Deloitte.

Six of one
Surveying half-yearly financial reporting

March 2011

Contents

1. Executive summary

Take the first six months of the year and that's the period for the half-yearly financial report (formerly known as interim report).

Take the average interim report from the year 1999 and multiply it by six and it is shorter in length than the 2011 equivalent report.

For those wishing a trip down memory lane, take a look at the five rules applying in 1999. The London Stock Exchange's Yellow Book prescribed:

- a summarised profit and loss account covering ten specific items;
- an explanatory statement to enable investors to make an informed assessment of the trend of the group's activities and profit or loss;
- an indication of any special factors influencing the above;
- enough information to allow a comparison to be made with the corresponding period in the previous year; and
- so far as possible, a reference to the group's prospects in the current financial year.

Words such as "indication", "enough" and "so far as possible" are not routinely found in today's rules. Appendix 2 takes more than a dozen pages to summarise the disclosure requirements for the 2011 reports.

The evidence from this year's survey, which as usual considered separately investment trusts and corporates, indicates that all are broadly doing a good job in complying enough:

- the average length of the corporates' half-yearly financial report was 18 pages (2009: 19 pages) although, for one bank, its interim report was a massive 253 pages;
- only 5% of corporates did not discuss going concern or financial resources, contrary to the recommendations in the related FRC Guidance for directors;
- 48% (2009: 43%) met or exceeded the minimum requirements for details of principal risks and uncertainties;
- 67% (2009: 66%) of companies elected to have a formal review report from their auditors; and
- all corporates and investment trusts reported within the two month deadline.

In 2011, there are only a few relatively modest changes to accounting standards with which to contend. These include IAS 24 Related Party Disclosures (revised) and the 2010 improvements to IFRS. The illustrative half-yearly financial report, at Appendix 1, is there to help.

Please be aware that the regulators have been sceptical on finding identical wording adopted by very different companies. But plagiarisation before improvisation may be a useful motto. Companies have to tick lots of boxes these days and reports are checked by the regulators. It is not safe to say "that should be enough".

The evidence from this year's survey, which as usual considered separately investment trusts and corporates, indicates that all are broadly doing a good job in complying enough.

2. Regulatory requirements

This section summarises the regulatory requirements for half-yearly financial reports of UK listed companies, covering:

- the timing and dissemination of half-yearly financial reports;
- the content of an interim management report (IMR);
- the inclusion of a responsibility statement in half-yearly financial reports;
- the content of a condensed set of financial statements;
- the provisions for single companies reporting under UK GAAP; and
- the application of these requirements to companies with securities listed or admitted to trading on the various exchanges operating in the United Kingdom.

The requirements stem from section 4.2 of the Disclosure and Transparency Rules (DTR) contained within the Financial Services Authority (FSA) handbook and have applied for all accounting periods commencing on or after 20 January 2007. There have been no significant changes to these rules since their implementation. However, the UK Listing Authority (UKLA) has periodically issued additional guidance to clarify the requirements of the DTR.

Going concern in half-yearly financial reports

In October 2009, the Financial Reporting Council (FRC) published revised guidance for the directors of UK companies on going concern assessment and disclosures[1]. This provided for the first time detailed guidance on the assessment of going concern expected to be undertaken in preparing half-yearly financial reports and the disclosures arising from that assessment. The UK Corporate Governance Code provision C.1.3 is applicable for periods commencing on or after 29 June 2010, and requires that "The directors should report in annual and half-yearly financial statements that the business is a going concern, with supporting assumptions or qualifications as necessary". The equivalent provision of the 2008 Combined Code did not refer to half-yearly financial statements.

Assessment of going concern

The FRC guidance requires directors to exercise judgement on the nature and extent of procedures undertaken in assessing going concern for the purposes of half-yearly financial reports. It also suggests that the following issues may trigger a need to re-examine the going concern assumption:

- a significant adverse variation in operating cash flows between prior budgets and forecasts and the outturn in the first half of the year;
- a significant reduction in revenues or margins forecast in the second half of the year;
- a failure to obtain renewal or extension of bank facilities that had been anticipated; and
- a failure to sell capital assets for their expected amounts or within previously forecast time-frames.

These examples are not intended to be exhaustive and directors should be alert to any other potential going concern issues.

1 Going concern and liquidity risk: Guidance for directors of UK companies 2009. Available at www.frc.org.uk/press/pub2141.html. Guidance on half-yearly financial reports is included in paragraphs 47-50 and 86-88.

The FRC guidance also states that where going concern has become a significant issue, directors should undertake procedures similar to those that would be carried out for annual financial statements to ensure that all relevant issues have been identified and considered. Where no new issues have been identified, the FRC guidance recommends that procedures are undertaken to roll forward the previous budgets and forecasts by the length of the half-yearly period.

The review period

The FRC guidance makes clear that the review of going concern should cover a period of at least 12 months from the date of approval of the half-yearly financial report.

Disclosures in respect of going concern

The FRC does not suggest that the same level of disclosure on going concern that is included in annual reports should routinely be given in half-yearly financial reports. What is recommended is that additional explanation should be given of any new events and circumstances arising subsequent to approval of the previous annual report. Where no new issues have arisen, a short statement confirming the use of the going concern basis should suffice. This is illustrated in Appendix 1 to this publication.

Where the review period for going concern has been limited to a period of less than 12 months from the date of approval of the half-yearly financial report, the FRC guidance requires disclosure of that fact and the directors' justification for not complying with the guidance in this respect.

A half-yearly financial report should cover the first six months of the financial year. It should contain, as a minimum, a condensed set of financial statements, an interim management report (IMR) and a responsibility statement, each of which is discussed in further detail below.

Timing of half-yearly reporting and dissemination of information

The half-yearly financial report must be published within two calendar months of the end of the six-month period and disseminated in unedited full text (including the auditors' review report where applicable) via an RIS[2]. The UKLA has clarified this requirement, noting that inclusion of required information on a company's website but not in an RIS announcement is not considered to fulfil the requirements of the DTR[3].

Further clarification was offered in March 2009, with the UKLA making clear that a link to a pdf is not considered an acceptable method of disseminating regulated information[4].

However, the announcement relating to the publication of the half-yearly report must include an indication of which website the document is available on.

Interim management report

The IMR is the narrative report which includes, as a minimum:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- information on related party transactions.

Principal risks and uncertainties in half-yearly financial reports

The UKLA has given further guidance[5] on the extent of disclosure of principal risks and uncertainties expected to be included in half-yearly financial reports.

In particular, where those risks are deemed to be consistent with those disclosed in the previous annual report, it is acceptable for a company to:

- state that the principal risks and uncertainties have not changed;
- provide a summary of those principal risks and uncertainties; and
- include a cross-reference to where a detailed explanation of the principal risks and uncertainties can be found in the annual report.

Where risks and uncertainties have changed since the annual report, a full description of the new principal risks and uncertainties should be given.

2 RIS = Regulated Information Service

3 UKLA Technical note: Disclosure and Transparency Rules

4 UKLA Publications Update – March 2009

5 UKLA Technical Note: Disclosure and Transparency Rules

The following information on related party transactions should be disclosed in the IMR:

- related party transactions that have taken place in the first six months of the financial year which had a material effect on the financial position or performance of the company/group; and

- any changes in the related party transactions described in the latest annual report which could have a material effect on the financial position or performance of the company/group in the first six months of the financial year.

There is, perhaps, a lack of clarity around the latter requirement. There may be few instances of a change in a previously reported related party transaction which would not in itself be a transaction (and therefore already be disclosed under the former requirement). An example of such a situation may be sales made to a related party in the previous financial year where the absence of these in the current period has had a material impact on the group's financial performance. Given this apparent ambiguity, it may be advisable for companies either to give comparative information from the last annual report for any material related party transactions or to state explicitly that no such changes have occurred.

In respect of related parties, companies not preparing consolidated accounts (regardless of whether they report under IFRSs or under UK GAAP) must also disclose as a minimum:

- any transactions entered into with related parties by the company;

- the amount of such transactions;

- the nature of the related party relationship; and

- other information about the transactions necessary for an understanding of the financial position of the issuer;

if those related party transactions are material and if they have not been carried out under normal market conditions, i.e. at arm's length. The information disclosed may be aggregated according to the nature of the transactions, unless separate disclosure is necessary for an understanding of the financial position of the company.

Responsibility statement

All companies must provide a responsibility statement in their half-yearly financial report. Such a statement must be made by the persons responsible within the company (usually the board of directors). The responsibility statement should include the name and function of any person making a statement. One or more people are expected physically to sign the responsibility statement, usually on behalf of the board of directors. Each company decides who is considered responsible for the report.

Each person making a responsibility statement must confirm that to the best of his or her knowledge:

- the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company or the undertakings included in the consolidation as a whole;

- the interim management report includes a fair review of the information required (i.e. an indication of important events and their impact and description of principal risks and uncertainties for the remaining six months of the financial year); and

- the interim management report includes a fair review of the information required on related party transactions.

"True and fair" in half-yearly financial reports

The requirement to confirm that the condensed set of financial statements gives a true and fair view will be satisfied if the responsibility statement includes a confirmation that the condensed financial statements have been prepared in accordance with:

- IAS 34; or

- for UK companies not using IFRSs, the Accounting Standards Board (ASB) statement 'Half-yearly financial reports'[6]; or

- for all other companies not using IFRSs, a national accounting standard relating to interim reporting.

In all such cases, the person making the statement must have reasonable grounds to be satisfied that the condensed set of financial statements, prepared in accordance with such a standard, is not misleading.

6 As revised and issued by the ASB in July 2007

Condensed set of financial statements

UK companies preparing consolidated or single company financial statements under IFRSs should prepare their half-yearly condensed set of financial statements in accordance with IAS 34 'Interim Financial Reporting'[7]. An illustrative half-yearly financial report in accordance with IAS 34 and the DTR is included in Appendix 1 and a disclosure checklist containing all the requirements is in Appendix 2 to this publication.

Condensed half-yearly financial statements should normally be based on accounting policies and presentation that are consistent with those in the latest published annual financial statements.

Where the accounting policies and presentation are to be changed in the subsequent annual financial statements, the new accounting policies and presentation should be followed in the half-yearly condensed financial statements. Such changes, and the reason for these, must be disclosed in the condensed half-yearly financial statements.

If the condensed set of financial statements has been audited or reviewed in line with Auditing Practices Board (APB) guidance, the audit report or review report must, under the DTR, be included in the half-yearly financial report in full. If no audit or review has been performed, the condensed set of financial statements must include a statement to this effect.

Changes to half-yearly financial reporting in 2011

A number of new or revised accounting standards are effective for companies reporting under IFRSs for periods beginning on or after 1 January 2011. These include two specific amendments to IAS 34 included in the Improvements to IFRSs issued in May 2010 and the revised version of IAS 24 Related Party Disclosures.

The amendments to IAS 34 included in the Improvements to IFRSs made little substantive change to the standard. However, various requirements therein were rearranged and the principles to be applied in determining the disclosures required in an interim financial report were clarified, including how those principles should be applied in respect of financial instruments. In particular, the list of events and transactions for which disclosures would be required if they are significant has been extended to include:

- losses on impairment of financial assets;
- changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
- transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments; and
- changes in the classification of assets as a result of a change in the purpose or use of those assets.

These amendments follow the addition of similar, although more detailed, requirements for annual reports in the 2009 amendments to IFRS 7.

The revised version of IAS 24 *Related Party Disclosures* will also be effective for periods beginning on or after 1 January 2011. A clarified definition is included in the revised standard, which may impact the scope of persons/entities qualifying as related parties.

7 Companies may choose to prepare full financial statements in accordance with IFRSs. However, this is not common UK practice

Half-yearly financial reports under UK GAAP

UK single companies which continue to report under UK GAAP should follow the ASB statement 'Half-yearly financial reports'. The DTR requirements for non-IAS 34 condensed financial statements[8] are set out below.

Minimum content of non-IAS 34 condensed financial statements

The condensed set of financial statements should include at least a condensed balance sheet, a condensed profit and loss account and explanatory notes on these condensed financial statements.

The condensed balance sheet and the condensed profit and loss account should:

- be prepared using the same principles for recognition and measurement as in the annual financial report; and
- show each of the headings and subtotals included in the company's most recent annual financial statements. Additional line items should be included if their omission would result in giving a misleading view.

The half-yearly financial information contained in the condensed financial statements must include comparatives as follows:

- the comparative balance sheet as at the immediate preceding financial year end; and
- the comparative profit and loss account for the comparable period in the preceding financial year.

Although not explicitly required by the DTR, the condensed financial statements should also include a statement of total recognised gains and losses and a cash flow statement with their respective comparatives to comply with the ASB statement.

In terms of comparative information, the ASB statement goes further than the DTR and IAS 34, requiring comparatives for the corresponding half-yearly period and the previous full financial year for each of the profit and loss account, statement of total recognised gains and losses and cash flow statement.

The explanatory notes in the condensed financial statements should contain sufficient information to enable a user to compare the condensed half-yearly financial statements with the annual financial statements. Also, sufficient information and explanations should be included to aid the understanding of any material changes in amounts and any developments in the half-year.

Summary of application

The DTR 4.2 requirements outlined above apply in full to companies with shares listed on a regulated market. Other companies may also be required to follow these requirements. A summary of the application of DTR 4.2 and the AIM rules for companies is provided in the table opposite.

8 Included at DTR 4.2.5R

Application of DTR 4.2 'Half-yearly financial reports'

Type of company	Does DTR 4.2 apply?	Other comments
Ordinary shares listed on main market	✓	Required for companies with either a premium or a standard listing.
Preference shares listed on main market	✓	
Shares admitted to trading on Alternative Investment Market (AIM)	✗	The AIM Rules for Companies require a half-yearly financial report to be published within three months. It must include at least a balance sheet, an income statement, a cash flow statement and comparatives for the corresponding period in the preceding financial year. Accounting policies should be consistent with those which will be applied in the annual report. Application of IAS 34 is not mandatory.
Retail debt[9] listed on main market	✓	Requirements around related parties in the IMR do not apply. Delayed until 2015 for debt securities admitted to the official list before 1 January 2005.
Retail debt listed on Professional Securities Market (PSM)[10]	✗	
Wholesale[11] debt listed on main market	Exempt per DTR 4.4.2	
Wholesale debt listed on PSM	✗	
Listed convertible securities	Exempt per DTR 4.4.5	
Listed depositary receipts	Exempt per DTR 4.4.7	

9 Debt with a denomination per unit of less than €50,000 (or an equivalent amount)

10 The PSM is a non-regulated market for listed debt of any denomination. It is Listed for the purpose of the Listing Rules

11 Debt with a denomination per unit of at least €50,000 (or an equivalent amount)

3. The survey's objectives and basis

The main objectives of this survey were to consider how practices in half-yearly financial reporting have developed under the DTR and in particular:

- what information companies provide in their half-yearly financial reports;
- how companies are complying with the minimum content requirements of the DTR;
- how promptly companies are reporting;
- how companies are meeting the requirements of IAS 34 'Interim Financial Reporting'; and
- how companies meet new requirements such as the disclosures of IFRS 3(2008) on acquisitions included in IAS 34, if this was applicable to them.

The survey was conducted by obtaining the half-yearly financial reports, published in 2010, of 130 fully listed companies.

The sample comprised 30 investment trusts (companies classified by the London Stock Exchange as being in the industries of equity or non-equity investment instruments) and 100 other companies, split equally across the top 350 companies by market capitalisation at 31 October 2010, those in the smallest 350 by market capitalisation and those that fell between those categories (the 'middle' group).

The sample is, as far as possible, consistent with that used in the recent Deloitte surveys of year end reporting, 'Drowning by Numbers' and 'Swimming in Words'. As a result of delistings and movements between the market capitalisation strata over the recent months, the sample could not be identical. Nine replacement companies were selected at random from the relevant populations.

The comparatives for 2009 were then reworked to use the same companies in both years in that category.

As in those recent surveys, information for investment trusts is presented separately due to those companies' specialised nature and the particular needs of their investors.

The sample is, as far as possible, consistent with that used in the recent Deloitte surveys of year end reporting, 'Drowning by Numbers' and 'Swimming in Words'.

4. Survey results – The mechanics of reporting*

- 86% of companies correctly disseminated their half-yearly financial report in unedited full text.
- All companies reported within the two month deadline set by the DTR.
- The number of companies engaging their auditors to perform a formal review of the half-yearly financial report increased by 1% over the last year to 67%.
- Over the last five years the number of companies who have engaged their auditors to perform a formal review has increased from 50% to 67%.
- The level of disclosure on going concern has improved, with only 5% of companies giving no information on the subject.

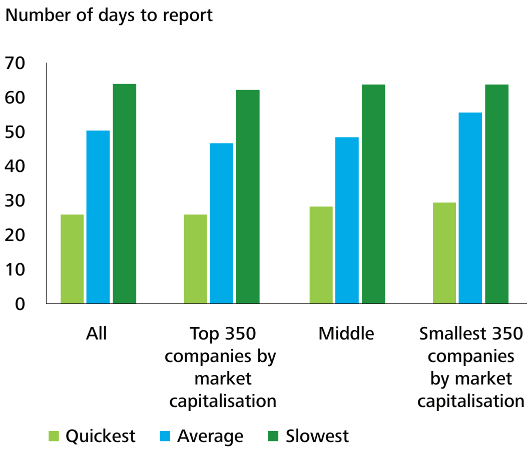
This section analyses the mechanics of reporting, including the dissemination of information, the level of disclosure on going concern and the involvement of the companies' auditors.

Time to report

The average time taken to report remained the same as the prior year at 49 days. In both years, the larger companies published their reports more quickly than the middle and smallest 350 groups. Figure 1 above shows the average time to report and the range by market capitalisation.

For the past two years, all companies surveyed have reported within the two month deadline specified by the DTR.

Figure 1. How quickly are half-yearly results announced and what is the range?



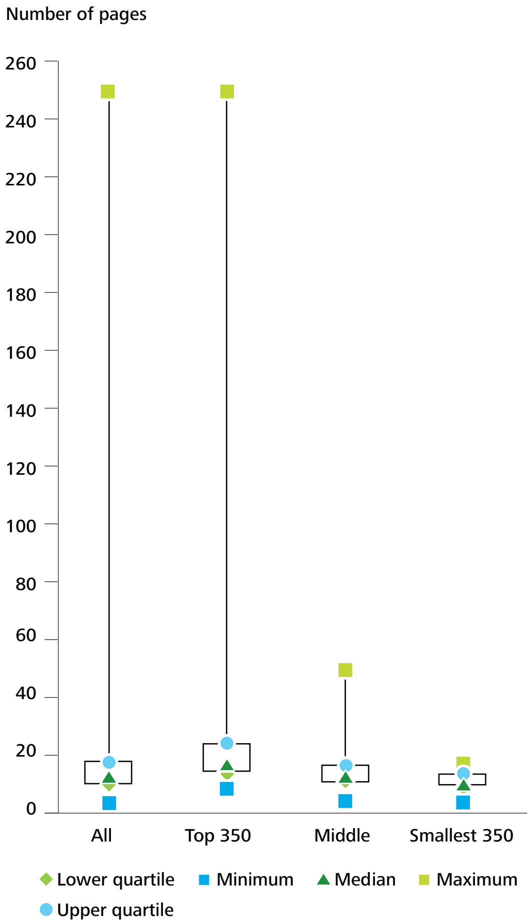
Length of report

The mean average length of the reports in the survey was 18 pages, compared to 19 pages for the same companies' reports in 2009.

When considering the length of the annual reports, median averages have also been considered, along with arithmetic means. The reason for this is that the arithmetic mean could be considered misleading: the range of half-yearly report lengths is not normally distributed, with a small number of lengthy outliers skewing the arithmetic mean upwards. The white boxes in figure 2 indicate where the middle 50% of the sample are distributed, while the two 'whiskers', or tails, show the range of the upper quartile (longest 25% of reports) and the lower quartile (shortest 25% of reports). As shown in the box plots overleaf, the majority (75%) of reports are in the range of 4 – 17 pages, but the upper quartile (the upper 25% of the sample) are significantly longer, ranging from 17 pages to 253 pages. It is these lengthy reports which skew the arithmetic mean upwards. The median length of the reports, as shown by figure 2, was 13 pages.

* This section analyses the findings for all companies other than investment trusts

Figure 2. What is the overall report length?



Once again, the longest reports were produced by the banking and insurance companies. Three of these companies were included in the top 350 group and one was in the middle group. They produced half-yearly financial reports ranging from 51 to 253 pages in length. Excluding these companies, the longest report totalled 33 pages, which was a slight increase on the prior year figure of 32 pages.

On average, the 18 pages of a half-yearly financial report consisted of eight pages of narrative information (2009 – nine pages), nine pages of financial information (2009 – nine pages) and one page of other information, such as corporate details or a glossary of terms (2009 – one page). The reduction in mean average length of report noted in the survey is a result of slimmed down narrative disclosures whilst the amount of financial information remains similar.

Dissemination of the half-yearly financial report

86% of companies complied with the DTR requirement to disseminate the half-yearly financial report in unedited full text as the Regulated Information Service (RIS) announcement included all the content of the report made available on the company's website.

Sometimes the 'glossy' version of the half-yearly report posted on a company's website included a small amount of insignificant additional narrative information about the company or graphical representations of its results. Where this was the case, the company was judged to have met the requirements by including the vast majority of text in unedited form in the RIS announcement.

Regarding the other 14 companies:

- eight companies issued an abridged version of the half-yearly financial report in their RIS announcement, giving significant additional information in the pdf on their websites that ought to have been included in the RIS announcement for the information to be judged to have been disseminated in unedited full text;
- three companies had made a RIS announcement but had not, at the time of writing, made their half-yearly financial report available on their websites;
- at the time of writing, two companies had simply provided a link on their website to the RIS announcement on a website providing Regulatory News Service information; and
- one company included some significant information in their RIS announcement that was omitted from the pdf on their website.

The FSA made clear in its UKLA Publications Update in March 2009 that a RIS announcement just giving a link to a pdf is not seen as an acceptable means of disseminating regulated information. No-one did this in the current year survey.

One company in the top 350 group included a compliant responsibility statement in the pdf version of the half-yearly report on its website but omitted it from the RIS announcement.

In a similar way, two companies from the middle group each included a compliant responsibility statement and an unmodified review report from their auditors in the pdf version on their website but omitted both from their RIS announcements.

Responsibility statement

87% of companies (2009 – 86%) fully complied with the DTR requirement to include a responsibility statement and to identify the person or persons making the statement.

An example of a responsibility statement that meets the requirements of the DTR follows.

Responsibility statement

We confirm that to the best of our knowledge

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R:

(i) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and

(ii) a description of the principal risks and uncertainties for the remaining six months of the year.

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R:

(i) related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group in that period, and

(ii) any changes in the related parties transactions described in the Annual Report 2009 that could have a material effect on the financial position or performance of the Group in the current period.

On behalf of the Board

Geraint Anderson	**Shatish D Dasani**
Group Chief Executive	Group Finance Director
19 August 2010	19 August 2010

TT Electronics PLC Half Year Report for the six months ended 30 June 2010

Of the remaining 13 companies who did not comply with the requirements regarding responsibility statements:

- five companies failed to identify the person or persons making the statement;
- seven companies did not include a responsibility statement in the RIS announcement, but as noted above, three of these included it in the website pdf version of their half-yearly financial report; and
- one company did not use the full wording required by DTR 4.2.4R.

References to statutory financial information

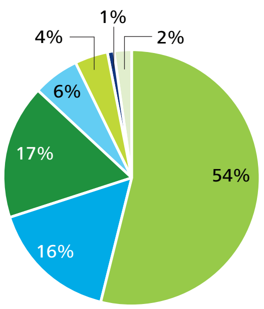
Section 435 of the Companies Act 2006 requires that where extracts from statutory financial statements are included in non-statutory reports (for example, the full year comparatives included in a half-yearly financial report) a statement must be made indicating:

- that they are not the company's statutory accounts;
- whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the registrar; and
- whether an auditor's report has been made on the company's statutory accounts for any such financial year, and if so whether the report was qualified or unqualified, whether it included any emphasis of matter and whether it contained a statement under section 498(2) or (3) of Companies Act 2006.

As shown in figure 3 below, one UK company from the middle group and one from the bottom group failed to include any attempt at a s435 statement in their RIS announcement, compared to all of the UK companies surveyed attempting to do so in the prior year. 54% of companies surveyed included all of the required information. Most commonly omitted was a reference to the full year information being non-statutory (rather than the half-yearly information).

All companies surveyed correctly referred to the 2006 Companies Act as opposed to the 1985 Act.

Figure 3. Are the required references to statutory information given?



- Yes
- No reference to whether any emphasis of matter
- No reference to full year information
- No reference to whether any emphasis of matter or full year information
- Other omissions
- Not under UK company law
- No statement

An example of a statement that meets the requirements of Company Law follows.

> The comparative figures for the financial year ended 31 March 2010 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Group's statutory accounts for the year ended 31 March 2010 are available from the Company's registered office, at Sapphire House, Crown Way, Rushden, Northants NN10 6FB or from the Group's website, at www.rpc-group.com.

RPC Group PLC Half-Yearly results for the six months ended 30 September 2010

Going concern

In this survey, no companies received review reports from their auditors which included an emphasis of matter paragraph drawing attention to uncertainty around the company's ability to continue as a going concern. This is compared with six companies who had an emphasis of matter paragraph on going concern in last year's survey.

Figure 4 below shows the information given on going concern. There has been an improvement in going concern disclosure in half-yearly financial reports over the past 12 months. 43% of companies provided a statement on going concern and an informative discussion on financial resources (2009 – 28%). 18% gave a statement on going concern, compared with a prior year figure of 23%.

34% included some discussion or data on their financial resources in their narrative, but did not explicitly refer to going concern or provide a statement. Only 5% of companies included no explicit mention of going concern or financial resources (2009 – 6%).

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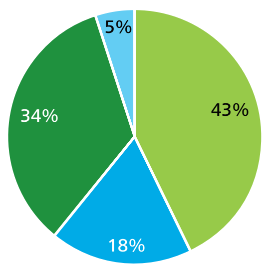
Figure 4. What discussion is included on going concern?



- Informative discussion on going concern and financial resources
- Statement on going concern only
- Comment on financial resources – no specific discussion on going concern
- None

Two companies had an emphasis of matter in relation to going concern in the auditors' report on their most recent annual report. One of these companies met the Companies Act requirement to make readers aware of this by referring to it in the s435 statement and including an update explaining new financing arrangements. The other company did not include a s435 statement in their half-yearly report.

Of the two companies which received an emphasis of matter paragraph relating to going concern in their audit report in the last annual financial statements, one company stated that the subsequent half-yearly report was unaudited and unreviewed and the other company made no mention of an audit or a review. The level of disclosure on going concern provided by these two companies varied:

- one company commented on the funding available, including agreement of revised bank facilities and covenants; and

- the other company provided no comment on funding, financial resources available or going concern.

As discussed in Section 2 of this publication, the FRC guidance on going concern issued in October 2009 recommends disclosure of the following:

- an explanation of any new events and circumstances arising subsequent to approval of the previous annual report;

- where no new issues have arisen, a short statement confirming the use of the going concern basis; and

- where the review period in respect of going concern has been limited to a period less than 12 months from the date of approval of the half-yearly financial statements, that fact and the directors' justification for this.

An example of a basic statement on the continued use of the going concern basis follows.

The half-yearly reports of 27 companies suggested that going concern had been considered for at least 12 months from the date of approval. This is an improvement on the 23 companies noted in the previous survey.

It appears from these results, that application of the FRC's guidance has led to additional disclosures on going concern in many half-yearly financial reports in 2010 compared with the 2009 survey results.

In December 2010, the Accounting Standards Board (ASB) produced a study into financial capital management disclosures. The study looked at how well a sample of companies were deemed to have complied with Companies Act and IAS 1 disclosure requirements in their business reviews and elsewhere in the financial statements.

The study found that whilst some companies were considered to have given useful and informative disclosures, many were assessed as having provided minimal or boilerplate information. The study suggests that this is an area of interest for investors and other stakeholders, particularly in the current economic conditions, and as such the ASB intends to continue to monitor the quality of capital disclosures in companies' financial statements.

Auditor involvement

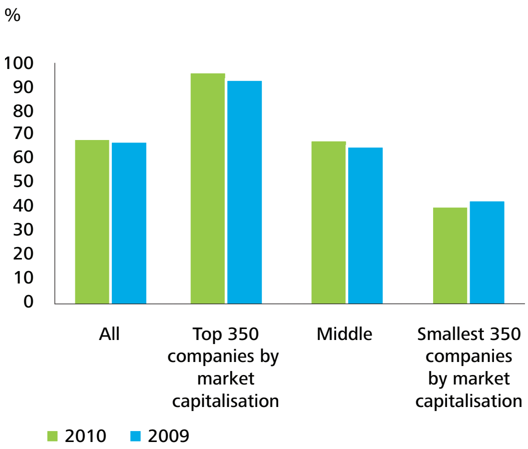
Slightly up on the prior year survey results of 66%, 67% of companies chose to have a formal review of the half-yearly financial information performed by their auditors. Two companies had a review for the first time in 2010, whilst one company in the smallest 350 group had a review in 2009 but not in 2010.

Going concern
After making due enquiries, and in accordance with the FRC's "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

Persimmon PLC – Half-year results for the six months ended 30 June 2010

As shown by figure 5 below, the level of auditor involvement continued to be highest amongst the top 350 companies.

Figure 5. What percentage of companies received an auditor's review report?



The DTR require that where a half-yearly financial report has not been audited or reviewed by the company's auditors, a statement must be made to that effect.

22 of the 33 companies, which did not include a review report in either their RIS announcement or on the company's website, complied with this requirement. Only two of the remaining 11 companies made it clear that the interim results were unaudited, although still made no reference to whether or not a review had been performed. Ten companies made no reference whatsoever to auditor involvement in their RIS announcement, of which eight were in the smallest 350 group. One of these ten companies from the middle group did however include a review report in the pdf on their website.

The number of companies engaging their auditors to perform a formal review of the half-yearly information has risen over the past five years from a figure of 50% noted in our 2006 survey.

22 of the 33 companies, which did not include a review report in either their RIS announcement or on the company's website, complied with this requirement.

5. Survey results – The interim management report*

- 90% of companies discussed important events in the period and their impact on the condensed financial statements.
- 48% of companies gave at least the minimum required information on principal risks and uncertainties.
- Only 13% (2009: 21%) clearly provided all the information required in the IMR.
- The majority of companies chose to give some information on key performance indicators.

This section looks at how companies sought to comply with the DTR's requirements for the narrative content of the half-yearly financial report.

Content of the IMR

DTR 4.2 requires an IMR to include the following:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- details of any related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the company during that period, along with any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the company in the first six months of the current financial year.

The level of compliance with these requirements is discussed below.

Important events and their impact

90% of companies discussed important events and trends and their impact on the condensed financial statements, thus complying with this requirement of the DTR. The remaining 10% provided some commentary but did not clearly indicate the financial effects or impact of the events in the six month period.

Principal risks and uncertainties

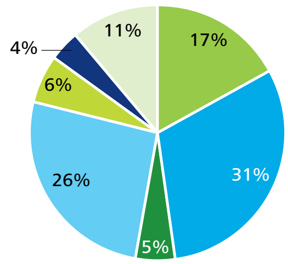
89 of the 100 companies surveyed gave some information on their assessment of the principal risks and uncertainties facing the business. Eight of the 11 companies giving no information in this area were in the smallest 350 category and three were from the middle category.

As discussed in Section 2 of this publication, FSA guidance indicates that as a minimum a half-yearly financial report should include a statement that principal risks and uncertainties have not changed since the last annual report (any new risks should be disclosed in full), a summary of those principal risks and uncertainties and a cross-reference to where a detailed explanation can be found in the annual report.

Figure 6 overleaf shows that 31 companies gave a summary of risks, cross referred to where in the annual report a detailed explanation could be found and made a statement about changes in the risks. Another five companies met two out of the three rules. Four of them did not give a detailed cross reference to the page number or section of the annual report where the detailed discussion of risks could be found and one stated that risks had changed but failed to provide the detail of the new risks. This year, 17% included a detailed discussion of principal risks and uncertainties. Thus, a total of 48% of companies complied fully with this DTR requirement and UKLA Technical Note Guidance.

* This section analyses the findings for all companies other than investment trusts

Figure 6. What information is given on principal risks and uncertainties?



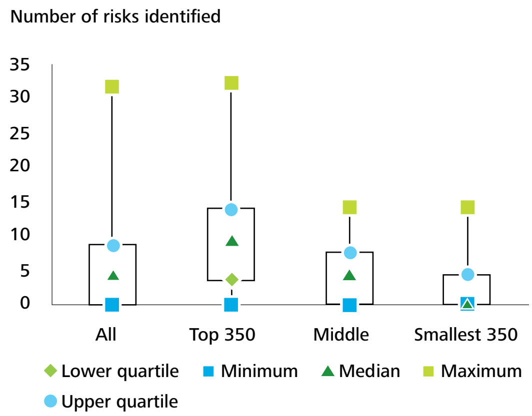
- Detailed description
- Summary, detailed cross-reference to annual report and statement about changes in risks
- Met two out of three requirements
- Cross-reference to annual report only
- Summary only with no cross-reference to annual report
- Summary and cross-reference to annual report
- None

Detailed disclosure was judged to be when companies had listed their principal risks and uncertainties and explained each one.

The level of compliance in this area was higher for the larger companies in the sample, with 62% of those in the top 350 companies complying compared to 55% of companies in the middle group and 27% of those in the smallest 350 companies.

The number of risks named in the IMR ranged from none to 32, with the median of all companies being four. Compliance was highest amongst the top 350 group where most companies complied with the spirit of disclosing principal risks and uncertainties by identifying between three and 13 risks. Figure 7 gives more detail on the number of risks disclosed across the population of the survey.

Figure 7. How many risks are disclosed?



The level of detail included in the summaries of principal risks and uncertainties varied, with many companies opting simply to list the risks and uncertainties as illustrated below.

11 Principal risks and uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance over the second half of the financial year and could cause actual results to differ materially from expected and historical results. The Group has in place processes for identifying, evaluating and managing key risks. These risks, together with a description of the approach to mitigating them, are set out in the 2010 Annual Report on pages 40 and 41 which is available on the Group's website at www.halma.com.

The principal risks and uncertainties relate to:

- Operational risk
- Organic growth, supplier risk and competition
- Research and Development
- Intangible resources
- Laws and regulations
- Information Technology/Business Interruption
- Acquisitions
- Financial irregularities and increasing span of control
- Treasury and cash risks
- Current economic conditions
- Pension deficit.

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the 2010 Annual Report.

Halma PLC – Half-Year report for the 26 weeks to 2 October 2010

Some companies gave more detailed disclosures, giving a clear indication of the nature of each principal risk and uncertainty, as illustrated below.

Principal risks and uncertainties

Key risks are reviewed by the executive committee and the Board of Ladbrokes plc on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain unchanged from those detailed on pages 30 and 31 of the Group's Annual Report and Accounts 2009 and are as follows:

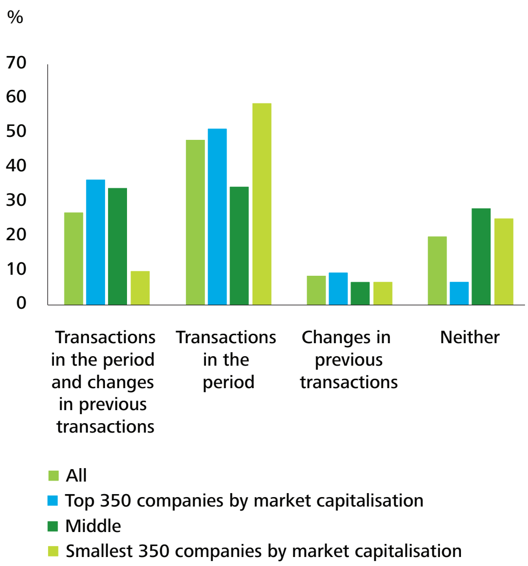
Marketplace	
General economic trends	Reduction of customers' disposable income in key markets
Consumer trends	Changing consumer trends and opportunities for betting and gaming
Market share	Competition from existing competitors or new entrants
Industry consolidation	Changes in market configuration impacting competitive advantage
Sector	
Taxes, laws, regulations and licensing	Changes to regulatory, legislative and fiscal regimes for betting and gaming in key markets could have an adverse effect on the Group's results and additional costs might be incurred in order to comply with any new laws or regulations
Increased cost of product	Increased cost of content e.g. in relation to the financing of the UK horseracing industry
Operational and bookmaking	
Bookmaking	Significant losses from individual events or betting outcomes
Revenue fluctuations	Revenue and operating results may vary significantly from period to period
Brand value	Failure to maintain brand value and reputational risk
International expansion	Market entry into new geographic regions
Key locations	External event, e.g. security, safety or health issue, causes destruction, loss of access or closure of key buildings or major staff absence, particularly at head office
Business resourcing and recruitment/retention of talent	Inability to recruit and retain qualified employees for the success of the business
Money laundering and fraud	Failure to detect money laundering and fraudulent activities
Key sporting events	Cancellation of major sports events
Technology & Communications	
Technology changes	Failure to keep pace with technological changes to meet customer demands or regulation
Technology failure	Failure of technology and advanced information systems, e.g. through human error, unauthorised access, viruses or sabotage
Data disclosure	Disclosure of customer data, e.g. through deliberate human action, human error, IT failure, unauthorised access, viruses, sabotage, disasters
Supply chain	Failure of third parties to comply with contractual obligations, particularly the delivery of sophisticated transactional processing and gaming machine systems
Financial	
Financing	Availability of debt financing and costs of borrowing
Interest rates	The cost of interest rate increases
Cost base	High fixed cost base as a proportion of total costs limits flexibility to respond to lower turnover
Pension fund	Costs increase to fund any shortfall
Hotel liabilities	Contingent liabilities in connection with hotel leases relating to the former hotels division
Tax	The cost of increases in taxation and levies

Ladbrokes PLC – Results for the Half Year Ended 30 June 2010

Related party transactions

As shown in figure 8 below, the majority of companies gave some information on related party transactions. Only 27% clearly complied with the DTR requirement to disclose both material related party transactions in the period and changes in the related party transactions described in the last annual report which had a material effect.

Figure 8. What information is disclosed on related party transactions?



Companies found different ways to illustrate compliance with each of these requirements. Of the 74 companies giving information on related party transactions in the period:

- 39 companies included a related parties note in the condensed financial statements; and
- 35 companies clearly stated in the IMR that there had been no such transactions.

In respect of changes to related party transactions reported in the last annual report:

- 12 companies included full year comparatives in a related parties note within the condensed financial statements; and
- 21 companies clearly stated that there had been no such changes.

An example of a clear statement that there were no related party transactions in the period, or changes to previously reported transactions is included below.

There have been no material changes to, or material transactions with, related parties as described in note 24 of the Annual Report and Financial Statements for the year ended 31 December 2009.

Premier Oil plc 2010 Half-Yearly results for the six months to 30 June 2010

Companies found different ways to illustrate compliance with each of these requirements.

An example of a company complying by detailing current period related party transactions and a clear statement that there had been no changes to previously reported transactions is below.

14. Related party transactions

There have been no changes to the related party arrangements or transactions as reported in the statutory Annual Financial Report for the year ended 31 December 2009. Note 4a) of the Annual Financial Report includes details of the management fees payable. Management fees of £0.8 m payable in accordance with the Joint Management Agreement described in the Annual Financial Report were paid to Nexus PHP Management Limited (six months to 30 June 2009: £0.8 m and 12 months to 31 December 2009: £1.4 m) and to J O Hambro Capital Management Limited £0.7 m (six months to 30 June 2009: £0.7 m and 12 months to 31 December 2009: £1.0 m).

The GP surgery acquired at Lanark was purchased for a consideration of £3.4 m from Alba Investment Properties Limited ("Alba"). Christopher Mills who is a principal of J O Hambro Capital Management Limited is a related party to Alba through investment in that company by North Atlantic Value Smaller Companies Investment Trust plc of which Mr Mills is Chief Executive and Joint Investment Manager and a substantial shareholder of the Joint Investment Manager. In assessing the value of the property the Group used independent valuers and neither J O Hambro Capital Management Limited (the Joint Manager) nor Mr James Hambro, Director, took any part in the acquisition process.

Primary Health Properties PLC Half-Year report for the period ending 30 June 2010

Overall compliance with DTR requirements

Only 13 of the companies surveyed clearly provided all the information required in the IMR (2009 – 21%). A further 23 companies included all required information other than on changes in previously reported related party transactions. For these companies, it was unclear whether there were no such changes (and, hence, no requirement for disclosure) or whether this requirement had been overlooked.

The remaining 64 companies did not give information sufficient to comply with the requirements of the DTR. In the majority of cases this was due to inadequate disclosure of principal risks and uncertainties.

Compliance amongst companies in the top 350 category was the same as the middle group, with six companies in each of these categories clearly giving all required information, and only one company in the smallest 350 group complying.

Additional information

Many companies gave additional information not required by the DTR, for example on key performance indicators (KPIs) or forward-looking statements.

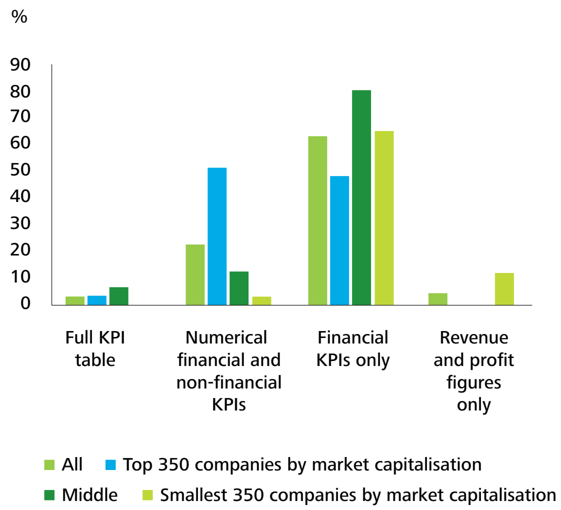
Key performance indicators

Although the Companies Act 2006 requires annual reports to include information on KPIs, the DTR have no such requirement for half-yearly financial reports. As shown in figure 9, most companies chose to include some information on KPIs. Usually these measures were included in the narrative, with only three companies giving a full table of their KPIs (deemed to be a separate table or section in the report that was clearly labelled KPIs) for the period.

Not all companies referred to the information as KPIs, however the nature of the information provided was judged to be the main measures of the companies' performance.

Eight companies gave no KPI information (seven in the bottom 350 category and one in the middle category), three companies in the smallest 350 category gave no numerical information other than revenue and profit figures in the IMR, and all other companies provided some numerical information on other financial or non-financial KPIs.

Figure 9. What information is given on KPIs?



Forward-looking statements

All of the companies surveyed included some forward-looking information within their report, often as an 'outlook' section in the IMR. 50 companies also included a disclaimer highlighting the inherent uncertainty in any forward-looking statement.

An example of forward-looking information and a related disclaimer is included below.

Current trading and outlook

We have had a good start to the second half. We expect the trading conditions ahead to become more challenging as consumers' disposable incomes come under pressure from increased VAT rates and the impact of public spending cuts. In addition, we are facing increased commodity prices and significantly tougher comparatives in the second half. As a result we remain cautious about the outlook for the remainder of this year and next.

Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Marks & Spencer's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward-looking statements are subject to various risks and uncertainties, including failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity market.

Marks and Spencer Group plc – Half-Year results 2010/11

6. Survey results – The condensed financial statements*

- The majority of companies continue to use the familiar terms 'balance sheet' and 'cash flow statement' in labelling their financial statements.
- 39% of companies using IFRS 8 clearly included all required segmental information in their half-yearly financial report.

This section reviews how companies are meeting the IFRS requirements as they apply to half-yearly financial reports, both in terms of the disclosure requirements of IAS 34 and any new accounting policies which have been applied in the period.

Presentation of financial statements

IAS 1 (revised) made several changes to the presentation of primary statements for annual periods beginning on or after 1 January 2009:

- companies now have the option of continuing to present a separate income statement and statement of comprehensive income (SOCI) (similar to a Statement of Recognised Income and Expense under 'old' IAS 1) or to combine these into a single SOCI;
- the Statement of Changes in Equity (SOCIE) is now presented as a primary statement; and
- it is suggested (but not required) that the balance sheet and cash flow statement be renamed as the Statement of Financial Position and Statement of Cash Flows respectively.

IAS 34 was amended to require these changes to be reflected in a company's half-yearly financial report.

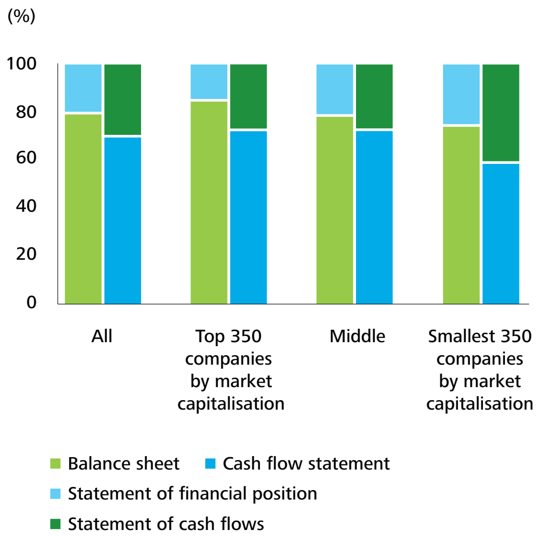
Of the companies surveyed:

- 81 presented a separate income statement and SOCI;
- 11 presented a single SOCI including items of OCI; and
- one, whilst clearly having items of OCI, incorrectly presented only an income statement with the items of OCI included in the SOCIE.

The remaining seven companies presented only an income statement. One of these made clear that there were no items of OCI, whilst for the other six companies there were no items of OCI apparent from the SOCIE.

Figure 10 below indicates that most companies (79%) have continued to retain the term 'balance sheet' and 67% continued to retain the term 'cash flow statement' despite the adoption of new terminology in IAS 1. Notably, more companies have updated the name of the cash flow statement than that of the balance sheet. Appetite for a change in terminology was lowest amongst the top 350 companies.

Figure 10. What's in a name?



Non controlling interests

Following the revisions to IAS 27 in January 2008, the term 'minority interest' was replaced with 'non controlling interest' for accounting periods beginning on or after 1 July 2009. Of the 38 companies that appeared to have a non controlling interest, 15 still used the term 'minority interest'.

* This section analyses the findings for all companies other than investment trusts

Accounting policies and changes to IFRSs

The companies surveyed all reported under IFRSs and were all within the scope of IAS 34. 93 of the 100 companies stated compliance with this standard in the condensed financial statements section of the report. Four of the remaining seven companies stated compliance with IAS 34 in the responsibility statement whilst the other three (two in the bottom 350 group and one in the middle group) did not refer to IAS 34 in the notes to the condensed financial statements or the responsibility statement. One of the companies in the smallest group referred to full IFRSs.

Of the 98 companies which commented on their accounting policies:

- 77 companies stated that their accounting policies were consistent with the previous annual report. They noted changes to accounting polices due to the introduction of new standards;
- 67 of the 77 above stated that there was no significant or material impact on the financial statements from the introduction of these new standards;
- ten of the 77 above explained changes from their previous policies due to the introduction of new standards and gave the financial impact of new accounting standards;
- 19 companies stated that their accounting policies were consistent with the previous annual report, and gave no indication of changes to accounting polices due to the introduction of new standards; and
- two companies detailed some or all of their accounting policies.

Segmental reporting

IFRS 8 is mandatory for companies with accounting periods beginning on or after 1 January 2009. The disclosures for IFRS 8 reporters required by IAS 34.16A(g) are more extensive than those required previously for IAS 14 reporters. All of the companies in the current year survey were required to comply with IFRS 8. Two companies in the smallest 350 group and one company in the middle group gave no segmental analysis and no indication that they considered that the company only had one segment.

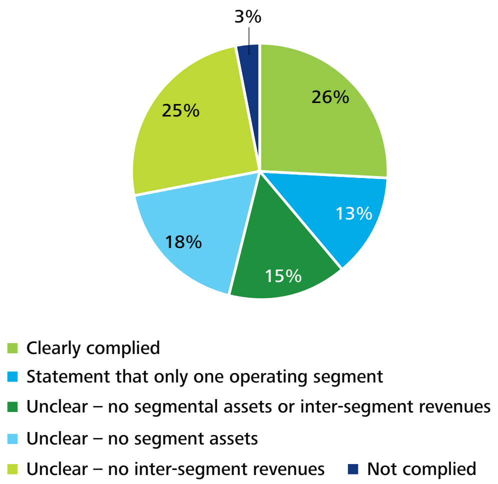
Of the companies surveyed:

- 26 clearly complied with all of the disclosure requirements of IAS 34 regarding segment information; and
- 13 companies included a clear statement that they had only one operating segment and accordingly included no further analysis.

The question of companies stating that they had only one operating segment was raised in the Financial Reporting Review Panel (FRRP)'s January 2010 press release[12] on early observations of IFRS 8 reporting. The FRRP noted that it had asked a number of companies for explanation where they reported only one operating segment but appeared to be engaged in different businesses or to have significant operations in different countries.

As shown in figure 11 below, it was not clear whether 58% of the companies reporting under IFRS 8 had given all the required information as they did not provide disclosures of either inter-segment revenues or total segment assets and did not explain why this was the case.

Figure 11. Did companies include all required IFRS 8 disclosures?



Disclosure of inter-segment revenues is required only where this information is regularly provided to the chief operating decision maker. Total assets are required only where there has been a material change from the amount disclosed in the last annual financial statements. Accordingly, non-disclosure of either of these items may be appropriate depending on the company's circumstances.

12 FRRP highlights the challenge of implementing new segmental reporting requirements. Available at www.frc.org.uk/frrp/press/pub2203.html

The April 2009 improvements to IFRSs clarified IFRS 8 to state that disclosure of total assets per segment is required in annual reports only where these are provided to the chief operating decision maker.

The text in IAS 34 was not amended and a concern was brought to the IFRIC's (International Financial Reporting Interpretation Committee) attention that IAS 34 could be read as currently requiring disclosure of segment assets regardless of whether that amount is regularly provided to the chief operating decision maker.

In March 2010 the IFRIC considered this and disagreed that this is the way in which IAS 34 should be read and decided to propose an amendment to clarify that disclosure of segment assets for a particular segment is required in interim financial reporting only when there has been a material change from the amount disclosed in the last annual financial statements for that segment and when the amounts are regularly provided to the chief operating decision maker.

An example of disclosure which meets the IFRS 8 requirements is shown below.

3. Segment reporting
The Group has three reportable segments; UK and Ireland, Mainland Europe and North America.

UK & Ireland includes all of the UK manufacturing and merchanting activities along with the Irish sales office which distributes predominantly UK manufactured products. It also includes the manufacturing operation in China from which most of the output is exported for sale by the Group in the UK. Mainland Europe comprises the manufacturing and merchanting activities located in Belgium, the Netherlands and France. North America comprises the manufacturing business in Canada with sales throughout North America.

The accounting policies of the reporting segments are the same as those described in Note 1. Inter-segment pricing is determined on an arms length basis.

Segment profit
An analysis of the Group's revenue and results by operating segment for the periods is presented below.

	UK & Ireland (unaudited)		Mainland Europe (unaudited)		North America (unaudited)		Total (unaudited)	
6 months ended 30 June	2010	2009	2010	2009	2010	2009	2010	2009
	£m	£m	£m	£m	£m	£m	£m	£m
Turnover								
Total sales	177.4	160.0	73.4	64.4	11.9	10.0	262.7	234.4
Inter-segment sales	(0.9)	(0.6)	(1.0)	(2.3)	-	(0.1)	(1.9)	(3.0)
External sales	176.5	159.4	72.4	62.1	11.9	9.9	260.8	231.4
Profit from operations before net restructuring	5.7	7.8	6.2	5.6	0.3	0.3	12.2	13.7
Net restructuring	2.8	(1.3)	–	(0.7)	–	–	2.8	(2.0)
Profit from operations	8.5	6.5	6.2	4.9	0.3	0.3	15.0	11.7
Net financing costs							(1.9)	(2.6)
Profit before tax							13.1	9.1
Tax							(2.9)	(3.0)
Profit for the period							10.2	6.1

	UK & Ireland	Mainland Europe	North America	Total
Year ended 31 December	2009	2009	2009	2009
	£m	£m	£m	£m
Turnover				
Total turnover	303.1	103.3	22.6	429.0
Inter-segment sales	(0.9)	(3.2)	(0.2)	(4.3)
External sales	302.2	100.1	22.4	424.7
Profit from operations before restructuring costs	10.2	8.0	0.8	19.0
Restructuring costs	(2.4)	(0.7)	–	(3.1)
Profit from operations	7.8	7.3	0.8	15.9
Net financing costs				(4.1)
Profit before tax				11.8
Tax				(3.7)
Profit for the period				8.1

Segment assets
The Group's assets are analysed by operating segment as follows:

6 months ended 30 June	UK & Ireland (unaudited)		Mainland Europe (unaudited)		North America (unaudited)		Total (unaudited)	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Non-current assets*	65.5	64.4	19.4	22.0	1.8	1.3	86.7	87.7
Inventories and trade and other receivables	105.9	100.6	28.0	23.7	11.8	11.8	145.7	136.1
	171.4	165.0	47.4	45.7	13.6	13.1	232.4	223.8
Elimination of intercompany debtors							(6.8)	(8.5)
Deferred tax assets							18.3	15.2
Current tax assets							0.6	0.7
Cash at bank							0.4	0.5
Total assets							244.9	231.7

Year ended 31 December	UK & Ireland 2009 £m	Mainland Europe 2009 £m	North America 2009 £m	Total 2009 £m
Non-current assets*	66.0	21.9	1.5	89.4
Inventories and trade and other receivables	83.4	27.3	5.8	116.5
	149.4	49.2	7.3	205.9
Elimination of intercompany debtors				(5.8)
Deferred tax assets				16.1
Current tax assets				0.5
Cash at bank				0.5
Total assets				217.2

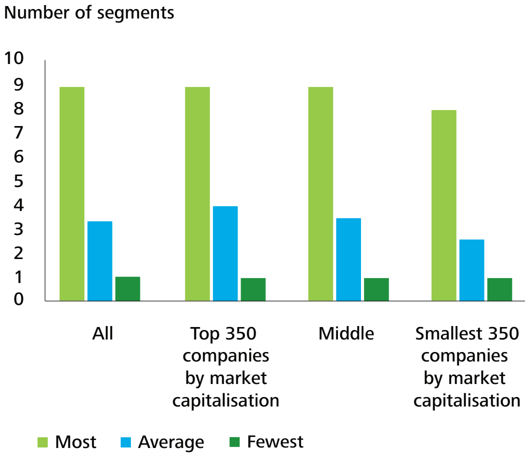
* The measure of non-current asset used for segmental reporting comprises goodwill, other intangible assets, investments and property, plant and equipment. It excludes deferred tax assets.

British Polythene Industries PLC interim results for the six months ended 30 June 2010

As shown in figure 12 below, companies presented an average of three reportable segments (excluding head office segment). As might be expected, the larger companies had a higher number of segments, reflecting the level of complexity of those businesses.

The largest number of segments presented was nine. Ten segments is the number above which IFRS 8 suggests that companies should consider whether a practical limit on the number of reportable segments has been reached.

Figure 12. How many reportable segments on average does a company present and what is the range?



Other changes to IFRSs

Various companies made reference to revisions to accounting policies arising from other changes to IFRSs including:

- three companies stated they had amended their accounting policies due to changes to IFRS 3 and gave the financial impact; and
- one company revised its accounting policies and noted the impact of applying IFRIC 12.

Changes in composition of the group

24 companies indicated that a business combination had occurred during the period. Of these, only four fully complied with the disclosure requirements of IAS 34, with a further ten having only minor narrative disclosure deficiencies. All companies surveyed fell within the effective date of IFRS 3 (2008).

Disclosures for acquisitions which take place in accounting periods beginning on or after 1 July 2009 have to be made in accordance with IFRS 3(2008). IAS 34 requires that where an acquisition has taken place in the interim reporting period or after the end of the interim period but before the financial statements are authorised for issue, the full disclosures of IFRS 3(2008) are presented in the condensed financial statements. Previously, only certain disclosures from IFRS 3(2004) were required in the half-yearly financial report. The disclosure requirements under IFRS 3(2008) are illustrated and detailed in Appendices 1 and 2 respectively of this publication.

In January 2010 the FRC published its findings with regard to the disclosures of mergers and acquisitions[13] and concluded that overall the results were disappointing. It is likely that the FRC will continue to keep a close eye on this area of financial reporting and that related disclosures in half-yearly financial reports may come under scrutiny from the FRRP.

An example of a new style acquisition note is given below.

8. Acquisition

The Group acquired 100% of the share capital of BioSeek, Inc. ("BioSeek") on 18 February 2010. BioSeek is a privately held drug discovery services company that has developed proprietary human primary cell-based, high throughput assay systems (BioMAP®) designed to replicate the intricate cell and pathway interactions present in disease. The system helps to predict clinical activities of a potential drug candidate through comparison of assay results to a proprietary database of data profiles for known compounds. The Board of Asterand believe that Asterand and BioSeek are highly complementary businesses, with BioSeek's assay systems extending the range of human tissue-based products and services currently provided by Asterand.

The initial consideration paid by Asterand was a sum of $1.0 million satisfied by the issue of 2,695,856 New Asterand Shares at $0.37 (22p) per share – calculated based on the per share closing prices of Ordinary Shares on the London Stock Exchange during the thirty (30) consecutive trading day period ended on 17 November 2009, converted into U.S. dollars at the exchange rate for purchasing U.S. dollars with pound sterling as quoted in the Financial Times on such date.

An additional sum of up to $13.0 million is payable subject to BioSeek 2010 Revenues exceeding certain agreed levels ("Contingent Payment"). The Contingent Payment will consist of New Asterand Shares, or a combination of New Asterand Shares and cash, shortly after 31 December 2010, determined as follows:

(a) if the BioSeek 2010 Revenue is less than $4.0 million, the Contingent Payment will be an amount equal to (A) 0.75 multiplied by BioSeek's 2010 Revenue minus (B) $1.0 million, which will be payable only in Ordinary Shares;

(b) if the BioSeek 2010 Revenue is equal to or greater than $4.0 million, the Contingent Payment will be an amount equal to (A) $3.6 million plus (B) the product of 2.5 multiplied by the amount by which the BioSeek 2010 Revenue exceeds $4.0 million minus (C)$1.0 million. The first $3.0 million contingent consideration will be payable in Ordinary Shares. Amounts in excess of this will be payable in Ordinary Shares or a combination of Ordinary Shares and cash at the election of Asterand.

The value of any Ordinary Share issuable in respect of the Contingent Payment will be $0.37 (22p) in respect of the first $3.0 million of Ordinary Shares issued (8,087,568 shares). In respect of each Ordinary Share issued thereafter, the average of the per share closing prices of Ordinary Shares on the London Stock Exchange during the thirty (30) consecutive trading day period ending on 31 December 2010, converted into U.S. dollars at the exchange rate for purchasing U.S. dollars with pound sterling quoted in the Financial Times on such date.

The total purchase consideration is not determinable until after 2010. An estimated total consideration of $8.0 million based on estimated BioSeek 2010 revenue of $6.2 million was used for purposes of the calculations below. Details of the net assets acquired and goodwill are as follows:

	$'000
Initial consideration (1)	722
Contingent consideration (2)	7,267
	7,989
Fair value of assets acquired (see below)	4,263
Goodwill	3,726

(1) Calculated based on 2,695,856 shares, the 18 February 2010 Asterand closing share price of 17p and 18 February 2010 spot rate of 1.57 dollars to the GBP.

(2) Calculated based on an estimated total consideration of $8.0 million including $1 million initial consideration. The first $3.0 million of contingent consideration calculated based on 8,087,568 shares issued multiplied by the 18 February 2010 Asterand closing share price of 17p and 18 February 2010 spot rate of 1.57 dollars to the GBP.

13 FRC Study: Accounting for acquisitions. Available at www.frc.org.uk/press/pub2205.html

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	Carrying value $'000	Fair value $'000
Cash and cash equivalents	1,573	1,573
Property, plant and equipment	3,190	3,190
Customer base	–	400
Developed technology	–	2,850
Trade and other receivables	316	316
Trade and other payables	(1,509)	(1,509)
– Financial liabilities – finance leases	(14)	(14)
Non-current liabilities		
– Finance lease obligations	(15)	(15)
– Deferred rent	(2,528)	(2,528)
Net assets acquired	1,013	4,263
Purchase price		7,314
Excess purchase price (Goodwill)		3,051

The model used to determine the fair values of assets and liabilities arising on the acquisition has not been updated during the six months ended 30 June 2010 but will be updated for the year ending 31 December 2010.

IFRS 3 (revised), 'Business combinations' was applied to the acquisition of BioSeek, Inc. on 18 February 2010. Acquisition costs of $153,000 (year ended 31 December 2009: $809,000) have been recognised in the income statement.

The contingent consideration is classified as a financial liability under IFRS 3 (revised) and has been re-valued at the period end to $6,703,000 based on 8,087,568 shares expected to be issued multiplied by the 30 June 2010 Asterand closing share price of 13.25p and 30 June 2010 spot rate of $1.4961 to the pound sterling. This has resulted in a credit of $564,000 being recorded as an exceptional gain within operating expenses in the income statement.

The goodwill is attributable to the expected synergies from combining the business operations. No goodwill is expected to be deductible for tax purposes.

The acquired BioSeek business contributed revenues of $2,326,000 and net profit of $481,000 to the Group for the period from 18 February 2010 to 30 June 2010. If the acquisition had occurred on 1 January 2010, consolidated revenue and consolidated loss for the six months ended 30 June 2010 would have been $8,768,000 and $(2,246,000),respectively.

The fair value of trade and other receivables is $316,000 and includes trade receivables with a fair value of $204,000. The gross contractual amount for trade receivables due is $204,000; all of which is expected to be collectible.

The potential post balance sheet impact of shares issued if the $8.0 million total consideration is achieved is as follows:

	Shares outstanding	H1 2010 loss per share
Total shares outstanding at 30 June 2010	116,291,076	(1.3)c
Impact on basic loss per share of 8.1 million shares issued for first $3 million of contingent consideration	124,378,644	(1.2)c
Potential impact on basic loss per share if the $8.0 million total consideration is achieved – assuming that 100% of the contingent payment is made in shares and based on 30 June 2010 share price and exchange rates	150,105,912	(1.0)c

Asterand plc interim results for the period ended 30 June 2010

Changes in debt and equity

IAS 34 requires that issuances, purchases, and repayments of debt and equity securities be disclosed in the condensed financial statements. As shown in figure 13 opposite, 68% of companies included information on movements in equity or debt in the notes to the financial statements.

Dividends

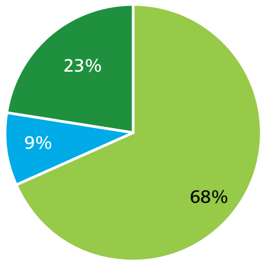
70% of companies provided the required dividend disclosures (either in aggregate or per share) or stated clearly that there was no dividend. The SOCIE of 10% of companies indicated that no dividend was paid during the period, but no further disclosures were made. Four companies' SOCIEs indicated that a dividend was paid, but no further information was included. Information on dividends was not clear in the financial statements of the remaining 16 companies.

Comparative information

All companies provided the full prior year balance sheet comparatives as required by IAS 34. 75% of companies provided the full prior year comparatives for all primary statements presented.

The requirement in IAS 1 (revised) to present a balance sheet as at the beginning of the earliest comparative period where an accounting policy is applied retrospectively or where items are restated or reclassified does not extend to half-yearly financial reports and none of the companies surveyed appeared to have applied such a treatment voluntarily.

Figure 13. What information is given on changes in debt and equity?



- Information on equity or debt movements included in notes
- Change apparent from primary statements but no other information
- No material change apparent from primary statements and no other information

Other IAS 34 disclosures

- All companies provided the required basic and diluted earnings per share information on the face of the income statement.
- 26% of companies disclosed the financial impact of restructuring or reorganisation costs in the period.
- 18% of companies provided details of changes in estimates since the prior year end. These primarily related to changes in pension scheme assumptions and provisions.
- 60% of companies provided details of significant or unusual items which had occurred in the period. This information mainly related to impairments, restructuring, acquisitions, disposals or discontinued operations.
- 25% of companies provided details of events after the balance sheet date with a further 4% stating that there were no such events.
- 18% of companies provided information on changes in contingent assets and liabilities since the prior year end, or a clear statement that there had been no such changes.
- 16% of companies provided information on seasonality or cyclicality of operations in the notes to the condensed financial statements and 2% included such information in the IMR. A further 8% of companies stated that the results were not impacted by seasonality or cyclicality.

An example of disclosure on seasonality by a company follows.

13 Seasonality

The sales and profit for both the Domestic and Industrial Divisions are subject to seasonal fluctuations, with peak demand for Domestic heating products seen in quarter three and peak demand for Industrial supplies seen in quarter two. These peaks coincide with seasonal weather conditions and factory shut down periods. The effect on sales is historically that the six months ended 30 September produces approximately 48% of the annual sales of the Group and marginally less than half of the profit before tax.

BSS Group PLC – Interim results for the six months ended 30 September 2010

7. Survey results – Investment trusts

- 20 of the 30 trusts surveyed did not disseminate their half-yearly financial report in unedited full text.
- 22 trusts compared the movement in the value of their investment portfolio to the movement in a benchmark index.

This section analyses the findings for the 30 investment trusts included in the survey. 18 of the trusts surveyed produced non-consolidated condensed financial statements and continue to report under UK GAAP, the other 12 trusts reporting under IFRSs.

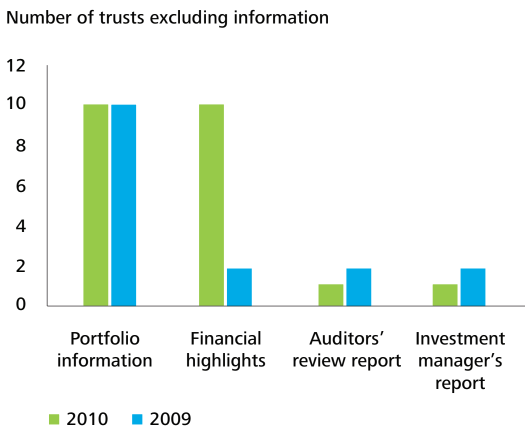
Mechanics of reporting

Dissemination of the half-yearly financial report

Only 10 of the 30 trusts surveyed complied with the DTR requirement to publish the half-yearly financial report in unedited full text. As shown in figure 14 below, the most commonly excluded information was information on the trust's portfolio of investments (typically a full or partial portfolio listing) or financial highlights.

One trust in the smallest 350 group included more information in their RIS announcement than in the pdf on the website.

Figure 14. What information is excluded from the plain text announcement?



Auditor involvement

The majority of trusts did not engage their auditors to report on the half-yearly financial report. Seven trusts obtained a review report (although, as noted in figure 14 above, one of those incorrectly omitted the report from the plain text announcement).

This level of engagement of auditors was slightly up from the previous year figure of six, although in 2009 two trusts omitted the report from the RIS announcement.

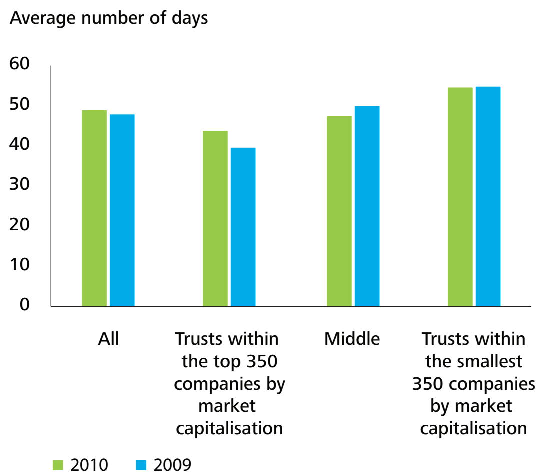
14 of the remaining 23 trusts made a clear statement that the half-yearly financial report had not been audited or reviewed whilst the other nine identified the interim information as being unaudited but did not comment on whether any review had been performed by the trust's auditors.

Time to report

As shown in figure 15 below, the average length of time taken by trusts to issue their half-yearly financial reports has increased slightly to 49 days (2009 – 48 days). Again consistent with the previous year, the largest trusts reported more quickly than the middle group, who in turn reported more quickly than trusts within the smallest 350 companies by market capitalisation.

No trusts reported late in 2010. One trust in the smallest 350 category failed to meet the two month deadline for issuing a half-yearly financial report, reporting one day late in 2009. The reason for the delay in reporting in 2009 was not clear.

Figure 15. How quickly are half-yearly financial reports issued?

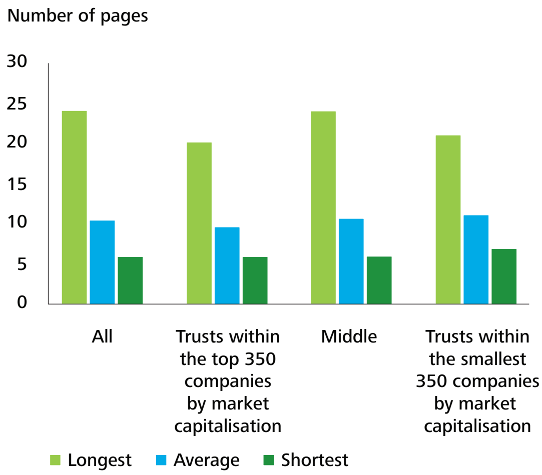


Length of report

As shown in figure 16 below, the length of half-yearly financial reports ranged from six to 24 pages. As might be expected given trusts' similarities regardless of size, little correlation was observed between the size of a trust and the length of half-yearly financial reports.

The mean average length of trusts' half-yearly financial reports was 11 pages, which is consistent with the 2009 average.

Figure 16. How many pages does an average half-yearly financial report contain and what is the range?



Also consistent with the prior year was the make up of the content of the reports. On average, six of the 11 pages consisted of financial information, four pages were narrative and one page was other content (typically a list of advisors, contact information for shareholders or further portfolio data).

Responsibility statement

25 trusts complied with the DTR requirements in respect of responsibility statements in their half-yearly financial report. The other five trusts included a responsibility statement, but failed to include a signature or indication of who signed it.

Of the 18 trusts reporting under UK GAAP, 17 referred to the ASB statement in their responsibility statement. The other trust referred to applicable UK accounting standards.

Of the 12 trusts reporting under IFRSs, 10 trusts referred to IAS 34. The other two trusts referred to the ASB statement although the condensed financial statements were prepared under IAS 34.

An example of a responsibility statement provided by a trust reporting under UK GAAP is shown below.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with the Statement Half-yearly financial reports issued by the UK Accounting Standards Board;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For Edinburgh Dragon Trust plc

Allan McKenzie
Chairman
29 April 2010

Edinburgh Dragon Trust PLC – Half-Yearly Financial Report for the six months ended 28 February 2010

References to statutory financial information

27 of the trusts sampled are incorporated in the UK. All of these trusts attempted to give the statement required by company law in respect of statutory information included in non-statutory accounts, but only two gave all of the disclosure required by section 435 of Companies Act 2006.

- four trusts stated that the prior year's audit report was unqualified, but failed to state whether it included any emphasis of matter;

- 14 trusts failed to state whether there was an emphasis of matter and referred to the interim financial information instead of the full year comparatives;

- six trusts missed out most of the requirements; and

- one trust failed to state whether there was an emphasis of matter or a statement under s498 (2) or (3) of the Act.

The remaining three trusts, did not give a statement under s435 as they were not incorporated under the UK Companies Act.

The interim management report

Discussion on performance

29 trusts gave an explanation of important events and trends affecting the trust during the period, with 20 going on to explain their impact on the trust's results. In addition, 22 trusts showed the movement in a benchmark index during the period to allow comparison with the performance of the trust's investment portfolio.

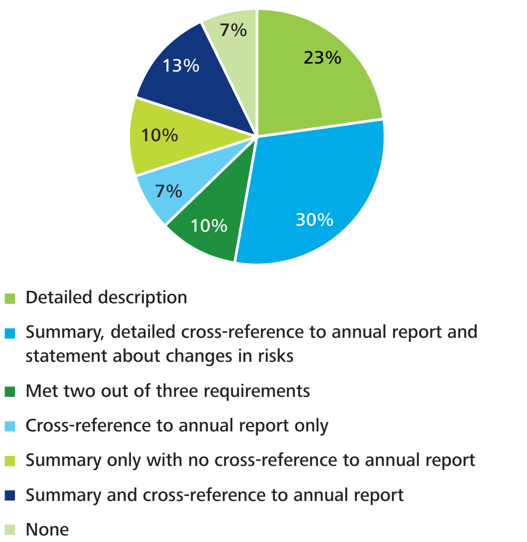
In terms of key performance indicators, 15 trusts gave the basic measures for an investment trust (a combination of net asset value, share price and return per share). 12 trusts gave other financial performance indicators whilst two trusts gave the non-financial measure of the number of investments made. The other trust gave no KPI information.

Principal risks and uncertainties

Figure 17 shows that 30% of trusts gave a summary of risks, a detailed cross reference to the annual report and made a statement about changes in the risks applicable to the company.

Another three companies met two out of the three requirements and did not give a detailed cross reference to the page number or section of the annual report where the detailed discussion of risks could be found. This year, 23% included a detailed discussion of principal risks and uncertainties. Thus, a total of 53% of companies complied fully with this DTR requirement and UKLA Technical Note Guidance.

Figure 17. What information is given on principal risks and uncertainties?



An example of a trust following the guidance in the UKLA Technical Note is shown below.

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities. These risks are market price risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 18 of the Company's Annual Report and Financial Statements for the year to 30 November 2009, which is available on the Company's website: www.independentinvestmenttrust.co.uk. The principal risks and uncertainties have not changed since the publication of the Annual Report. Other risks facing the Company include the following: regulatory risk (that the loss of investment trust status or a breach of applicable legal and regulatory requirements could have adverse financial consequences and cause reputational damage); operational/financial risk (failure of service providers' accounting systems could lead to inaccurate reporting or financial loss); the risk that the discount can widen; and gearing risk (the use of borrowing can magnify the impact of falling markets). The Company's policy is designed to allow the Company an unusually high degree of freedom to exploit the directors' judgement. To the extent that the directors' judgement is flawed, future results could be unusually poor.

The Independent Investment Trust PLC – Half-Yearly financial report for the six months ended 31 May 2010

Going concern

The level of disclosure on going concern in trusts' half-yearly financial reports has improved, with 11 trusts providing a statement that they continued to consider the going concern basis to be appropriate.

Related party transactions

12 of the 30 trusts surveyed gave no information on related party transactions in the period. 11 trusts gave detail on related party transactions (either in the IMR or the notes to the condensed financial statements) and five made a clear statement that there had been no such transactions in the period.

Seven trusts complied with the DTR requirement to disclose changes in related party transactions described in the last annual report that could have a material effect in the first six months of the current period. Six disclosed information on related party transactions and movements since prior periods, whilst one made a clear statement that there had been no such changes.

Overall compliance

Two trusts clearly complied with all of the DTR requirements for the IMR. None of these trusts were in the top 350 companies by market capitalisation, one was in the middle group and one in the smallest 350 companies by market capitalisation. Reasons for non compliance were mainly related to the required disclosures around principal risks and uncertainties, where the trusts had not made a statement about changes in risks, or failed to provide a detailed cross reference to where further information could be found in the annual report.

Appendix 1: Illustrative half-yearly financial report

This illustrative half-yearly financial report for the six months to 30 June 2011 has been developed to provide an example of the typical disclosures which will be required of a UK listed company with subsidiaries and associates reporting in accordance with IAS 34 and the FSA's Disclosure and Transparency Rules. The illustrative half-yearly financial report does not contain a complete set of financial statements and presumes the group has elected to present a condensed set of financial statements, which is the typical UK practice.

The illustrative half-yearly financial report contains an example of an interim management report in compliance with the Disclosure and Transparency Rules. The illustrative interim management report was developed to provide examples of typical disclosures.

The condensed set of financial statements is based on standards in issue as at 31 December 2010 which will be effective for years beginning on or after 1 January 2011, including the minor amendments made to IAS 34 under the Improvements to IFRSs issued in May 2010 and the revised IAS 24 on related party disclosures.

This illustrative half-yearly financial report shows only one possible presentation and does not illustrate notes required only in a full set of financial statements.

There may be changes to standards which become effective in 2011 which differ from those expected at the time of preparation of this illustrative report. In addition, the interpretation of IFRSs will continue to evolve over time.

The wording used in this half-yearly financial report is purely illustrative and, in practice, will need to be modified to reflect the circumstances of a group and its business. Similarly, the structure of the illustrative half-yearly financial report will not necessarily be appropriate for all companies. In places, the illustrative half-yearly financial report provides examples of possible disclosure dealing with various scenarios. It may therefore contain internal inconsistencies.

Group plc
Half-yearly financial report 2011

Contents

Responsibility statement

DTR 4.2.10 (3) + (4)	We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

DTR 4.2.11	By order of the Board[14],	
	[Signature]	[Signature]
DTR 4.2.10(2)	Chief Executive Officer	Chief Financial Officer
DTR 4.2.10(2)	[Name of signatory]	[Name of signatory]
	[Date]	[Date]

14 Based on FSA roundtable discussions, only one person has physically to sign the responsibility statement in accordance with the DTR, on behalf of those responsible, i.e. the Board of Directors. However, it is for each entity to decide who and how many of those responsible should sign the responsibility statement. In the above illustrative responsibility statement, both the signatures of the CEO and the CFO are given

Group plc
Interim management report

To the members of Group plc

Cautionary statement
This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Group plc and its subsidiary undertakings when viewed as a whole.

Operations
Group plc manufactures innovative, high quality products for the [ ], [ ] and [ ] industries. These products are used by our customers in a variety of systems which perform functions such as [ ] and [ ]. Our product portfolio includes lines such as the product [ ] range and the product [ ] range and our key brands include [ ], [ ] and [ ]. We are a global player in our market and we are in the top five players in [no.] of the [no.] industries in which we operate.

Whilst not immune to the challenging economic conditions in evidence across the markets in which we operate, our sales performance has been resilient due to the breadth of our operations and strong end user markets, particularly in our [Segment A] operations.

In [Segment A], the largest part of our business in both revenue and profit terms, trading conditions have begun to improve, with sales increasing by _% in the first six months. Trading in [Segment D] remained difficult, with sales _% below the level achieved in the first six months of 2009.

Sales in [Segment B] (year on year increase of _%) and [Segment C] (year on year decrease of _%) remained relatively stable.

Long-term strategy and business objectives
In our most recent annual report, we reported the Group's objective to grow our market share in the key [ ] and [ ] industries and create real shareholder value, and outlined the key elements to our strategy for achieving our objectives.

In the first six months of the current financial year, we have made significant progress on the three key elements of our strategy. We have gained market share in [no.] of our [no.] markets. We have invested £_million (six months ended 30 June 2010: £_million) in our core products and have launched a number of new products during the period, including product [ ] and product [ ]. Further new products are nearing completion and are due to be launched over the next 12 months. We also acquired [name of company] in China to grow our market strength and have restructured this part of the business following the acquisition to consolidate our positions in this market. As part of this restructuring, we have disposed of [name of company].

Against a backdrop of continuing economic uncertainty, we would consider this to be a creditable performance and would particularly like to thank our employees for their continued hard work and commitment to achieving our objectives.

Key performance indicators

As set out in our most recent annual report, we monitor our performance implementing our strategy with reference to clear targets set for eight key performance indicators (KPIs). These KPIs are applied on a Group wide basis. Performance in the six months ended 30 June 2011 and the targets are set out in the table below, together with the prior year performance data. The source of data and calculation methods used are consistent with those disclosed in the 2010 annual report.

Six months ended 30 June	2011	2010	Target
Financial KPIs			
Return on capital employed	x%	x%	*x%*
Gross margin	x%	x%	*x%*
Percentage of revenue from new products	x%	x%	*x%*
Basic earnings per share	xp	Xp	*xp*
Diluted earnings per share	xp	Xp	*xp*
Non-financial KPIs			
Market share	x%	x%	*x%*
Emissions intensity ratio	x%	x%	*x%*
Lost time injury frequency rate (injuries per 1m hours worked)	x	X	*x*

The results in the table show that we met our targets for three of our eight KPIs. The directors believe that, having achieved a market share of _% in 2011, the Group is still well placed to achieve its medium term target of _% market share by the end of 2012.

Given the challenging economic environment in which the Group is currently operating, the directors consider the performance against revenue, gross margin and unit sales targets to be robust.

Whilst other performance measures may be discussed in this IMR, it is the above eight measures that the directors utilise and apply as the Group's KPIs.

DTR 4.2.7 (1) **Results for the six months ended 30 June 2011**

A summary of the key financial results is set out in the table below.

Key financials	Revenue		Gross margin		Underlying operating profit*	
Six months ended 30 June	2011 £'000	2010 £'000	2011 %	2010 %	2011 £'000	2010 £'000
By business						
[Segment A]						
[Segment B]						
[Segment C]						
[Segment D]						
[Other]						
[Discontinued**]						
Group total						

* Underlying operating profit is profit before interest, tax and impairment of goodwill and is reconciled to the financial information as shown below.

** [Operation W] has been disposed of during the period and has been presented as discontinued operations in the financial information.

Six months ended 30 June	2011 £'000	2010 £'000
Operating profit per financial information		
Goodwill impairment		
Underlying operating profit		

Revenue
Total group revenue was up _% on the six months ended 30 June 2010 at £_million with growth experienced in the [Segment A] (_%) and [Segment B] (_%) businesses partially offset by declines of _% in the [Segment C] business and _% in [Segment D]. Excluding the net impact of foreign currency effects (£+_million), acquisitions (£+_million) and disposals (£-_million), revenue on a like-for-like basis was up by _% at £_million.

Given the current economic conditions, revenue performance was robust. The Group sees market share as a key performance indicator as it allows us to assess how the Group is performing in relation to its competitors. During the current period, we achieved a market share of _% which was up from _% at the previous year end.

During the period, we have launched a number of new products, including product [ ] and product [ ]. These new products contributed revenue of £_million, representing _% during the period.

In our last annual report, we anticipated the replacement of product [ ] with its updated version during the first quarter of the current financial year. However, as reported to you in our Interim Management Statement, published on [date], the replacement of product [ ] globally was delayed when the regulator [ ] imposed further testing requirements on the new version. This impacted our [ ] business with sales of this line down _% from the same period in 2010 to £_million. The launch of the replacement product is now expected to occur in the fourth quarter of the current financial year.

Gross margin and underlying operating profit
The modest sales growth during the six month period was offset by continuing price pressures so that overall, the gross margin declined to _% (2010: _%) with gross profit of £_million.

Group operating profit for the six months ended 30 June 2011 was £_million, _% below the comparative period in the previous financial year (£_million).

Applying a constant currency basis, activity [ ] and activity [ ] experienced decreases in profit of _% and _% respectively.

The decline in activity [ ] was partially offset by the acquisition of [name of company] towards the end of the previous financial year, which had an immediate effect on our market share.

Dividend and dividend policy
In line with the Group's dividend policy, the Board has approved an interim dividend of _pence (2010: _pence) on [date after 30 June 2011], which will be paid on [date] to those shareholders on the register at [date].

Financial position
Net assets increased by _% to £_million (31 December 2010: £_million). The main movements in the balance sheet items were property, plant and equipment (relating mainly to the investment in our manufacturing facilities of £_million), intangible fixed assets (goodwill and new intangible assets totalling £_million arising from the acquisition of [name of company] during the first six months) and the change in net debt.

The Group has net debt of £_million (31 December 2010: £_million). During the half year, additional loans of £_million were drawn down.

The Group continues to have at its disposal sufficient undrawn, committed borrowing facilities at competitive rates for the medium term and therefore still deems this to be an effective means of raising finance. As a result, the acquisition of [name of company] has been partly funded by debt financing.

Cash flow

Net cash inflow from operating activities for the six months ended 30 June 2011 was £_million, £_million below the comparative period in 2010. Lower trading profit for the Group was partially offset by lower cash outflows in support of our ongoing restructuring programme.

Retirement benefits

The retirement benefit liability relating to the Group's UK Pension Scheme at 30 June 2011 was £_million, a decrease of £_million from 31 December 2010. This decrease reflects an increase in the market value of the scheme's assets caused by the general increase in equity prices experienced in the period.

We have undertaken a review of our retirement benefit arrangements and are in discussions with the scheme's trustees to find the most cost efficient means of protecting our employees' accrued and future benefits.

Events after the balance sheet date

On [date] the premises of [name of subsidiary] were seriously damaged by fire. Insurance claims have been made but the cost of refurbishment is currently expected to exceed these by £_million.

DTR 4.2.8 (1a+b)

Related party transactions

Related party transactions are disclosed in note 24 to the condensed set of financial statements.

There have been no material changes in the related party transactions described in the last annual report.

DTR 4.2.7 (2)
UKLA Technical note: DTR

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2010. A detailed explanation of the risks summarised below can be found on pages [ ] to [ ] of the annual report which is available at [website address].

Competitor risk

The Group operates in a highly competitive market with significant product innovations. We are subject to the threat of our competitors launching new products in our markets and to price pressures on existing products.

Commercial relationships

The Group benefits from close commercial relationships with a number of key customers and suppliers. Damage to or loss of any of these relationships could have a direct and detrimental effect on the Group's results.

Manufacturing

The Group's manufacturing facilities could be disrupted for reasons beyond the Group's control such as fire, work force actions or other issues.

Environmental risk

The Group is under regulatory and reputational pressure to cut our contribution to climate change. Any breach of government regulations with regards to CO_2 emissions may incur financial penalties and damage the Group's reputation.

Foreign exchange

The Group has significant operations outside the UK and as such is exposed to movements in exchange rates.

Economy

The current economic environment may lead to a fall in demand for the Group's products and service and an increase in the prices of raw materials used in the manufacturing process.

Liquidity risk

The principal terms of the Group's committed debt facilities and the directors' view on the sufficiency of those facilities are described in note 12 and note 2 respectively to the condensed financial statements.

Interim management report (continued)

2009 FRC guidance para 87

Going concern

As stated in note 2 to the condensed financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Future outlook

While the external commercial environment is expected to remain difficult in the rest of 2011, we have good momentum across [Segment A], [Segment B] and [Segment C] and we believe that we have now taken the necessary actions, and put in place processes, to implement the required restructuring of our activities in [Segment D].

We expect continued price pressure from our competitors in the more developed markets. This will push gross margins downwards, a trend that is likely to continue. We anticipate that, despite our efficient manufacturing process, our margins in [Segment A] in the remaining six months of the financial year will decline. We expect steady sales levels in unit terms for the remainder of the financial year.

[Address of registered office]
By order of the Board,

[Signature][15]	[Signature]
Chief Executive Officer	Chief Financial Officer
[Name of signatory]	[Name of signatory]
[Date [16]]	[Date]

DTR 4.2.2 (2)

15 Physical signature is included as an illustration of the document formally approved by the directors, but is not required to be reproduced in the disseminated text

16 The interim financial report must be made public as soon as possible, but no later than two months after the end of the six-month period

Independent Review Report to Group plc

DTR 4.2.9

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 24. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 (UK and Ireland) and consequently 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

[Signature]
Deloitte LLP
Chartered Accountants and Statutory Auditor
[Date] [City, United Kingdom]

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Group plc

Condensed consolidated income statement

Six months ended 30 June 2011

		Note	Six months ended 30 June		Year ended 31 December
			2011	2010	2010[17]
			£'000	£'000	£'000
IAS 34.8 / IAS 34.10			(Unaudited)	(Unaudited)	(Audited)
	Continuing operations				
IAS 1.82	Revenue	3			
	Cost of sales				
	Gross profit				
	Other operating income				
	Distribution costs				
	Administrative expenses				
	Other operating expenses				
IAS 1.82	Share of results of associates				
IAS 1.98	Restructuring costs	6			
	Operating profit				
	Investment revenue				
	Other gains and losses				
IAS 1.82	Finance costs				
	Profit before tax				
IAS 1.82	Tax	7			
	Profit for the period from continuing operations				
	Discontinued operations				
IAS 1.82	Loss for the period from discontinued operations	8			
IAS 1.82	**Profit for the period**				
IAS 1.83	Attributable to:				
	Owners of the company				
	Non-controlling interest				
IAS 33.66	**Earnings per share**				
	From continuing operations				
	Basic	10			
	Diluted	10			
IAS 34.11A	From continuing and discontinued operations				
	Basic	10			
	Diluted	10			

17 Although not required by IAS 34, the comparative figures for the preceding year end and the related notes have been included on a voluntary basis

Group plc

Condensed consolidated statement of comprehensive income

Six months ended 30 June 2011

IAS 34.8, IAS 34.10 IAS 1.83-4, IAS 1.91	Six months ended 30 June		Six months ended 30 June		Year ended 31 December[18]	
	2011	2011	2010	2010	2010	2010
	£'000	£'000	£'000	£'000	£'000	£'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit for the period						
Gains/(losses) on property revaluation						
Available-for-sale financial assets:						
Gains/(losses) arising during the period						
Less: reclassification adjustments for gains/(losses) included in profit						
Gains/(losses) on a hedge of a net investment taken to equity						
Cash flow hedges:						
Gains/(losses) arising during the period						
Less: reclassification adjustments for gains/(losses) included in profit						
Exchange differences on translation of foreign operations						
Actuarial gains/(losses) on defined benefit pension schemes						
Other comprehensive income						
Tax relating to components of other comprehensive income						
Other comprehensive income for the period						
Total comprehensive income for the period						
Attributable to:						
Owners of the company						
Non-controlling interest						

18 Although not required by IAS 34, the comparative figures for the preceding year end and the related notes have been included on a voluntary basis

Group plc

Condensed consolidated statement of changes in equity

Six months ended 30 June 2011

IAS 34.8
IAS 1.106-110

	Equity attributable to owners of the company										
	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Equity reserve £'000	Hedging reserve £'000	Retrans-lation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2011											
Profit for the period*											
Other comprehensive income for the period*											
Total comprehensive income for the period*											
Issue of share capital											
Dividends											
Own shares acquired in the period											
Credit to equity for equity-settled share based payments											
Deferred tax on share-based payment transactions											
Balance at 30 June 2011 (Unaudited)											

* Improvements to IFRSs issued in May 2010 added paragraph 106A to IAS 1 (revised 2007), which clarified that for each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. There is however no requirement in IAS 34 for a condensed set of financial statements to include notes to the statement of changes in equity, thus in effect suggesting that an analysis of other comprehensive income by item need not be included for each separate component of equity in condensed financial statements.

Group plc

Condensed consolidated statement of changes in equity (continued)

Six months ended 30 June 2010

IAS 34.8
IAS 1.106-110

	Equity attributable to owners of the company										
	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Equity reserve £'000	Hedging reserve £'000	Retrans-lation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2010											
Profit for the period											
Other comprehensive income for the period											
Total comprehensive income for the period											
Issue of share capital											
Dividends											
Own shares acquired in the period											
Credit to equity for equity-settled share based payments											
Deferred tax on share-based payment transactions											
Balance at 30 June 2010 (Unaudited)											

Group plc

Condensed consolidated statement of changes in equity (continued)

Year ended 31 December 2010

IAS 34.8
IAS 1.106-110

	Equity attributable to owners of the company										
	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Equity reserve £'000	Hedging reserve £'000	Retrans-lation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2010											
Profit for the period											
Other comprehensive income for the period											
Total comprehensive income for the period											
Issue of share capital											
Dividends											
Own shares acquired in the period											
Credit to equity for equity-settled share based payments											
Deferred tax on share-based payment transactions											
Balance at 31 December 2010 (Audited)[19]											

19 Although not required by IAS 34, the comparative figures for the preceding year and the related notes have been included on a voluntary basis

Group plc

Condensed consolidated balance sheet

As at 30 June 2011

		Note	30 June 2011 £'000 (Unaudited)	30 June 2010[20] £'000 (Unaudited)	31 December 2010[21] £'000 (Audited)
IAS 34.8					
	Non-current assets				
	Goodwill				
IAS 1.54	Other intangible assets				
IAS 1.54	Property, plant and equipment	11			
IAS 1.54	Investment property				
IAS 1.54	Interests in associates				
	Investments				
	Finance lease receivables				
IAS 1.56	Deferred tax asset				
	Derivative financial instruments	22			
	Current assets				
IAS 1.54	Inventories				
	Investments				
	Finance lease receivables				
IAS 1.54	Trade and other receivables	21			
IAS 1.54	Cash and cash equivalents	17			
	Derivative financial instruments	22			
IAS 1.54	Assets classified as held for sale	15			
	Total assets				
	Current liabilities				
IAS 1.54	Trade and other payables				
IAS 1.54	Current tax liabilities				
	Obligations under finance leases				
	Borrowings	12, 22			
IAS 1.54	Provisions				
	Derivative financial instruments				
	Deferred revenue				
IAS 1.54	Liabilities directly associated with assets classified as held for sale	15			
	Net current assets				

20 Although not required by IAS 34, the comparative amounts at 30 June 2010 and the related notes have been included on a voluntary basis

21 IAS 34.20(a) requires the balance sheet to include comparatives as of the end of the preceding financial year

Group plc

Condensed consolidated balance sheet

As at 30 June 2011

		Note	30 June 2011 £'000 (Unaudited)	30 June 2010[22] £'000 (Unaudited)	31 December 2010[23] £'000 (Audited)
	Non-current liabilities				
	Borrowings	12, 22			
	Convertible loan notes				
	Retirement benefit obligations	20			
IAS 1.56	Deferred tax liabilities				
IAS 1.54	Long-term provisions				
	Deferred revenue				
	Obligations under finance leases				
	Liability for share based payments				
	Total liabilities				
	Net assets				
	Equity				
	Share capital	13			
	Share premium account				
	Revaluation reserve				
	Own shares				
	Equity reserve				
	Hedging reserve				
	Retranslation reserve				
	Retained earnings				
IAS 1.56	**Equity attributable to owners of the company**				
IAS 1.56	**Non-controlling interest**				
	Total equity				

22 Although not required by IAS 34, the comparative amounts at 30 June 2010 and the related notes have been included on a voluntary basis

23 IAS 34.20(a) requires the balance sheet to include comparatives as of the end of the preceding financial year

Condensed consolidated cash flow statement

Six months ended 30 June 2011

IAS 34.10		Note	Six months ended 30 June 2011 £'000 (Unaudited)	2010 £'000 (Unaudited)	Year ended 31 December 2010[24] £'000 (Audited)
IAS 7.10	**Net cash from operating activities**	17			
IAS 7.10	**Investing activities**				
	Interest received				
	Dividends received from associates				
	Dividends received from trading investments				
	Proceeds on disposal of trading investments				
	Proceeds on disposal of available-for-sale investments				
IAS 7.39	Disposal of subsidiary	14			
	Proceeds on disposal of property, plant and equipment				
	Purchases of property, plant and equipment				
	Acquisition of investment in an associate				
	Purchases of trading investments				
	Purchases of patents and trademarks				
IAS 7.39	Acquisition of subsidiary	16			
	Net cash (used in)/from investing activities				
IAS 7.10	**Financing activities**				
	Dividends paid				
	Repayments of borrowings				
	Repayments of obligations under finance leases				
	Proceeds on issue of convertible loan notes				
	Proceeds on issue of shares				
	New bank loans raised				
	Increase/(decrease) in bank overdrafts				
	Net cash (used in)/from financing activities				
	Net increase/(decrease) in cash and cash equivalents				
	Cash and cash equivalents at beginning of period				
IAS 7.28	Effect of foreign exchange rate changes on cash and cash equivalents				
	Cash and cash equivalents at end of period				

24 Although not required by IAS 34, the comparative figures for the preceding year end and the related notes have been included on a voluntary basis

Group plc

Notes to the condensed set of financial statements

Six months ended 30 June 2011

s435 Companies Act 2006

1. General information

The information for the year ended 31 December 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

IAS 34.15 and IAS 34.15A

[IAS 34 presumes that a user of a half-yearly financial report will also have access to its most recent annual report. Therefore it is generally not necessary to reproduce notes already reported in the most recent annual report. Instead, the notes to the half-yearly financial report should include sufficient information and explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual report.]

2. Accounting policies

Basis of preparation

DTR 4.2.4(1) and IAS 34.19

The annual financial statements of Group plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Going concern

2009 FRC guidance para 87

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Changes in accounting policy

DTR 4.2.6 and IAS 34.16A(a)

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

IAS 34.16A(g)

3. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The principal categories of customer are direct sales to major customers, wholesalers and internet sales. The Group's reportable segments under IFRS 8 are therefore as follows:

[Segment A] – [Activity A, direct sale customers]

[Segment B] – [Activity A, wholesale customers]

[Segment C] – [Activity B, internet customers]

[Segment D] – [Activity C, wholesale customers]

Other

Other operations include [identify other operations and their sources of revenue if any].

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

3. Business segments (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2011:

Six months ended 30 June 2011	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discontinued operations £'000	Eliminations £'000	Consolidated £'000
Revenue								
External sales						( )		
Inter-segment sales						( )	( )	
Total revenue						( )	( )	

Inter-segment sales are charged at prevailing market prices.

	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discontinued operations £'000	Eliminations £'000	Consolidated £'000
Result								
Segment result						( )	( )	
Central administration costs								
Share of profits of associates								
Operating profit								
Investment revenues								
Other gains and losses								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

3. Business segments (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2010:

Six months ended 30 June 2010	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discontinued operations £'000	Eliminations £'000	Consolidated £'000
Revenue								
External sales						( )		
Inter-segment sales						( )	( )	
Total revenue						( )	( )	

Inter-segment sales are charged at prevailing market prices.

Result								
Segment result						( )	( )	
Central administration costs								
Share of profits of associates								
Operating profit								
Investment revenues								
Other gains and losses								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

Group plc

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

3. Business segments (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2010:

Year ended 31 December 2010	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discontinued operations £'000	Eliminations £'000	Consolidated £'000
Revenue								
External sales						( )		
Inter-segment sales						( )	( )	
Total revenue						( )	( )	

Inter-segment sales are charged at prevailing market prices.

Result								
Segment result						( )	( )	
Central administration costs								
Share of profits of associates								
Operating profit								
Investment revenues								
Other gains and losses								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

3. Business segments (continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies which are described in the Group's latest annual financial statements. Segment result represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

Segment assets	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Segment A			
Segment B			
Segment C			
Segment D			
Other			
Total segment assets			
Unallocated assets			
Consolidated total assets			

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates, other financial assets (except for trade and other receivables) and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

IAS 34.16A(b)

4. Seasonality of [Product X] sales

Sales for [Product X], which forms part of the Group's [Activity B] division, are more heavily weighted towards the second half of the calendar year, with approximately 70% of annual sales for [Product X] occurring from July until December. Sales for [Product X] during the period have increased slightly by _% compared to the corresponding period in the prior year, and total annual sales are expected to be in line with the Group's forecasts.

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

5. Write-down of inventories

During the current period, exceptional write-downs of inventories of £_million have been charged to profit or loss in respect of [Product Y]. The write-down reduces the carrying amount of [Product Y] inventories to their net realisable value.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.16A(c)

6. Restructuring costs

In [month] 2011, the Group disposed of [name of company] (see note 14). Certain of the non-core assets of the [Segment B] division were retained by the Group. In addition, the [ ] operations of the [Segment C] division were segregated from the manufacturing operations and retained by the Group. The assets retained were scrapped and an impairment loss recognised in respect of their previous carrying amount. To the extent that employees could not be redeployed, termination terms were agreed.

	Six months ended 30 June		Year ended 31 December
	2011	2010	2010
	£'000	£'000	£'000
Impairment loss recognised in respect of assets			
Redundancy costs			

IAS 34.16A(d)

7. Tax

Tax for the six month period is charged at _% (six months ended 30 June 2010: _%; year ended 31 December 2010: _%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

IAS 34.16A(i)

8. Discontinued operations

On [date] 2011, the Group entered into a sale agreement to dispose of [name of company], which carried out all of the Group's [Operation W] operations. The disposal was made to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on [date] 2011, on which date control of [name of company] passed to the acquirer.

The results of the discontinued operations which have been included in the consolidated income statement, were as follows:

	Period ended [date] 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Revenue			
Expenses			
Profit before tax			
Attributable tax expense			
Profit on disposal of discontinued operations			
Attributable tax expense			
Net loss attributable to discontinued operations			

During the period, [name of company] contributed £_million (six months ended 30 June 2010: £_million; year ended 31 December 2010: £_million) to the Group's net operating cash flows, paid £_million (six months ended 30 June 2010: £_million; year ended 31 December 2010: £_million) in respect of investing activities and paid £_million (six months ended 30 June 2010: £_million; year ended 31 December 2010: £_million) in respect of financing activities.

A profit of £_million arose on the disposal of [name of company], being the proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill.

The effect of discontinued operations on segment results is disclosed in note 3.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.16A(f)

9. Dividends

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2010 of _p (2009: _p) per share			
Interim dividend for the year ended 31 December 2010			
Proposed interim dividend for the year ended 31 December 2011 of _p (2010: _p) per share			
Proposed final dividend for the year ended 31 December 2010 of _p per share			

The proposed interim dividend of _p per share was approved by the Board on [date after 30 June 2011] and has not been included as a liability as at 30 June 2011.

10. Earnings per share

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the company			
Effect of dilutive potential ordinary shares:			
Interest on convertible loan notes (net of tax)			
Earnings for the purposes of diluted earnings per share			

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

10. Earnings per share (continued)

	Six months ended 30 June		Year ended 31 December
	2011	2010	2010
	No.	No.	No.
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share			
Effect of dilutive potential ordinary shares:			
Share options			
Convertible loan notes			
Weighted average number of ordinary shares for the purposes of diluted earnings per share			

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capitalisation issue in 2011.

From continuing operations

	Six months ended 30 June		Year ended 31 December
	2011	2010	2010
	£'000	£'000	£'000
Earnings			
Net profit attributable to owners of the company			
Adjustments to exclude loss for the period from discontinued operations			
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations			
Effect of dilutive potential ordinary shares:			
Interest on convertible loan notes (net of tax)			
Earnings from continuing operations for the purpose of diluted earnings per share excluding discontinued operations			

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

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

11. Property, plant and equipment

During the period, the Group spent approximately £__ million on the final stage of construction of its new office premises and on additions to the manufacturing plant in [ ] to upgrade its manufacturing capabilities.

The Group also disposed of certain machinery and tools with carrying amounts of £__ million for proceeds of £__ million.

Group plc

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.16A(e)

12. Bank overdrafts and loans

Additional loans of £__ million were drawn down under the Group's existing loan facility partly to fund the acquisition of [name of company].

Repayments of other bank loans amounting to £__ million were made during the period, in line with previously disclosed repayment terms.

As previously disclosed, the group's principal debt facilities (totalling £__ million) are provided by a syndicate of banks and expire between 2013 and 2016.

IAS 34.16A(e)

13. Share capital

Share capital as at 30 June 2011 amounted to £__ million. During the period, the Group issued __ shares as part of a capitalisation issue to its shareholders. The capitalisation issue increased the number of shares in issue from __ to __ without a corresponding change in resources.

IAS 34.16A(i)

14. Disposal of subsidiary

As referred to in note 8, on [date] 2011 the Group disposed of its interest in [name of subsidiary].

The net assets of [name of subsidiary] at the date of disposal, at 30 June 2010 and at 31 December 2010 were as follows:

	[Date] 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Property, plant and equipment			
Inventories			
Trade receivables			
Cash and cash equivalents			
Retirement benefit obligation			
Deferred tax liability			
Current tax liability			
Trade payables			
Bank overdraft			
Attributable goodwill			
Gain on disposal			
Total consideration			
Satisfied by:			
Cash			
Deferred consideration			

The deferred consideration will be settled in cash by the purchaser on or before [date].

The impact of [name of subsidiary] on the Group's results in the current and prior periods is disclosed in note 8.

IAS 34.16A(i)

15. Assets held for sale

On [date] the board resolved to dispose of the Group's [ ] operations and negotiations with several interested parties have subsequently taken place. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the balance sheet. The operations are included in [Activity C] in the segmental analysis in note 3. The proceeds of disposal are expected substantially to exceed the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Goodwill			
Property, plant and equipment			
Inventories			
Trade and other receivables			
Cash and cash equivalents			
Total assets classified as held for sale			
Trade and other payables			
Tax liabilities			
Bank overdrafts and loans			
Total liabilities associated with assets classified as held for sale			
Net assets of disposal group			

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.16A(i)

16. Acquisition of subsidiary[25]

IFRS 3.B64(a-d)

On [date], the Group acquired 100 per cent of the issued share capital of [name of company acquired], obtaining control of [name of company acquired]. [Name of company acquired] is a [describe operations of company acquired]. [Name of company acquired] was acquired in order to [provide primary reasons for acquisition of the company].

IFRS 3.B64(i)

Recognised amounts of identifiable assets acquired and liabilities assumed	**£'000**
Financial assets	
Inventory	
Property, plant and equipment	
Identifiable intangible assets	
Financial liabilities	
Contingent liability	
Total identifiable assets	
Goodwill	
Total consideration	
Satisfied by:	
Cash	
Equity instruments (__ ordinary shares of Group plc)	
Contingent consideration arrangement	
Total consideration transferred	
Net cash outflow arising on acquisition	
Cash consideration	
Less: cash and cash equivalents acquired	

(IFRS 3.B64(f): Satisfied by)

IFRS 3.B64(h)

The fair value of the financial assets includes receivables [describe type of receivable] with a fair value of £__ and a gross contractual value of £__. The best estimate at acquisition date of the contractual cash flows not to be collected were £__.

IFRS 3.B64(j)
IAS 37.85

A contingent liability of £__ has been recognised for [provide description of nature of obligation]. It is expected that the majority of cash outflows will be incurred in 2012 and that all will be incurred by the end of 2013. The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent liability is estimated to be between £__ and £__.

IFRS 3.B64(e)

The goodwill of £__ arising from the acquisition consists of [describe factors that make up goodwill recognised].

IFRS 3.B64(k)

None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the __ ordinary shares issued as part of the consideration paid for [name of company acquired] (£__) was determined on the basis of [describe method for determining fair value].

IFRS 3.B64(g)

The contingent consideration arrangement requires [describe conditions of the contingent consideration arrangement]. The potential undiscounted amount of all future payments that Group plc could be required to make under the contingent consideration arrangement is between £__ and £__.

25 This note illustrates the disclosure requirements for an acquisition accounted for under IFRS 3(2008). Where adjustments are made to acquisitions made in earlier periods (for example, in respect of contingent consideration), the relevant disclosures will be made in accordance with IFRS 3(2004). These requirements are detailed in Appendix 2 to this publication

16. Acquisition of subsidiary (continued)

The fair value of the contingent consideration arrangement of £__ was estimated by applying [describe method for estimating fair value].

IFRS 3.B64(l-m) Acquisition-related-costs (included in administrative expenses in Group plc consolidated income statement for the period ended 30 June 2011) amounted to £__.

IFRS 3.B64(q) [Name of company acquired] contributed £__ revenue and £__ to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition of [name of company acquired] had been completed on the first day of the financial year, group revenues for the period would have been £__ and the Group's profit would have been £__.

17. Notes to the cash flow statement

	Six months ended 30 June		Year ended 31 December
	2011	2010	2010
	£'000	£'000	£'000
Profit for the year			
Adjustments for:			
Share of profit of associates			
Investment revenues			
Other gains and losses			
Finance costs			
Income tax expense			
Gain on disposal of discontinued operations			
Depreciation of property, plant and equipment			
Impairment loss on fixtures and equipment			
Amortisation of intangible assets			
Impairment of goodwill			
Share-based payment expense			
(Increase)/decrease in fair value of investment property			
Gain on disposal of property, plant and equipment			
Increase/(decrease) in provisions			
Operating cash flows before movements in working capital			
Decrease/(increase) in inventories			
Decrease/(increase) in receivables			
Increase/(decrease) in payables			
Cash generated by operations			
Income taxes paid			
Interest paid			
Net cash from operating activities			

Additions to fixtures and equipment during the period amounting to £__ million were financed by new finance leases. Additions of £__ million in the six months ended 30 June 2011 were acquired on deferred payment terms, and were settled in the current period.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.15B(m)

18. Contingent liabilities

During the reporting period, a customer of the Group instigated proceedings against it for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises on [date]. Total losses to the customer have been estimated at £__ million and this amount is being claimed from the Group.

The Group's lawyers have advised that they do not consider that the suit has merit and have recommended that it be contested. No provision has been made in the condensed set of financial statements as the Group does not consider that there is any probable loss.

IAS 34.16A(c)

19. Share-based payments

On [date] 2011, the Group re-priced certain of its outstanding share options. The strike price was reduced from [ ] to the then current market price of [ ]. The incremental fair value of £__ will be expensed over the remaining vesting period of two years. The Group used the inputs as previously published to measure the fair value of the share options immediately before and after the re-pricing.

IAS 34.16A(d)

20. Retirement benefit schemes

Defined benefit schemes

The defined benefit obligation as at 30 June 2011 is calculated on a year-to-date basis, using the latest actuarial valuation as at 31 December 2010. There have not been any significant fluctuations or one-time events since that time that would require adjustment to the actuarial assumptions made at 31 December 2010.

The defined benefit plan assets have been updated to reflect their market value at 30 June 2011. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

IAS 34.15B(b)

21. Significant loss on impairment of financial assets

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £__ million due from companies which have been placed in liquidation. The impairment recognised during the period ended 30 June 2011 of £__ million represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances. All the impaired receivables are more than 120 days old.

IAS 34.15B(h)

22. Changes in circumstances significantly affecting the fair value of financial assets and financial liabilities

From 1 January 2011 to 30 June 2011 interest rate movements were [describe movements], which significantly impacted the fair value of the Group's fixed rate borrowings and interest rate swaps as follows.

The Group's fixed rate borrowings, measured at amortised cost, had a carrying amount at 30 June 2011 and 31 December 2010 of £__ million. The fair value of these borrowings at 30 June 2011 was £__ million (31 December 2010 £__ million). The Group also still holds those interest rate swaps it held at 31 December 2010, receiving a fixed rate of interest and paying a floating rate of 3 months LIBOR and measuring them at fair value. As at 30 June 2011 the fair value of the swaps was £__ million (31 December 2010 £__ million).

IAS 34.16A(h)

23. Events after the balance sheet date

On [date] the premises of [name of subsidiary] were seriously damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed these by £__ million.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2011

IAS 34.15B(j)

24. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note (see also the related party transactions note in the interim management report on page 38).

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

Six months ended 30 June 2011	Sales of goods £'000	Purchase of goods £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
X Holdings				
Associates				

Six months ended 30 June 2010	Sales of goods £'000	Purchase of goods £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
X Holdings				
Associates				

Year ended 31 December 2010	Sales of goods £'000	Purchase of goods £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
X Holdings				
Associates				

X Holdings is a related party of the Group because [give reason].

Sales of goods to related parties were made at the Group's usual list prices, less average discounts of _%. Purchases were made at market price, discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts on the amounts owed by related parties.

Appendix 2: Half-yearly financial report disclosure checklist

This checklist contains the disclosure and reporting requirements for half-yearly financial reports for listed companies reporting under IFRSs for periods beginning on or after 1 January 2011. Consistent with the illustrative half-yearly financial report in Appendix 1, it notes the disclosures required by the Disclosure and Transparency Rules (DTR) for half-yearly financial reports and those required by IAS 34 "Interim Financial Reporting". The checklist focuses on content and the mechanics of reporting. It does not discuss the basis of preparation or measurement.

The DTR requirements for half-yearly financial reports apply to all UK entities, which have shares or retail debt[26] securities admitted to trading on a regulated market[27]. Some exemptions are available in DTR 4.4 and those relating to half-yearly financial reports are included in section 1 of this checklist.

		Reference	Yes/No/N/a
1	Exemptions from rules on half-yearly financial reports		
1.1	Public sector issuers The rules on half-yearly financial reports (DTR 4.2) do not apply to a state, a regional or local authority of a state, a public international body of which at least one EEA (European Economic Area) State is a member, the ECB (European Central Bank) and EEA States' national central banks.	DTR 4.4.1	
1.2	Debt issuers The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer that issues exclusively debt securities admitted to trading the denomination per unit of which is at least €50,000 (or an equivalent amount).	DTR 4.4.2	
	The rules on half-yearly financial reports (DTR 4.2) do not apply to a credit institution whose shares are not admitted to trading and which has, in a continuous or repeated manner, only issued debt securities provided that: (a) the total nominal amount of all such debt securities remains below €100,000,000; and (b) the credit institution has not published a prospectus in accordance with the Prospectus Directive.	DTR 4.4.3	
	The rules on half-yearly financial reports do not apply to an issuer already existing on 31 December 2003 which exclusively issue debt securities unconditionally and irrevocably guaranteed by the issuer's Home Member State or by a regional or local authority of that state, on a regulated market.	DTR 4.4.4	
	The rules on half-yearly financial reports do not apply to an issuer of debt securities which were admitted to the official list before 1 January 2005 until 2015.	DTR TP 1	
1.3	Issuers of convertible securities The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer of transferable securities convertible into shares.	DTR 4.4.5	

26 Retail debt is defined as debt with a denomination per unit of less than €50,000 (or an equivalent amount)

27 Regulated markets include the London Stock Exchange main market, but exclude exchange regulated markets such as AIM and the Professional Securities Market

		Reference	Yes/No/N/a
1.4	Issuers of depository receipts The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer of depository receipts.	DTR 4.4.7	
1.5	Non-EEA States – Equivalence An issuer whose registered office is a non-EEA state whose relevant laws are considered equivalent by the FSA is exempted from the rules on half-yearly financial reports (DTR 4.2).	DTR 4.4.8	
2	Mechanics of reporting		
2.1	An entity must make public a half-yearly financial report covering the first six months of the financial year.	DTR 4.2.2(1)	
2.2	The half-yearly financial report must be made public as soon as possible, but no later than two months, after the end of the period to which the report relates.	DTR 4.2.2(2)	
2.3	The half-yearly financial report must remain available to the public for at least five years.	DTR 4.2.2(3)	
2.4	The half-yearly financial report must include: (a) a condensed set of financial statements (see sections 3, 4 and 5 below); (b) an interim management report (see section 6 below); and (c) responsibility statements (see section 8 below).	DTR 4.2.3	
2.5	The required content of the half-yearly financial report must be communicated to the media in unedited full text.	DTR 6.3.5(1)	
2.6	The announcement relating to the publication of the half-yearly report must include an indication of which website the document is available.	DTR 6.3.5(3)	
3	Condensed set of financial statements	DTR 4.2.3(1)	
3.1	If the entity is required to prepare consolidated accounts, the condensed set of financial statements must be prepared in accordance with IAS 34 (see section 4 below).	DTR 4.2.4(1)	
3.2	If the entity is not required to prepare consolidated accounts, the condensed set of financial statements must contain, as a minimum the following: (a) a condensed balance sheet; (b) a condensed profit and loss account; and (c) explanatory notes on these accounts.	DTR 4.2.4(2)	
	The same principles for recognising and measuring as when preparing annual financial statements must be followed in preparing the condensed balance sheet and the condensed profit and loss account.	DTR 4.2.5(2)	
	The balance sheet and the profit and loss account must show each of the headings and subtotals included in the most recent annual financial statements of the entity.	DTR 4.2.5(3)	
	Additional line items must be included if, as a result of their omission, the half-yearly financial statements would give a misleading view of the assets, liabilities, financial position and profit or loss of the entity.	DTR 4.2.5(3)	

		Reference	Yes/No/N/a
	Comparative information must be presented as follows: (a) comparative balance sheet as at the end of the immediate preceding financial year; and (b) comparative profit and loss account for the comparable period for the preceding financial year.	DTR 4.2.5(4)	
	Explanatory notes must include the following: (a) sufficient information to ensure the comparability of the condensed half-yearly financial statements with the annual financial statements; and (b) sufficient information and explanations to ensure a user's proper understanding of any material changes in amounts and of any developments in the half-year period concerned, which are reflected in the balance sheet and the profit and loss account.	DTR 4.2.5(5)	
3.3	The accounting policies and presentation applied to half-yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual financial statements.	DTR 4.2.6	
	Where the accounting policies and presentation are to be changed in the subsequent annual financial statements, the new accounting policies and presentation should be followed in the condensed half-yearly financial statements. The changes and the reasons for the changes should be disclosed.	DTR 4.2.6(1)	
3.4	If the half-yearly financial report has been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information, the audit report or review report must be reproduced in full.	DTR 4.2.9(1)	
	If the half-yearly financial report has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information', the entity must make a statement to this effect in its report.	DTR 4.2.9(2)	
3.5	Closed-ended investment funds applying for, or with, a premium listing are required to include in their half-yearly financial reports information showing the split between dividend and interest income and other forms of income (including income of associated companies).	Listing Rules 15.6.7R	
4	**IAS 34 'Interim financial reporting'** **Entities which report under IFRSs should prepare their condensed half-yearly financial statements in accordance with IAS 34.** **The requirements below are those that apply to condensed half-yearly financial statements. Should an entity choose to produce a complete set of half-yearly financial statements, all requirements of IFRSs apply in the same way as for annual financial statements, including the disclosure requirements.**	DTR 4.2.4(1)	
4.1	An interim report should include, at a minimum, the following components: (a) a condensed statement of financial position; (b) a condensed statement of comprehensive income, presented as either; (i) a condensed single statement; or (ii) a condensed separate income statement and a condensed statement of comprehensive income; (c) a condensed statement of changes in equity; (d) a condensed statement of cash flows; and (e) selected explanatory notes.	IAS 34.8	

		Reference	Yes/No/N/a
	Use of the revised terminology for primary statements suggested by IAS1 is not mandatory, and it is likely that, at least in the short term, many UK companies will retain the more familiar terms 'balance sheet' and 'cash flow statement'.		
4.2	A half-yearly financial report should be prepared on a consolidated basis if the entity's most recent annual financial statements were consolidated statements.	IAS 34.14	
	Condensed statement of financial position		
4.3	At a minimum, each of the headings and subtotals included in the entity's most recent annual financial statements should be included in the condensed statement of financial position.	IAS 34.10	
	Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.	IAS 34.10	
4.4	The nature and amount of items affecting assets, liabilities and equity that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16A(c)	
4.5	A statement of financial position should be presented as at the end of the current interim period.	IAS 34.20(a)	
	A comparative statement of financial position should be given as at the end of the preceding financial year.	IAS 34.20(a)	
	Entities whose business is highly seasonal are encouraged (but not required) to report financial information for the twelve months ending on the interim reporting date, and comparative information for the prior twelve month period.	IAS 34.21	
	Condensed statement of comprehensive income		
4.6	At a minimum, each of the headings and subtotals included in the entity's most recent annual financial statements should be included in the statement of comprehensive income.	IAS 34.10	
	Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.	IAS 34.10	
4.7	The nature and amount of items affecting net income that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16A(c)	
4.8	In the statement that presents the components of profit or loss for an interim period, an entity shall present basic and diluted earnings per share.	IAS 34.11	
	If an entity presents the components of profit or loss in a separate income statement as described in paragraph 81 of IAS 1, it presents basic and diluted earnings per share in that separate statement.	IAS 34.11A	
4.9	Statements of comprehensive income should be presented for the current interim period and cumulatively for the current financial year to date.	IAS 34.20(b)	
	Comparative statements of comprehensive income should be given for the comparable interim periods (current and year-to-date) of the preceding financial year.	IAS 34.20(b)	
	Entities whose business is highly seasonal are encouraged (but not required) to report financial information for the twelve months ending on the interim reporting date, and comparative information for the prior twelve month period, in addition to the information required by IAS 34.20(b).	IAS 34.21	

		Reference	Yes/No/N/a
4.10	Items of income and expense should be measured and recognised on a basis consistent with that used in the preparation of the annual financial statements (the year-to-date method).	IAS 34.28	
	Condensed statement of changes in equity		
4.11	At a minimum, each of the headings and subtotals included in the entity's most recent annual financial statements should be included in the condensed statement of changes in equity.	IAS 34.10	
	Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.	IAS 34.10	
4.12	The nature and amount of items affecting equity that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16A(c)	
4.13	A statement showing changes in equity should be presented cumulatively for the current financial year to date.	IAS 34.20(c)	
	A comparative statement should be given for the comparable year-to-date period of the preceding financial year.	IAS 34.20(c)	
	Entities whose business is highly seasonal are encouraged (but not required) to report financial information for the twelve months ending on the interim reporting date, and comparative information for the prior twelve month period.	IAS 34.21	
4.14	Changes in equity should be measured and recognised on a basis consistent with that used in the preparation of the annual financial statements (the year-to-date method).	IAS 34.28	
	Condensed statement of cash flows		
4.15	At a minimum, each of the headings and subtotals included in the entity's most recent annual financial statements should be included in the condensed statement of cash flows.	IAS 34.10	
	Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.	IAS 34.10	
4.16	The nature and amount of items affecting cash flows that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16A(c)	
4.17	A statement of cash flows should be presented cumulatively for the current financial year to date.	IAS 34.20(d)	
	A comparative statement should be given for the comparable year-to-date period in the preceding financial year.	IAS 34.20(d)	
	Entities whose business is highly seasonal are encouraged (but not required) to report financial information for the twelve months ending on the interim reporting date, and comparative information for the prior twelve month period.	IAS 34.21	
	Selected explanatory and other notes		
4.18	The interim report is intended to provide an update on the latest complete set of annual financial statements. Accordingly it focuses on new activities, events, transactions and circumstances that are significant to an understanding of the changes in financial position and performance of the entity.	IAS 34.6 IAS 34.15	
4.19	The information in the notes should normally be reported on a financial year-to-date basis.	IAS 34.16A	

		Reference	Yes/No/N/a
4.20	A statement should be included that the same accounting policies and methods of computation are followed in the interim financial statements as in the most recent annual financial statements. If those policies or methods have been changed, a description of the nature and effect of the change should be included. Interim reports should be prepared using the same accounting policies and principles for recognising assets, liabilities, income and expense as applied in the latest published annual accounts, except where the accounting policies and principles are to be changed in the subsequent annual financial statements. A change in accounting policy, other than one for which the transition is specified by a new Standard or Interpretation, shall be reflected by restating the financial statements of prior interim periods of the current financial year and the comparable interim periods of any prior financial years included.	IAS 34.16A(a) IAS 34.28 IAS 34.29 IAS 34.43(a)	
4.21	Where full year comparatives are provided, a statement is required to satisfy section 435 of the Companies Act 2006 regarding the publication of non-statutory accounts, stating: (a) that the accounts are not the entity's statutory accounts (the term 'statutory accounts' is defined in section 434 of the Companies Act 2006); (b) whether statutory accounts, dealing with the financial year with which the non-statutory accounts purport to deal, have been delivered to the Registrar of Companies; (c) whether the auditors have made a report under section 495 and 496 on the entity's statutory accounts for any such financial year; and (d) whether this audit report was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report or contained a statement under section 498(2) or 498(3) of Companies Act 2006 (i.e. the accounting records or returns were inadequate, or the accounts do not agree with records or returns, or there has been a failure to obtain necessary information and explanations). **For example: The information for the year ended 31 December 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.**	CA2006 s435 CA2006 s498	
4.22	Explanatory comments about the seasonality or cyclicality of the interim operations should be given.	IAS 34.16A(b)	
4.23	The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year should be disclosed. Additionally, changes in estimates of amounts reported in prior financial years should be disclosed.	IAS 34.16A(d)	
4.24	Information about issues, repurchases and repayments of debt and equity securities should be given.	IAS 34.16A(e)	
4.25	Dividends paid (aggregate or per share) should be disclosed separately for ordinary shares and other shares.	IAS 34.16A(f)	

		Reference	Yes/No/N/a
4.26	If the entity is required to comply with IFRS 8 *Operating Segments* in its annual financial statements the following segment information should be disclosed: (a) revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker; (b) intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker; (c) a measure of segment profit or loss; (d) total assets for which there has been a material change from the amount disclosed in the last annual financial statements; (e) a description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss; and (f) a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation. **In March 2010 the IFRIC decided to propose an amendment to clarify that disclosure of segment assets for a particular segment is required in interim financial reporting only when there has been a material change from the amount disclosed in the last annual financial statements for that segment and when the amounts are regularly provided to the chief operating decision maker.**	IAS 34.16A(g)	
	If an entity changes the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier interim periods shall be restated, unless the information is not available and the cost to develop it would be excessive.	IFRS 8.29	
	Following a change in the composition of its reportable segments, an entity shall: • disclose whether it has restated the corresponding items of segment information for earlier interim periods; and	IFRS 8.29	
	• if segment information for earlier periods is not restated, disclose in the year in which the change occurs segment information for the current period on both the old basis and the new basis of segmentation.	IFRS 8.30	
4.27	Events after the interim period that have not been reflected in the financial statements for the interim period should be disclosed.	IAS 34.16A(h)	

		Reference	Yes/No/N/a
4.28	The effect of changes in the composition of the entity during the interim period should be disclosed, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations.	IAS 34.16A(i)	
	In the case of business combinations, the disclosures required by IFRS 3 should be given as follows:		
	An acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combinations that occurs either:	IFRS 3.59	
	(a) during the current reporting period; or		
	(b) after the end of the reporting period but before the financial statements are authorised for issue.		
	Note: Paragraphs B64 to B66 of IFRS 3, as below, specify the minimum disclosures to satisfy the requirement in IFRS 3.59.		
	The acquirer shall disclose the following information for each business combination that occurs during the reporting period:	IFRS 3.B64	
	(a) the name and a description of the acquiree;	IFRS 3.B64(a)	
	(b) the acquisition date;	IFRS 3.B64(b)	
	(c) the percentage of voting equity instruments acquired;	IFRS 3.B64(c)	
	(d) the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree.	IFRS 3.B64(d)	
	(e) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.	IFRS 3.B64(e)	
	(f) the acquisition date fair value of the total consideration transferred and the acquisition date fair value of each major class of consideration, such as:	IFRS 3.B64(f)	
	(i) cash;		
	(ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;		
	(iii) liabilities incurred, for example, a liability for contingent consideration; and		
	(iv) equity instruments of the acquirer, including the number of instruments or interests issued or issuable and the method of determining the fair value of those instruments or interests.		
	(g) for contingent consideration arrangements and indemnification assets:	IFRS 3.B64(g)	
	(i) the amount recognised as of the acquisition date;		
	(ii) a description of the arrangement and the basis for determining the amount of the payment; and		
	(iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.		

	Reference	Yes/No/N/a
(h) for acquired receivables:	IFRS 3.B64(h)	
(i) the fair value of the receivables;		
(ii) the gross contractual amounts receivable; and		
(iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.		
The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables.		
(i) the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.	IFRS 3.B64(i)	
(j) for each contingent liability recognised in accordance with paragraph 23 of IFRS 3, the information required in paragraph 85 of IAS 37. If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:	IFRS 3.B64(j)	
(i) the information required by paragraph 86 of IAS 37; and		
(ii) the reasons why the liability cannot be measured reliably.		
An entity shall disclose the following for each class of provision:	IAS 37.85	
(a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;		
(b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48 [of IAS 37]; and		
(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.		
Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:	IAS 37.86	
(d) an estimate of its financial effect, measured under paragraphs 36–52 [of IAS 37];		
(e) an indication of the uncertainties relating to the amount or timing of any outflow; and		
(f) the possibility of any reimbursement.		
(k) the total amount of goodwill that is expected to be deductible for tax purposes.	IFRS 3.B64(k)	
(l) for transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination in accordance with paragraph 51:	IFRS 3.B64(l)	
(i) a description of each transaction;		
(ii) how the acquirer accounted for each transaction;		
(iii) the amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised; and		
(iv) if the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount.		

	Reference	Yes/No/N/a
(m) the disclosure of separately recognised transactions required by IFRS 3.B67(l) shall include the amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised. The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed.	IFRS 3.B64(m)	
(n) in a bargain purchase (see IFRS 3 paragraphs 34 to 36):	IFRS 3.B64(n)	
(i) the amount of any gain recognised in accordance with paragraph 34 of IFRS 3 and the line item in the statement of comprehensive income in which the gain is recognised; and		
(ii) a description of the reasons why the transaction resulted in a gain.		
(o) for each business combination in which the acquirer holds less than 100 per cent of the equity instruments in the acquiree at the acquisition date:	IFRS 3.B64(o)	
(i) the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount; and		
(ii) for each non-controlling interest in an acquiree measured at fair value, the valuation techniques and key model inputs used for determining that value.		
(p) in a business combination achieved in stages:	IFRS 3.B64(p)	
(i) the acquisition date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and		
(ii) the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination (see paragraph 42 of IFRS 3) and the line item in the statement of comprehensive income in which that gain or loss is recognised.		
(q) the following information:	IFRS 3.B64(q)	
(i) the amount of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period; and		
(ii) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.		
If disclosure of any of the information required by this subparagraph [IFRS 3.B64(q)] is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable.		
For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by IFRS 3.B64(e)-(q)	IFRS 3.B65	
If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by paragraph B64 of IFRS 3 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made.	IFRS 3.B66	

		Reference	Yes/No/N/a
4.29	The requirements of paragraph 61 of IFRS 3 (revised 2008) apply only to adjustments to business combinations which were accounted for under that standard. Any adjustments in respect of business combinations which were accounted for under IFRS 3 as issued in 2004 should be accounted for and disclosed under the requirements of that standard (see 4.31 below).		
	The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the current or in previous reporting periods.	IFRS 3.61	
	Note: Paragraph B67 of IFRS 3, as below, specifies the minimum disclosures to satisfy the requirement in IFRS 3.61.		
	The acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:	IFRS 3.B67	
	(a) if the initial accounting for a business combination is incomplete for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally: (i) the reasons why the initial accounting for the business combination is incomplete; (ii) the assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and (iii) the nature and amount of any measurement period adjustments recognised during the reporting period in accordance with paragraph 49 of IFRS 3.	IFRS 3.B67(a)	
	(b) for each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires: (i) any changes in the recognised amounts, including any differences arising upon settlement; (ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes; and (iii) the valuation techniques and key model inputs used to measure contingent consideration.	IFRS 3.B67(b)	
	(c) for contingent liabilities recognised in a business combination, the acquirer shall disclose the information required by paragraphs 84 and 85 of IAS 37 for each class of provision.	IFRS 3.B67(c)	
	(d) a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately: (i) the gross amount and accumulated impairment losses at the beginning of the reporting period; (ii) additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations; (iii) adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67 of IFRS 3; (iv) goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale; (v) impairment losses recognised during the reporting period in accordance with IAS 36. (IAS 36 requires disclosure of information about the recoverable amount and impairment of goodwill in addition to this requirement.);	IFRS 3.B67(d)	

		Reference	Yes/No/N/a
	(vi) net exchange rate differences arising during the reporting period in accordance with IAS 21; (vii) any other changes in the carrying amount during the reporting period; (viii) the gross amount and accumulated impairment losses at the end of the reporting period. (e) the amount and an explanation of any gain or loss recognised in the current reporting period that both: (i) relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous period; and (ii) is of such a size, nature or incidence that disclosure is relevant to understanding the combined entity's financial statements.		
4.30	If the specific disclosures required by IFRS 3 do not meet the objectives set out in paragraphs 59 and 61 of IFRS3, the acquirer shall disclose whatever additional information is necessary to meet those objectives.	IFRS 3.63	
4.31	**Any adjustments in respect of business combinations which were accounted for under IFRS 3 as issued in 2004 should be accounted for and disclosed under the requirements of that standard.**		
	An acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods.	IFRS 3(2004).72	
	To give effect to the principle in paragraph 72 of IFRS 3(2004), the acquirer shall disclose the following information: (a) the amount and an explanation of any gain or loss recognised in the current period that; (i) relates to the identifiable assets acquired or liabilities or contingent liabilities assumed in a business combination that was effected in the current or a previous period; and (ii) is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance. (b) if the initial accounting for a business combination that was effected in the immediately preceding period was determined only provisionally at the end of that period, the amounts and explanations of the adjustments to the provisional values recognised during the current period. (c) the information about error corrections required to be disclosed by IAS 8 for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items, that the acquirer recognises during the current period in accordance with paragraphs 63 and 64 of IFRS 3(2004).	IFRS 3(2004).73	
4.32	If in any situation the information required to be disclosed by this IFRS 3(2004).76 does not satisfy the objectives set out in paragraph 72 of IFRS 3(2004), the entity shall disclose such additional information as is necessary to meet those objections.	IFRS 3(2004).77	
4.33	The compliance with IAS 34 should be stated.	IAS 34.19	

		Reference	Yes/No/N/a
5	**First-time Adoption of IFRSs**		
5.1	If an entity presents an interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements, the entity shall satisfy the following requirements in addition to the requirements of IAS 34: (a) each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include: (i) a reconciliation of its equity in accordance with previous GAAP at the end of that comparable interim period to its equity under IFRSs at that date; and (ii) a reconciliation to its total comprehensive income in accordance with IFRSs for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for that period or, if an entity did not report such a total, profit or loss in accordance with previous GAAP. (b) in addition to the reconciliations required by (a), an entity's first interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements shall include the reconciliations described in IFRS 1 paragraphs 24(a) and (b) (supplemented by the details required by paragraphs 25 and 26) or a cross-reference to another published document that includes these reconciliations. (c) if an entity changes its accounting policies or its use of the exemptions contained in IFRS 1, it shall explain the changes in each such interim financial report in accordance with IFRS 1 paragraph 23 and update the reconciliations required by (a) and (b).	IFRS 1.32	
5.2	IAS 34 requires minimum disclosures, which are based on the assumption that users of the interim financial report also have access to the most recent annual financial statements. However, IAS 34 also requires an entity to disclose 'any events or transactions that are material to an understanding of the current interim period'. Therefore, if a first-time adopter did not, in its most recent annual financial statements in accordance with previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it.	IFRS 1.33	

		Reference	Yes/No/N/a
6	**Interim management report**	DTR 4.2.3(2)	
6.1	The interim management report must include at a minimum: (a) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements; and (b) a description of the principal risks and uncertainties for the remaining six months of the financial year. Where the principal risks and uncertainties faced at the time of the last annual report remain valid for the purposes of the Interim Management Report, the FSA has indicated that it is acceptable to: • state that the principal risks and uncertainties have not changed; • provide a summary of those principal risks and uncertainties; and • include a cross-reference to where a detailed explanation of the principal risks and uncertainties can be found in the Annual Report. If the risks and uncertainties have changed since the annual report, the entity should describe the new principal risks and uncertainties in the interim management report.	DTR 4.2.7 UKLA Technical note: DTR	
6.2	*If the entity has listed shares,* the following information must be disclosed in the interim management report, at a minimum: (a) related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the group during the period; and (b) any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the group in the first six months of the current financial year.	DTR 4.2.8(1)	
6.3	*If the entity has listed shares but is not required to prepare consolidated accounts,* it must disclose, at a minimum, any transactions which have been entered into with related parties by the entity, if such transactions are material and have not been concluded under normal market conditions. Information to be disclosed includes the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the entity. Information about such related party transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the entity.	DTR 4.2.8(2) DTR 4.2.8(3)	
7	**Going concern**		
	In October 2009, the Financial Reporting Council published 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' ('The 2009 FRC Guidance'), which included guidance in respect of considerations of going concern and related disclosures in the context of half-yearly financial reports.		
7.1	The directors should report in annual and half-yearly financial statements that the business is a going concern, with supporting assumptions or qualifications as necessary.	UK Corporate Governance Code C.1.3	

		Reference	Yes/No/N/a
7.2	IAS 34 provides that entities may elect to provide less information at half-yearly dates, as compared with their annual financial statements, in the interests of timeliness and cost considerations and to avoid repetition of information previously reported. Instead the focus of half-yearly financial statements is on new activities, events and circumstances which have not previously been reported.	The 2009 FRC guidance paragraph 86	
7.3	Directors will need to exercise judgment in determining the disclosures about going concern and liquidity risk that they should include in a set of half-yearly financial statements. Practical experience suggests that new events and circumstances are likely to arise quite often in businesses facing financial difficulties, for example as borrowings are renegotiated and assets and businesses are sold or closed. In these circumstances, it is likely that half-yearly financial statements will include additional explanation about going concern and liquidity risk. In other cases, a short statement confirming the use of the going concern basis should suffice.	The 2009 FRC guidance paragraph 87	
7.4	Where the period considered by the directors in assessing going concern for a half-yearly period has been limited to a period of less than twelve months from the date of the approval of the half-yearly financial statements, directors should disclose that fact and provide their justification.	The 2009 FRC guidance paragraph 87	
8	Responsibility statements	DTR 4.2.3(3)	
8.1	Responsibility statements must be made by the persons responsible within the entity.	DTR 4.2.10(1)	
8.2	The name and function of any person who makes a responsibility statement must be clearly indicated in the responsibility statement.	DTR 4.2.10(2)	
8.3	For each person making a responsibility statement, the statement must confirm that to the best of his or her knowledge: (a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R; (b) the interim management report includes a fair review of the information required by DTR 4.2.7R; and (c) *if the entity has listed shares,* the interim management report includes a fair review of the information required by DTR 4.2.8R.	DTR 4.2.10(3)	
8.4	A person making a responsibility statement will satisfy the requirement in 7.3(a) above to confirm that the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer (or the undertakings included in the consolidation as a whole) by including a statement that the condensed set of financial statements have been prepared in accordance with: (a) IAS 34; or (b) for UK issuers not using IFRSs, pronouncements on interim reporting issued by the Accounting Standards Board; or (c) for all other issuers not using IFRSs, a national accounting standard relating to interim reporting, provided always that a person making such a statement has reasonable grounds to be satisfied that the condensed set of financial statements prepared in accordance with such a standard is not misleading.	DTR 4.2.10(4)	

Acronyms explained

The following acronyms are used in this publication:

AIM	Alternative Investment market
APB	Auditing Practices Board
ASB	Accounting Standards Board
CA2006	The Companies Act 2006, as amended
DTR	Disclosure and Transparency Rules
ECB	European Central Bank
EEA	European Economic Area
FRC	Financial Reporting Council
FRRP	Financial Reporting Review Panel
FSA	Financial Services Authority
GAAP	Generally Accepted Accounting Practice
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IMR	Interim Management Review
IMS	Interim Management Statement
KPI	Key performance indicator
PSM	Professional Securities Market
RIS	Regulated Information Service
SOCI	Statement of comprehensive income
SOCIE	Statement of changes in equity
SORP	Statement of Recommended Practice
UKLA	UK Listing Authority

In addition, the following accounting standards are referred to:

ASB statement	*Half-yearly financial reports* (as issued in 2007)
IFRS 3(2004)	*Business Combinations* (as issued in 2004)
IFRS 3(2008)	*Business Combinations* (as issued in 2008)
IFRS 7	*Financial Instruments: Disclosures*
IFRS 8	*Operating Segments*
IAS 1 (revised)	*Presentation of Financial Statements* (as revised in 2007)
IAS 14	*Segment Reporting* (superceded by IFRS 8)
IAS 23 (revised)	*Borrowing Costs* (as revised in 2007)
IAS 24	*Related Party Disclosures*
IAS 24 (revised)	*Related Party Disclosures* (as revised in 2009)
IAS 27(2005)	*Consolidated and Separate Financial Statement*s (as revised in 2005)
IAS 27(2008)	*Consolidated and Separate Financial Statements* (as revised in 2008)
IAS 34	*Interim Financial Reporting*
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*
IFRIC 12	*Service Concession Arrangements*

How can we help?

Deloitte would be pleased to advise on specific application of the principles set out in this publication. Professional advice should be obtained as this general advice cannot be relied upon to cover specific situations. Application will depend on the particular circumstances involved. If you would like further, more detailed information or advice, or would like to meet with us to discuss your half-yearly reporting issues, please contact your local Deloitte partner or:

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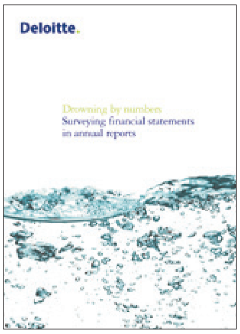
Related publications

The following publications survey a consistent sample of companies through a full cycle of periodic financial reporting requirements. All are available at www.deloitte.co.uk/audit.



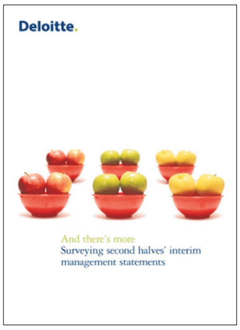
Drowning by numbers – Surveying financial statements in annual reports (December 2010)

The survey analyses the financial statements of 130 listed companies, split into two categories, being investment trusts and other companies. It includes a review of the variety in presentation of the primary statements in listed companies' financial statements, which critical judgements and key estimations directors consider to be the most significant when preparing their financial statements and how compliance with disclosure requirements and the accounting policy choices made under IFRSs varied.

In addition the publication includes detail of some current disclosure requirements and latest developments, as well as various "good practice" examples.

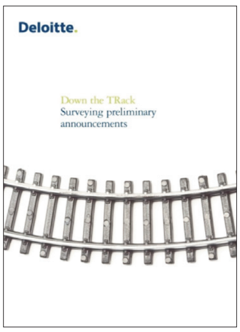
Swimming in words – Surveying narrative reporting in annual reports (October 2010)

The survey analyses the narrative reporting of 130 listed companies, split into two categories, being investment trusts and other companies. It includes a review of how compliance with the disclosure requirements of the Companies Act 2006, the Listing Rules, the Disclosure and Transparency Rules and the Combined Code varied, the extent to which companies have adopted the FRC's revised guidance on going concern and liquidity and the use of the ASB's Reporting Statement: Operating and Financial Review.



And there's more – Surveying second halves' interim management statements (June 2010)

This publication considers how UK listed companies have met the requirements for an interim management statement (IMS) in the second year of compliance with the Disclosure and Transparency Rules with their second halves' IMS.



Down the Track – Surveying preliminary announcements (May 2010)

This publication reviews what form companies' announcements of their annual results took, compliance with the dissemination requirements of the DTR and what information companies chose to include in the financial highlights section of preliminary announcements.

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