. The Group has significant headroom to comply with its debt covenants.
- The Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2011 is considered to be good.

Overall, the Group is in a strong position despite the current economic environment, and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

6 Business combination

IAS 34.16A(i)
 IFRS 3.B64
 (a)-(d) On 5 April 2011, 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.⁴

The details of the business combination are as follows:

	CU000
IFRS 3.B64(f) Fair value of consideration transferred	
IFRS 3.B64(f)(i) Amount settled in cash	<u>18,500</u>
IAS 7.40(a) IFRS 3.B64(i) Recognised amounts of identifiable net assets	
IAS 7.40(d) Property, plant and equipment	5,818
Intangible assets	<u>8,585</u>
Total non-current assets	<u>14,403</u>
Inventories	7,500
Trade and other receivables	4,449
IAS 7.40(c) Cash and cash equivalents	<u>324</u>
Total current assets	<u>12,273</u>
Borrowings	(2,543)
Deferred tax liabilities	<u>(1,335)</u>
Total non-current liabilities	<u>(3,878)</u>
Provisions	(780)
Other liabilities	(1,855)
Trade and other payables	<u>(4,165)</u>
Total current liabilities	<u>(6,800)</u>
Identifiable net assets	<u>15,998</u>
Goodwill on acquisition	<u>2,502</u>
IAS 7.40(b) Consideration transferred settled in cash	18,500
IAS 7.40(c) Cash and cash equivalents acquired	<u>(324)</u>
IAS 7.42 Net cash outflow on acquisition	18,176
Acquisition costs charged to expenses	<u>304</u>
Net cash paid relating to the acquisition	<u>18,480</u>

⁴ IAS 34.16A(i) states that disclosures of a business combination includes the information required by IFRS 3 *Business Combinations* (paragraphs 59-63 and the related application guidance).

- Consideration transferred
- IFRS 3.B64(m) Acquisition-related costs amounting to CU 304,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated income statement, as part of other expenses.
- Identifiable net assets
- IFRS 3.B67(a) The fair values of the identifiable intangible assets has been determined provisionally at 30 June 2011, 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 4,449,000, with a gross contractual amount of CU 4,569,000. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to CU 120,000.
- Goodwill
- IFRS 3.B64(e) 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 allocated to cash-generating units at 30 June 2011, and is attributable to the service segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.
- IAS 36.133
IFRS 3.B64(k)
- Sysmagic's contribution to the Group results
- IFRS 3.B64
(q)(i-ii) Sysmagic contributed CU 12,232,000 and CU 1,954,000 to the Group's revenues and profits, respectively from the date of the acquisition to 30 June 2011. Had the acquisition occurred on 1 January 2011, the Group's revenue for the period to 30 June 2011 would have been CU 128,386,000 and the Group's profit for the period would have been CU 15,726,000.
- 7 Segment reporting
- IAS 34.16A(g) Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's three main operating segments are:
- *consulting* - engaged in the sale, customisation and integration of IT and telecommunication systems
 - *service* - involved in the maintenance of telecommunication systems
 - *retail segment* - engaged in the sale of hardware and software products through the internet.

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

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

IAS 34.16A (g)(v) During the six month period to 30 June 2011, 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 are summarised as follows:

		Consulting	Service	Retail	Other	Total
		2011	2011	2011	2011	2011
		CU000	CU000	CU000	CU000	CU000
	6 Months to June 2011					
	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	<u>56,562</u>	<u>21,435</u>	<u>36,576</u>	<u>2,069</u>	<u>116,642</u>
IFRS 8.23	Segment operating profit	<u>16,977</u>	<u>2,827</u>	<u>2,175</u>	<u>112</u>	<u>22,091</u>
IFRS 8.23	Segment assets	<u>73,817</u>	<u>28,146</u>	<u>48,028</u>	<u>3,037</u>	<u>153,028</u>
		Consulting	Service	Retail	Other	Total
		2010	2010	2010	2010	2010
		CU000	CU000	CU000	CU000	CU000
	6 Months to June 2010					
	Revenue					
IFRS 8.23(a)	From external customers	47,843	7,832	31,129	1,761	88,565
	Discontinued operations	-	-	7,352	-	7,352
IFRS 8.23(b)	From other segments	145	-	-	-	145
	Segment revenues	<u>47,988</u>	<u>7,832</u>	<u>38,481</u>	<u>1,761</u>	<u>96,062</u>
IFRS 8.23	Segment operating profit	<u>10,171</u>	<u>(281)</u>	<u>1,333</u>	<u>(24)</u>	<u>11,199</u>
IFRS 8.23	Segment assets	<u>60,192</u>	<u>9,854</u>	<u>39,164</u>	<u>2,216</u>	<u>111,426</u>
		Consulting	Service	Retail	Other	Total
		2010	2010	2010	2010	2010
		CU000	CU000	CU000	CU000	CU000
	Year to 31 December 2010					
	Revenue					
IFRS 8.23(a)	From external customers	110,810	18,140	72,098	4,079	205,127
	Discontinued operations	-	-	9,803	-	9,803
IFRS 8.23(b)	From other segments	231	-	-	-	231
	Segment revenues	<u>111,041</u>	<u>18,140</u>	<u>81,901</u>	<u>4,079</u>	<u>215,161</u>
IFRS 8.23	Segment operating profit	<u>20,152</u>	<u>1,250</u>	<u>6,835</u>	<u>100</u>	<u>28,337</u>
IFRS 8.23	Segment assets	<u>68,103</u>	<u>11,149</u>	<u>44,311</u>	<u>2,507</u>	<u>126,070</u>

IAS 34.16A (g)(vi) The Group's segment operating profit reconciles to the Group's profit before tax as presented in its financial statements as follows:

	6 months to 30 June 2011 CU000	6 months to 30 June 2010 CU000	Year to 31 December 2010 CU000
IFRS 8.28(b) Profit or loss			
Total reporting segment operating profit	21,979	11,223	28,237
Other segment profit	112	(24)	100
Rental income from investment property	550	498	1,066
Change in fair value of investment property	55	125	310
Share-based payment expenses	(267)	(165)	(298)
Post-employment benefit expenses	(3,150)	(2,850)	(6,099)
Research and development costs	(986)	(1,250)	(1,690)
Other income not allocated	202	185	427
Other expenses not allocated	(97)	(165)	(303)
Operating profit of discontinued operations	-	(54)	(73)
Elimination of intersegment profits	(81)	(18)	(58)
Group operating profit	<u>18,317</u>	<u>7,505</u>	<u>21,619</u>
Share of profit from equity accounted investments	45	29	60
Finance costs	(1,547)	(1,585)	(3,473)
Finance income	1,050	465	994
Other financial items	1,878	1,583	3,388
Group profit before tax	<u>19,743</u>	<u>7,997</u>	<u>22,588</u>

8 Seasonal fluctuations

IAS 34.16A(b) The demand for maintenance and installation of IT and telecommunication systems and equipment (part of the consulting and service segments) is subject to seasonal fluctuations. Historically, peak demand is in the second half of each year. Revenues for maintenance and installation for the six months ended 30 June 2011 represented 66% (first six months of 2010: 43%) of the annual level of these revenues for the year ended 31 December 2010.

The percentage of the six-months revenues in 2011 is higher than 2010 due to the effect of the full six months revenue contribution in 2011 of the subsidiary acquired by the Group in March 2010 and the additional three months revenues contributed by a new subsidiary acquired in 2011 (see Note 6). Excluding these items, the revenues for the six months ended 30 June 2011 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 31 December 2010.

9 Goodwill

IAS 34.16A(c) The following table shows the movements in goodwill⁵:

	6 months to 30 June 2011 CU000	6 months to 30 June 2010 CU000	Year to 31 December 2010 CU000
IFRS 3.B67(d)			
	Gross carrying amount		
IFRS 3.B67(d)(i)	Balance, beginning of the period	6,030	3,727
IFRS 3.B67(d)(ii)	Acquired through business combination	2,502	2,438
IFRS 3.B67(d)(vi)	Net exchange difference	(146)	(135)
IFRS 3.B67(d)(viii)	Balance, end of the period	8,386	6,070
	Accumulated impairment		
IFRS 3.B67(d)(i)	Balance, beginning of the period	(989)	(190)
IFRS 3.B67(d)(v)	Impairment loss recognised	-	(799)
IFRS 3.B67(d)(vi)	Net exchange difference	-	-
IFRS 3.B67(d)(viii)	Balance, end of the period	(989)	(989)
	Carrying amount at the end of the period	7,397	5,041

10 Other intangible assets

IAS 34.16A(c) The following tables show the movements in intangible assets⁶:

	Acquired software licenses CU000	Internally generated software CU000	Brand names CU000	Customer lists CU000	Total CU000
IAS 38.118	Gross carrying amount				
	Balance at 1 January 2011	16,469	18,046	975	1,761
IAS 38.118(e)(i)	Addition, separately acquired	320	-	-	-
	Addition, internally developed	-	2,150	-	-
	Acquisition through business combination	5,850	-	1,250	1,485
IAS 38.118(e)(ii)	Disposals	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(75)	(65)	-	(140)
	Balance at 30 June 2011	22,564	20,131	2,225	3,246
	Amortisation and impairment				
	Balance at 1 January 2011	(7,739)	(11,602)	(287)	(199)
IAS 38.118(e)(vi)	Amortisation	(1,283)	(764)	(115)	(129)
IAS 38.118(e)(iv)	Impairment losses	-	-	-	-
IAS 38.118(e)(ii)	Disposals	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(52)	(46)	-	(98)
	Balance at 30 June 2011	(9,074)	(12,412)	(402)	(328)
	Carrying amount 30 June 2011	13,490	7,719	1,823	2,918

⁵ 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.

⁶ In this Publication, this information is considered a necessary disclosure because of the significant additions and the impact of the business combination. Depending on the circumstances, this type of disclosure might be regarded either as voluntary or as necessary to meet the requirements of IAS 34.15C and IAS 34.16A(c). Other examples of events and transactions where IAS 34 requires disclosures are included in IAS 34.15B.

11 Property, plant and equipment

IAS 34.15B(d) The following tables show the movements in property, plant and equipment⁶:
IAS 34.16A(c)

		Land CU000	Buildings CU000	IT equip- ment CU000	Other equip- ment CU000	Total CU000
Gross carrying amount						
IAS 16.73(d)	Balance 1 January 2011	8,709	20,177	7,806	2,905	39,597
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 2011	8,694	22,547	10,306	3,271	44,818
Depreciation and impairment						
IAS 16.73(d)	Balance 1 January 2011	-	(13,213)	(2,446)	(1,499)	(17,158)
IAS 16.73(e)(ii)	Disposals	-	-	-	385	385
IAS 16.73(e)(viii)	Net exchange differences	-	(46)	(55)	(48)	(149)
IAS 16.73(e)(vii)	Depreciation	-	(710)	(602)	(303)	(1,615)
IAS 16.73(d)	Balance at 30 June 2011	-	(13,969)	(3,103)	(1,465)	(18,537)
	Carrying amount 30 June 2011	8,694	8,578	7,203	1,806	26,281
Gross carrying amount						
IAS 16.73(d)	Balance 1 January 2010	7,697	19,362	5,579	2,594	35,232
IAS 16.73(e)(i)	Additions	-	26	-	-	26
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	-	(156)	-	-	(156)
IAS 16.73(e)(iv)	Revaluation increase	-	-	-	-	-
IAS 16.73(e)(viii)	Net exchange differences	(15)	(57)	(55)	(38)	(165)
IAS 16.73(d)	Balance 30 June 2010	8,412	20,396	7,830	2,921	39,559
Depreciation and impairment						
IAS 16.73(d)	Balance 1 January 2010	-	(12,159)	(1,503)	(923)	(14,585)
IAS 16.73(e)(ii)	Disposals	-	145	-	-	145
IAS 16.73(e)(viii)	Net exchange differences	-	(38)	(37)	(26)	(101)
IAS 16.73(e)(vii)	Depreciation	-	(661)	(446)	(271)	(1,378)
IAS 16.73(d)	Balance 30 June 2010	-	(12,713)	(1,986)	(1,220)	(15,919)
	Carrying amount 30 June 2010	8,412	7,683	5,844	1,701	23,640

		Land CU000	Buildings CU000	IT equip- ment CU000	Other equip- ment CU000	Total CU000
Gross carrying amount						
IAS 16.73(d)	Balance 1 January 2010	7,697	19,362	5,579	2,594	35,232
IAS 16.73(e)(i)	Additions	-	76	-	-	76
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	-	(401)	-	-	(401)
IAS 16.73(e)(iv)	Revaluation increase	303	-	-	-	303
IAS 16.73(e)(viii)	Net exchange differences	(21)	(81)	(79)	(54)	(235)
IAS 16.73(d)	Balance 31 December 2010	8,709	20,177	7,806	2,905	39,597
Depreciation and impairment						
IAS 16.73(d)	Balance 1 January 2010	-	(12,159)	(1,503)	(923)	(14,585)
IAS 16.73(e)(ii)	Disposals	-	315	-	-	315
IAS 16.73(e)(viii)	Net exchange differences	-	(54)	(53)	(36)	(143)
IAS 16.73(e)(vii)	Depreciation	-	(1,315)	(890)	(540)	(2,745)
IAS 16.73(d)	Balance 31 December 2010	-	(13,213)	(2,446)	(1,499)	(17,158)
	Carrying amount 31 December 2010	8,709	6,964	5,360	1,406	22,439

12 Discontinued operations and non-current assets held for sale

IAS 34.16A(i) The amounts presented in the income statement under discontinued operations relate to Highstreet Ltd (Highstreet). Most of its assets were sold on 30 September 2010. The remaining storage facility was sold in February 2011 and a gain of CU 96,000 is presented as discontinued operations for the period ended 30 June 2011.

13 Earnings per share

IAS 34.16A(c) Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Illustrative Corporation) as the numerator, ie no adjustments to profits were necessary during the six months period to 30 June 2011 and 2010 and the year ended 31 December 2010⁶.

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:

	6 months to 30 June 2011	6 months to 30 June 2010	Year to 31 December 2010	
<i>Amounts in thousand shares:</i>				
	Weighted average number of shares used in basic earnings per share	14,970	12,270	12,520
IAS 33.70(b)	Shares deemed to be issued for no consideration in respect of share-based payments	14	16	17
	Weighted average number of shares used in diluted earnings per share	14,984	12,286	12,537

14 Share capital

IAS 34.16A(e) During the first six months of 2011, 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 (during the first six months of 2010: CU 10.50; 2010: CU 11.19).

The Group also issued 1,700,000 shares on 1 April 2011 for cash, corresponding to 13.9% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of Illustrative Corporation.

Shares issued and authorised are summarised as follows:

	6 months to 30 June 2011	6 months to 30 June 2010	Year to 31 December 2010
<i>Amounts in thousand shares:</i>			
IAS 1.79(a)(iv) Shares issued and fully paid:			
Beginning of the period	13,770	12,000	12,000
Issued under share-based payment plans	350	270	270
Share issue	1,700	-	1,500
IAS 1.79(a)(ii) Shares issued and fully paid	<u>15,820</u>	<u>12,270</u>	<u>13,770</u>
Shares authorised for share based payments	<u>600</u>	<u>600</u>	<u>600</u>
IAS 1.79(a)(i) Total shares authorised at the end of the period	<u>16,420</u>	<u>12,870</u>	<u>14,370</u>

15 Dividends

IAS 34.16A(f) During the first six months of 2011, Illustrative Corporation paid dividends of CU 6,855,000 to its equity shareholders (first six months of 2010: CU 3,000,000; 2010: CU 3,000,000). This represents a payment of CU 0.50 per share (first six months of 2010: CU 0.25; 2010: CU 0.25). No dividends were paid on new shares issued in 2011 pursuant to the Group's share-based payment scheme.

16 Other components of equity

IAS 1.106(d)(ii) The following tables show the movements in other components of equity⁷:
 IAS 1.106A

		Trans- lation reserve CU000	Reval- uation reserve CU000	Available- for-sale financial assets CU000	Cash-flow hedges CU000	Total CU000
IAS 1.51(d-e)						
IAS 1.106(d)	Balance at 1 January 2011	(847)	901	98	469	621
	Cash flow hedges					
IFRS 7.23(c-d)	- current period gains (losses)	-	-	-	215	215
IAS 1.92	- reclassification to profit or loss	-	-	-	157	157
IFRS 7.20(a)(ii)	Available-for-sale financial assets					
	- current period gains (losses)	-	-	35	-	35
IAS 1.92	- reclassification to profit or loss	-	-	24	-	24
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	-	-	-	(575)
IAS 12.81(a), IAS 1.90	Tax benefit	173	-	-	-	173
	Other comprehensive income for the period (all attributable to the parent)	(402)	-	59	372	29
IAS 1.106(d)	Balance at 30 June 2011	(1,249)	901	157	841	650

		Trans- lation reserve CU000	Reval- uation reserve CU000	Available- for-sale financial assets CU000	Cash-flow hedges CU000	Total CU000
IAS 1.51(d-e)						
IAS 1.106(d)	Balance at 1 January 2010	(359)	689	35	(160)	205
	Cash flow hedges					
IFRS 7.23(c-d)	- current period gains (losses)	-	-	-	287	287
IAS 1.92	- reclassification to profit or loss	-	-	-	178	178
IFRS 7.20(a)(ii)	Available-for-sale financial assets					
	- current period gains (losses)	-	-	(22)	-	(22)
IAS 1.92	- reclassification to profit or loss	-	-	(32)	-	(32)
IAS 21.52(b)	Exchange differences on translating foreign operations	(414)	-	-	-	(414)
IAS 12.81(a), IAS 1.90	Tax benefit	125	-	-	-	125
	Other comprehensive income for the period (all attributable to the parent)	(289)	-	(54)	465	122
IAS 1.106(d)	Balance at 30 June 2010	(648)	689	(19)	305	327

⁷ This type of disclosure is not specifically required by IAS 34. However, in this Publication, this information is considered necessary due to the change in the presentation of the reconciliations of each item of comprehensive income. As discussed in Note 3, these reconciliations are now presented in the notes to the interim financial statements.

		Trans- lation reserve CU000	Reval- uation reserve CU000	Available- for-sale financial assets CU000	Cash-flow hedges CU000	Total CU000
IAS 1.51(d-e)						
IAS 1.106(d)	Balance at 1 January 2010	(359)	689	35	(160)	205
IAS 16.77(f)	Revaluation of land	-	303	-	-	303
	Cash flow hedges					
IFRS 7.23(c-d)	- current year gains (losses)	-	-	-	367	367
IAS 1.92	- reclassification to profit or loss	-	-	-	260	260
IFRS 7.20(a)(ii)	Available-for-sale financial assets					
	- current year gains (losses)	-	-	113	-	113
IAS 1.92	- reclassification to profit or loss	-	-	(50)	-	(50)
	Exchange differences on translating foreign operations	(664)	-	-	-	(664)
IAS 21.52(b)						
IAS 1.82(h)	Equity accounted investments	-	-	-	5	5
IAS 1.82(h)	- reclassification to profit or loss	-	-	-	(3)	(3)
IAS 12.81(a), IAS 1.90	Tax benefit (expense)	176	(91)	-	-	85
	Other comprehensive income for the period (all attributable to the parent)	(488)	212	63	629	416
IAS 1.106(a)						
IAS 1.106(d)	Balance at 31 December 2010	(847)	901	98	469	621

17 Provisions

IAS 34.15B(c) A restructuring provision was recognised by the Group in its annual financial statements as at 31 December 2010 in relation to the 'Phoenix Programme,' amounting to CU 1,215,000. The estimate of the restructuring provision was reduced by CU 455,000 in the six months ended 30 June 2011 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 2011, predominantly through out of court settlements.

18 Contingent liabilities

IAS 34.15B(m) During the prior year, various warranty and legal claims were brought against the Group. At 30 June 2011 and 31 December 2010, management considered these claims to be unjustified and no provision had been recognised. During the current period, the counterparties withdrew their claims against the Group.

19 Events after the reporting date⁸

IAS 34.16A(h) On 29 July 2011 the group acquired 100% of the issued share capital of
 IFRS 3.B66 Servers.com Limited (Servers.com), a company based in Euroland. The objective
 IFRS 3.B64(a-d) of the acquisition is to expand the operations of the Group's retail segment.

IFRS 3.B64(f) The acquisition was settled in cash and by issuing 500,000 shares of Illustrative
 (i, iii, iv) Corporation. The purchase agreement also provides for an additional
 IFRS 3.B64(g) consideration of CU 1,500,000 payable if the average profits of Servers.com for
 (ii) 2011 and 2012 exceeds a target level agreed by both parties. Any additional
 consideration will be paid on 30 July 2013.

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

	CU000
IFRS 3.B64(iv) Fair value of equity shares issued	6,250
IFRS 3.B64(i) Amount settled in cash	7,000
IFRS 3.B64(g)(i) Fair value of contingent consideration	680
Total	<u>13,930</u>

IFRS 3.B64(f) The fair value of the equity shares issued was based on the market value of the
 (iv) Group's traded equity shares at the date of acquisition.

IFRS 3.B64(g)(iii) The fair value of the contingent consideration represents the Group's estimate of
 the probable cash outflows (ie reflecting management's estimate of a 50%
 probability that the targets will be achieved) discounted using an interest rate
 of 5%.⁹

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

⁸ IAS 34.16A(h) requires disclosure of events after the interim period that have not been reflected in the interim financial statements. IAS 34 does not specify the level of detail required. This example illustrates the disclosures required by IFRS 3 *Business Combinations* for combinations arising after the reporting date. Other approaches may also be acceptable.

⁹ The determination of the acquisition-date fair value of the contingent consideration should consider the expected outcome of the contingency. This example illustrates one possible approach to estimating the fair value of the contingent consideration.

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