

Half a story.

Surveying the first half-yearly financial reports under the new rules



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Executive summary

2008 marks the year during which all UK listed companies will follow the Disclosure and Transparency Rules (DTR). Financial reporting throughout the year is affected by the DTR in various ways, for example the new interim management statements required during the first and second six months of the year, more detailed and extensive requirements for half-yearly financial reports, including compliance with IAS 34 'Interim Financial Reporting', and shorter reporting deadlines for half-yearly and annual reports.

This publication considers the impact of the DTR on half-yearly financial reports by reviewing the half-yearly financial reports of the first companies caught by the new rules.¹ It analyses how companies are dealing with the new requirements and compares, where possible, the results of this survey to previous years.

The findings are, in short, that companies need to do more to comply with the new rules.

- 72 of the 289 companies (25%) surveyed did not present a responsibility statement in their half-yearly financial reports. This statement is now required by the DTR for all half-yearly financial reports of listed companies.
- Most companies published their half-yearly financial report within the two months' reporting deadline and took on average 51 days to report. Only four companies (1%) failed to meet the shorter new deadline, publishing their half-yearly financial reports up to seven days late.
- The average length of the half-yearly financial report has increased by 27%. This is based on comparing the same 289 companies' reports in 2007 with 2006.
- The risks and uncertainties disclosures, which focus on the second six months of the year, were handled well by 19 of the 30 companies reviewed in detail.
- Nine of the 30 companies assessed in detail (30%) did not comply with the requirements of IAS 34. This was mainly due to missing disclosures on segments, accounting policies and earnings per share. For other companies it was less clear, whether missing disclosures were not applicable to those companies or merely not provided.
- Only one of the 30 companies in the detailed survey clearly followed all the requirements in the DTR and IAS 34. This is somewhat disappointing, but shows that it will take some time for companies to become familiar with all the new requirements.

These failures to comply with all the new rules produce headlines and it is easy to say that the results are poor, if not mildly shocking to some. But, perhaps there are two learning points to be considered.

1. Were all of these new rules really required in the first place? A quarter of the 289 companies did not include the new responsibility statement, confirming that the half-yearly financial report had been prepared in accordance with the rules. Its omission was probably an oversight, caused by unfamiliarity with the rules. But is this rule a necessity or a nicety?
2. Was adequate time allowed for companies to become familiar with the new rules? The UK Listing Authority (UKLA) issued the new rules in late December 2006, effective for periods beginning on or after 20 January 2007. Early adoption was not possible. For the companies surveyed, there were over six months from the date of publication of the new rules to their first half-yearly financial reports being published. The UKLA featured the DTR in its List! publication sent to all listed companies. But the results suggest that the notice was not adequate. Perhaps over a year should be allowed, with companies being permitted to adopt early, so that those early adopters can provide precedents for others.

“This publication considers the impact of the DTR on half-yearly financial reports by reviewing the half-yearly financial reports of the first companies caught by the new rules.”

¹ The DTR requirements for interim management statements (IMS) and the related early reporting practices of companies are analysed in the Deloitte publications 'Early Learning' and 'Early Learning II', which are available online on www.deloitte.co.uk/audit.

Regulatory overview

This section summarises the regulatory requirements for half-yearly financial reports of UK companies with listed shares. The requirements stem from the Disclosure and Transparency Rules (DTR) contained within the rule book of the Financial Services Authority (FSA) which apply for financial periods beginning on or after 20 January 2007.

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. 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 a RIS¹. Companies are no longer required to send their half-yearly financial report to shareholders or publish it in a national newspaper.

Condensed set of financial statements

UK companies applying International Financial Reporting Standards (IFRSs) should prepare their half-yearly condensed set of financial statements in accordance with IAS 34 'Interim Financial Reporting'². In general, the requirements of IAS 34 are considerably more onerous than those previously included in the Listing Rules, resulting in an almost fivefold increase in the requirements applying to half-yearly financial reports³. IAS 34 requires detailed explanatory notes, for example on segmental reporting, comments on seasonality or cyclicity, explanation of the nature and amount of changes in estimates and detail about changes in the composition of the company, including acquisitions and disposals. Although some of these disclosures were already recommended in the ASB⁴ Statement 'Half-yearly financial reports', IAS 34 contains more detailed disclosure requirements than the ASB Statement. For example, under IAS 34 companies must give the disclosures required by IFRS 3 (including a fair value table) for any business combination that occurred during the six month period. Such detailed disclosures are not recommended in the ASB Statement. 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 of this publication.

UK single companies which continue to report under UK GAAP should follow the ASB Statement in their half-yearly financial reports. The DTR requirements for non-IAS 34 condensed financial statements are set out in the box 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 year⁵.

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.

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.

¹ RIS = Regulated Information Service.

² Companies may choose to prepare full financial statements in accordance with IFRS. However, this is not common UK practice.

³ This is based on the number of requirements reflected in the disclosure checklist in appendix 2 compared to the earlier checklist based on the previous Listing Rule requirements.

⁴ ASB = Accounting Standards Board.

⁵ The DTR delay the requirement for comparatives in the condensed profit and loss account by two years to periods beginning on or after 20 January 2009. However, in practice this exemption could not be taken by UK companies as comparatives are required by the ASB Statement, compliance with which is required to give a true and fair view in the half-yearly financial report.

Condensed half-yearly financial statements (both IAS 34 and non-IAS 34) should normally be based on the 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 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 be included in the condensed financial statements in full. If no audit or review has been performed, the condensed set of financial statements should include a statement to this effect.

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; and
- a description of the principal risks and uncertainties for the remaining six months of the financial year.

The following additional 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; 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 in the first six months of the financial year.

In respect of related parties, single companies 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 arms 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 reports. 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. Only one person is required physically to sign the responsibility statement, and sign on behalf of the board of directors. Each company may decide which person(s) are considered responsible within the company.

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 a 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 IFRS, the ASB Statement ‘Half-yearly financial reports’⁶; or
- for all other companies not using IFRS, a national accounting standard relating to interim reporting.

In all cases, the above applies provided the person making the statement has 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.

Summary of application

The DTR requirements outlined above (DTR 4.2) apply in full to companies with listed shares. Other companies may also be required to follow these requirements. A summary of the application of DTR 4.2 is provided in the table below.

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 both a primary and secondary listing.
Preference shares listed on main market	✓	n/a
Shares admitted to trading on AIM	X	AIM rules require a half-yearly report to be published within 6 months. It must include at least a balance a 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 at the year end.
Retail debt ⁷ listed on main market	✓ but application delayed until 2015	Requirements around related parties in the IMR not apply.
Retail debt listed on PSM ⁸	X	n/a
Wholesale debt ⁹ listed on main market	Exempt per DTR 4.4.2	n/a
Wholesale debt listed on PSM	X	n/a
Listed convertible securities	Exempt per DTR 4.4.5	n/a
Listed depositary receipts	Exempt per DTR 4.4.7	n/a

7 Debt with a denomination per unit of less than €50,000 (or an equivalent amount).
8 PSM = Professional Securities Market. The PSM is a non-regulated market for listed debt of any denomination. It is listed for the purpose of the Listing Rules.
9 Debt with a denomination per unit of at least €50,000 (or an equivalent amount).

The survey's objectives and basis

The main objectives of this survey were to consider how changes arising from the DTR have impacted on half-yearly financial reporting, in particular:

- what information companies provide in their half-yearly financial reports;
- how promptly companies are reporting in the light of shorter reporting deadlines;
- the form and location of the newly required responsibility statement;
- how companies are meeting the requirements of IAS 34 'Interim Financial Reporting' and the DTR; and
- how the findings on current half-yearly reporting compare, where possible, to the results of previous Deloitte surveys considering reports published in 2006, 2004 and 2002.

This survey was conducted by obtaining the half-yearly financial reports of 289 fully listed companies with January, February and March 2008 year ends. These are the first companies required to publish their half-yearly financial reports under the DTR. Consistent with previous surveys the sample has been stratified into three categories based on market capitalisation: companies within the top 350 listed companies by market capitalisation, companies ranked from 351 – 770 and companies within the smallest 350 listed companies by market capitalisation. The three categories included respectively 83, 96 and 110 companies.

Comparisons with the results of previous surveys undertaken in 2006, 2004 and 2002 were made, where possible. However, the scope for comparison was somewhat limited as the previous surveys were based:

- a) on a sample of 100 companies out of all listed companies, rather than focussing on companies with certain year ends; and
- b) on the old Listing Rules on half-yearly financial reports.

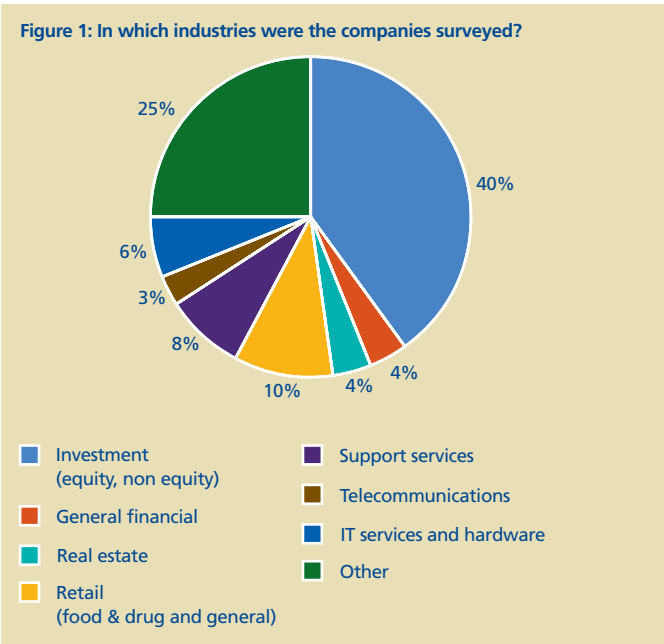
For example, this year's sample does not include banks which primarily have December year ends. The half-yearly financial reports prepared by banks have previously been longer than usual with higher auditor involvement and therefore impacted on overall averages in previous survey results. To provide more meaningful comparisons over time, the 2006 half-yearly financial reports of the companies in this year's 2007 sample have been used in some areas.

The next section, 'The first DTR half-yearly financial reports', considers all 289 listed companies in the sample, except where explicitly stated otherwise. A more detailed analysis of the content of half-yearly financial reports was performed for a sample of 30 companies reporting under IFRS, 10 in each category based on market capitalisation. The results are discussed in the section 'Half-yearly financial reports in detail'.

The first DTR half-yearly financial reports

This section assesses, for all 289 companies, the mechanics of reporting, such as the speed of reporting and the length of reports, as well as the new responsibility statement and the level of auditor involvement.

Of the 289 companies surveyed, 100 continued to report under UK GAAP, 96 of which were single entity investment trusts. An analysis of companies by industry is provided in figure 1 below.



Speed of reporting

Under the DTR, companies must publish their half-yearly financial reports within two calendar months of the end of the six month period. Previously, companies had 90 days to publish their half-yearly financial report, although the ASB Statement on interim reports¹ recommended reporting within 60 days. Companies took on average 51 days to report (2006: 57 days). Four companies failed to report within the required two month period, being up to seven days late (2006: one company, being one day late). As expected, the average number of days to report fell less (by three days) for the largest companies which were already reporting more quickly than the smaller companies.

As shown in figure 2 below, companies in the middle and smallest category were impacted more significantly by the shorter reporting deadline, with a reduction in average days to report of seven and eight days respectively.

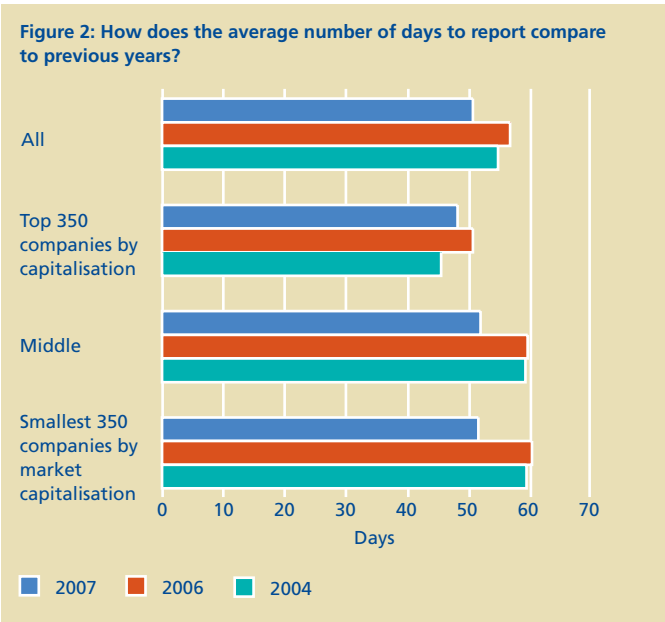


Figure 3 shows that few companies reported early with the majority reporting eight or nine weeks after the period end. Larger companies tended to report earlier, with 54% reporting within seven weeks after the period end compared to only 26% and 21% of the middle and smallest companies, respectively.

Length of reporting

Previous surveys saw a trend towards longer reports over time. A simple comparison with previous survey results indicated a drop in the average length across all categories from 21 pages in 2006 to 14 pages in 2007. It is the nature of the sample selection in this survey which has affected the results. Therefore, the 2006 half-yearly financial reports of the 289 companies surveyed were also studied, showing that the average report increased in length from 11 pages in 2006 to 14 pages. This is not surprising considering the new requirements.

¹ The ASB Statement on interim reports was revised in 2007 to provide consistency with the DTR and IAS 34. The revised Statement 'Half-yearly financial reports' is now in line with the main requirements of the DTR and IAS 34.

Figure 3: In which week did companies publish their half-yearly financial reports?

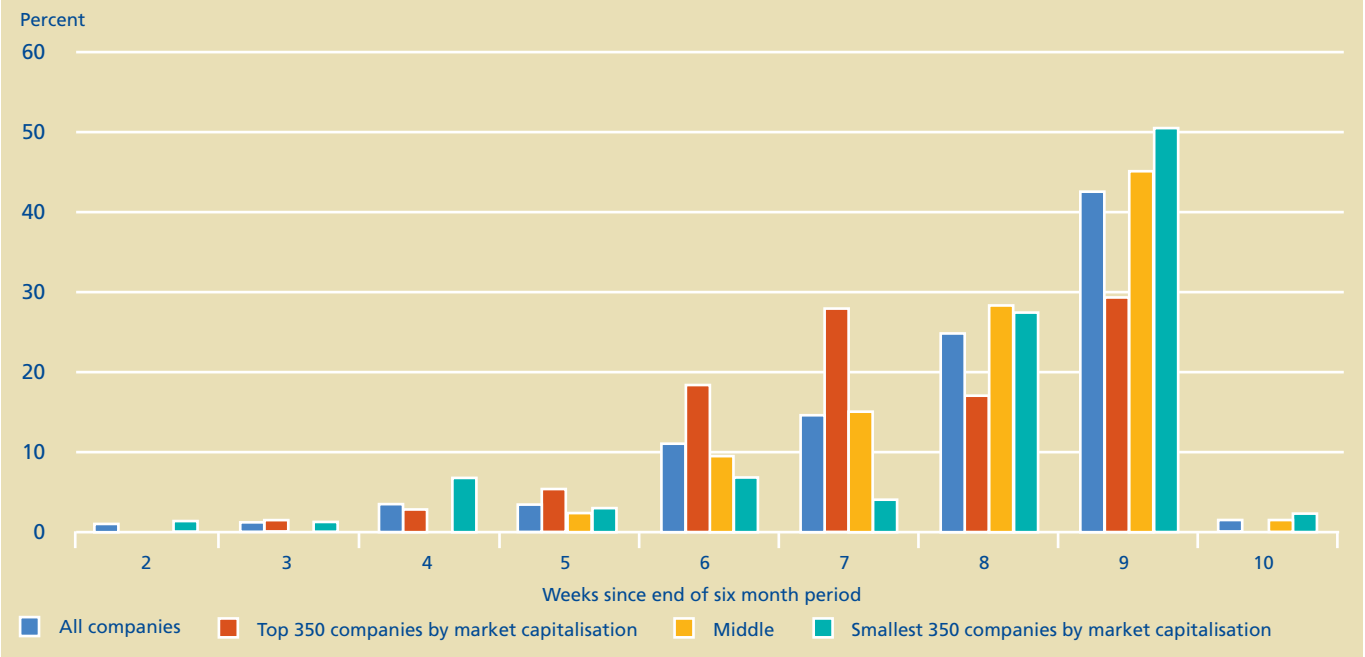


Figure 4: How long are the half-yearly financial reports on average compared to the previous year?

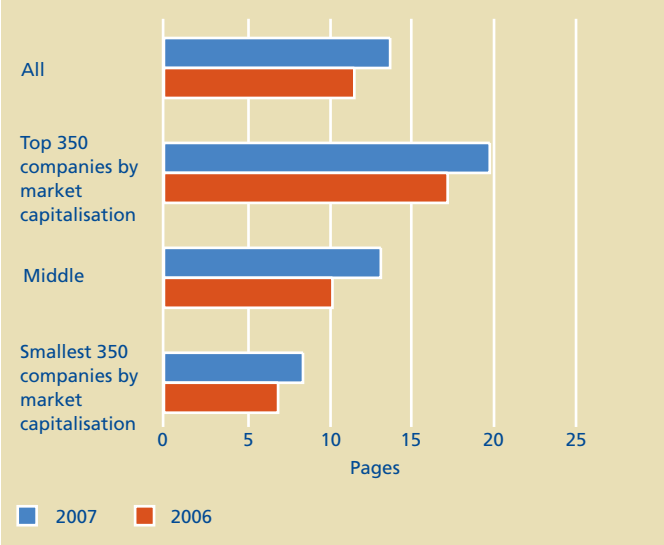
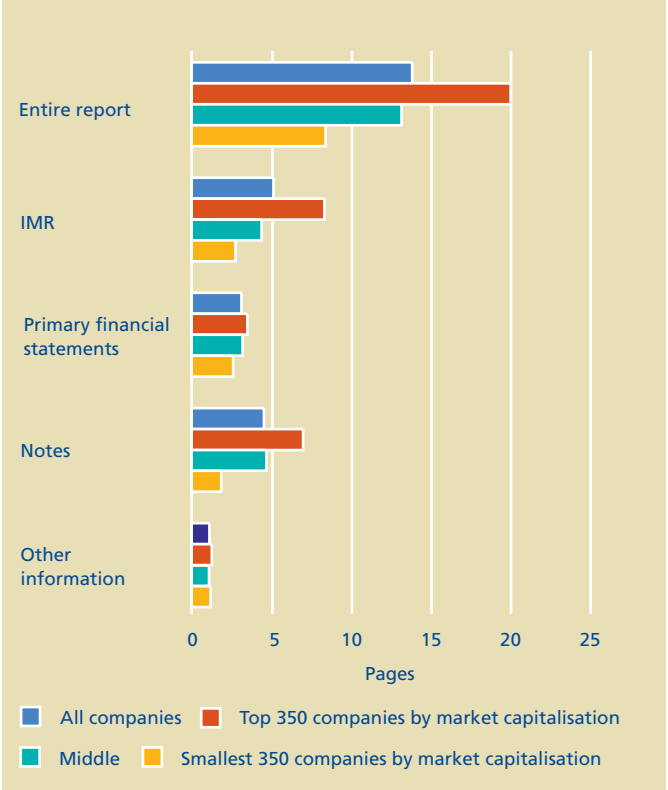


Figure 4 shows the average length of half-yearly financial reports for each category of companies compared with the previous year.

Figure 5 shows the average number of pages per section of the half-yearly financial report.

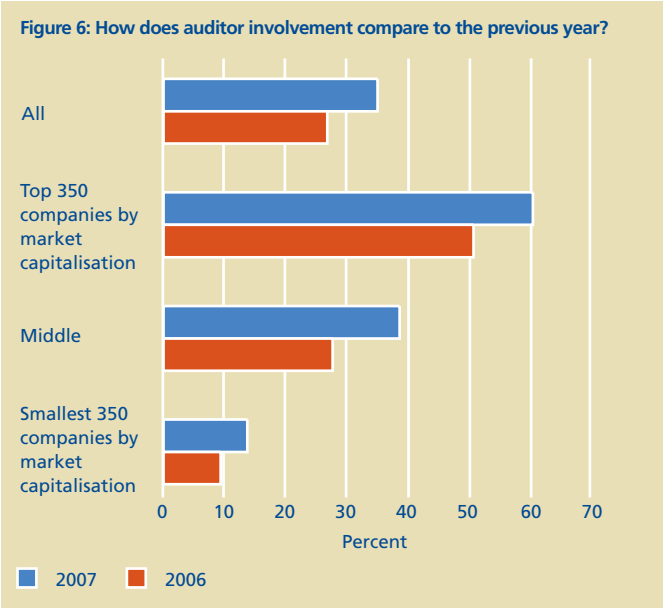
Figure 5: How long are the individual sections of a half-yearly financial report on average?



Auditor involvement

35% of the companies surveyed published an auditors’ review report. Comparing with the results of previous surveys, the overall level of auditor involvement seemed to have fallen from 50% in 2006. However, the results were affected by the nature of the sample selection in this survey. Consequently, the half-yearly financial reports in 2006 of the 289 companies in this year’s survey were assessed, indicating an overall increase in auditor involvement from 27% in 2006 to 35%. 26 companies that did not have their half-yearly financial reports reviewed in 2006 included a review report in the current year. In contrast, six companies which had a review in 2006 did not publish a review report in the current year. One of these companies included a review report in its 2007 half-yearly financial report sent to shareholders, but not in the report published via the RIS. Technically, it is the report available via the RIS that constitutes the half-yearly financial report. Thus, the review report provided by that company in the hard copy of its half-yearly financial report has been excluded from the results. However, this instance may highlight some misunderstanding of the rules around dissemination which require publication in unedited full text, including the review report (where applicable)

Figure 6 below shows the extent of auditor involvement for the 289 companies surveyed compared to the previous year.



Generally, auditor involvement continues to be more widespread amongst the larger companies, with smaller companies being considerably less likely to receive a formal review report from their auditors.

The DTR requires that a company states explicitly if its half-yearly financial report has neither been audited nor reviewed. Based on the detailed sample of 30 companies, figure 7 shows the disclosures given on auditor involvement as follows:

- 37% of companies had a review carried out by their auditors and included the review report in their half-yearly financial report published via the RIS;
- 23% of companies explicitly stated that the half-yearly financial report was neither audited nor reviewed;
- 27% of companies confirmed that their half-yearly financial report was unaudited, but made no comment on whether it had been reviewed; and
- 13% of companies did not comment on whether the report had been audited or reviewed (other than labelling the columns in the half-yearly financial statements as unaudited).

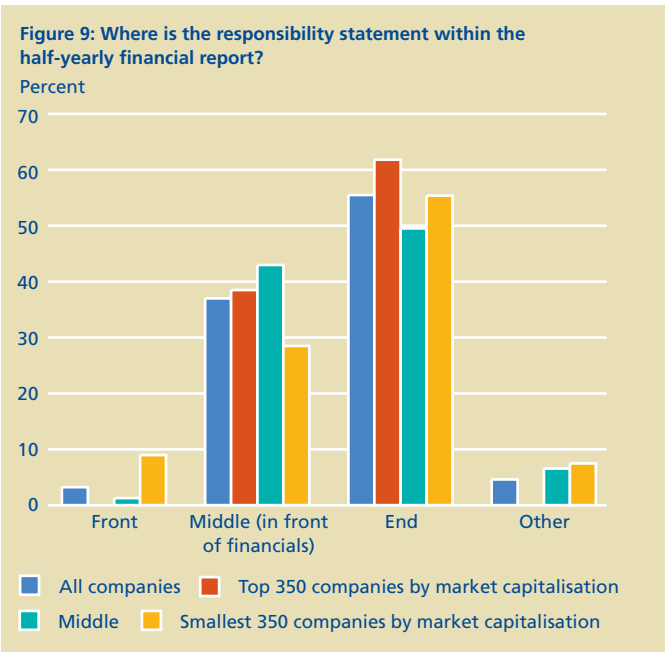
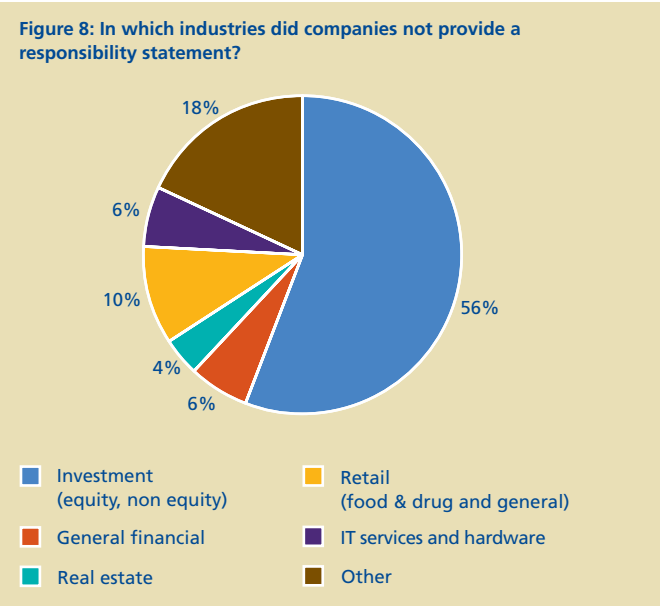
It is interesting to note, that at least half of the middle tier and the smallest companies did not fully comply with the disclosure requirements, as respectively 60% and 50% of those companies did not include a comment on whether the half-yearly financial report had been reviewed. This compares to only 10% of the largest companies.



Responsibility statement

Under the DTR, companies are now required to provide a responsibility statement in their half-yearly financial report. Directors must confirm that the condensed set of financial statements gives a true and fair view by complying with IAS 34 or the ASB Statement and that the IMR provides a fair review of the information required (i.e. important events and their impact, a description of principal risks and uncertainties for the remaining six months of the year and information on related party transactions²).

Of the 289 companies surveyed, 72 companies (25%) did not provide a responsibility statement. More than half of those companies not providing a responsibility statement were single entity investment trusts continuing to report under UK GAAP. This unexpected high level of non-compliance indicates that more communication of the requirements may be needed to ensure compliance in the future. Figure 8 below shows the companies that failed to provide a responsibility statement, grouped by industry.



There is no specific requirement on where to present the responsibility statement within the half-yearly financial report. The majority of companies included the responsibility statement at the end of the half-yearly financial report, just prior to the auditors’ review report (where given). Figure 9 shows where the responsibility statement was located in the half-yearly financial report. Half-yearly financial reports showing the statement within the notes to the condensed set of financial statements are included in the ‘Other’ category in figure 9. Responsibility statements included in the body of the notes were more difficult to locate and may be seen to relate only to the condensed set of financial statements rather than the full half-yearly financial report.

2 The requirements in relation to related parties only apply to companies with listed shares.



The responsibility statement must be made by the “**persons responsible within the issuer**”, with disclosure of the name and function of any person making the statement. The persons responsible would usually be the board of directors of the company. However it would be generally sufficient for one person to sign the statement on behalf of the board of directors. Figure 10 shows the person/s signing the statement (excluding the 72 companies which did not have a responsibility statement). It is not surprising that the responsibility statements of smaller companies were signed generally by one person, with 54% signed by the Chairman, Company Secretary or CEO. Over 60% of statements by large companies were signed by two people. Of particular note is that 24% of the smallest companies did not have their responsibility statement signed by anyone.

Based on the detailed sample of 30 companies, the content of the responsibility statement was either short form (65%) or long form (35%). Short form statements just made reference to DTR 4.2.7R and DTR 4.2.8R, whereas the long form statements explained the requirements of these sections. An example of a long form statement is included in the illustrative half-yearly financial report in appendix 1 of this publication. It was surprising that so many half-yearly financial reports contained short form statements as readers of the report would not necessarily be familiar with the new requirements and the responsibility statement.

Half-yearly financial reports in detail

30 companies (10 per size category) reporting under IFRS were surveyed in detail, focussing on the content of the half-yearly financial report. This section looks at the interim management report as well as the condensed set of financial statements, focussing on the IAS 34 requirements and any additional information provided.

The interim management report

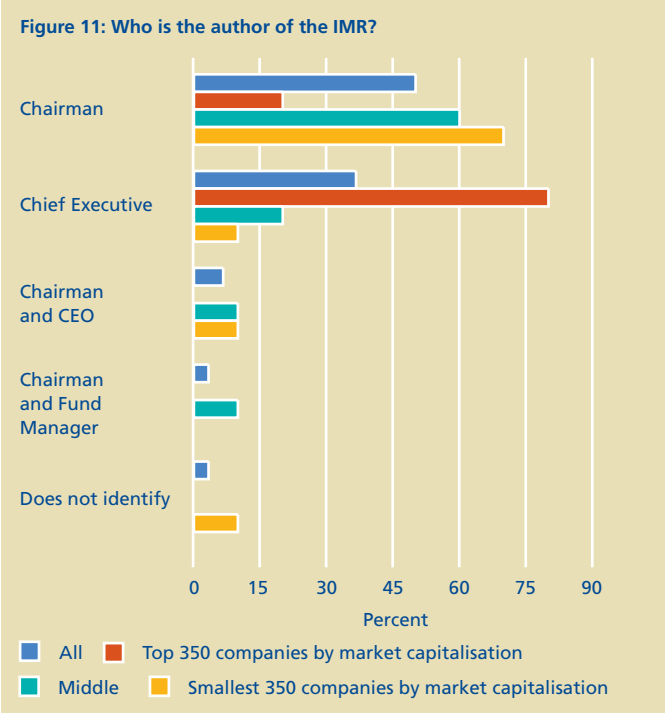
The DTR requires that the half-yearly financial report includes an interim management report (IMR) covering the following minimum information:

- an indication of important events that have occurred during the first six months 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
- related party transactions that have taken place in the first six months which had a material effect on, and any changes in related party transactions described in the latest annual report which could have a material impact on, the financial position or performance of the company¹.

These requirements are covered below in more detail.

Who is the author of the IMR?

Although most IMRs were not physically signed by a director, involvement was indicated through comments and quotes. Taking this indication of involvement into account, the authors of the interim management report varied throughout the sample of companies. The majority of reports continued to be made by the Chairman or Chief Executive. This is consistent with the results of the survey in 2006. Figure 11 shows the author of the interim management report by size category of companies.



Content of the IMR

Significant events

The quality of commentary varied significantly. While all companies in the sample provided information on important events during the half year, 33% did not reflect the impact of these events on the condensed financial statements. In addition, only 7% of companies in the sample clearly provided their commentary in the context of the industry in which they operated.

Principal risks and uncertainties

Companies are also required now to provide information on principal risks and uncertainties for the remaining six months of the year. This information was not always easy to identify in half-yearly financial reports, with differing approaches adopted by the companies surveyed. Some companies provided the information in the notes to the condensed financial statements, others included it in the management commentary, with or without a specific heading.

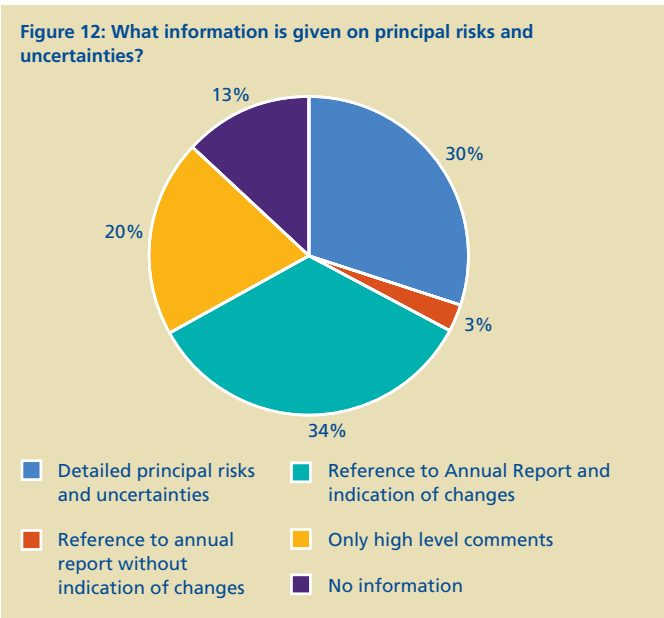
¹ The requirements in relation to related parties only apply to companies with listed shares.

Overall, references to the risks and uncertainties disclosed in the annual report were popular. A simple cross-reference would generally not be sufficient to meet the DTR requirements for the IMR. The DTR disclosures required in the half-yearly financial report specifically relate to the remaining six months of the financial year and hence have a different focus than the disclosures required in the enhanced business review in the annual report. In addition, these disclosures would require, at a minimum, updating from the full year. Therefore, references to the annual report should usually be seen as additional information rather than meeting the DTR requirements.

Regarding the disclosures on principal risks and uncertainties, the following was noted:

- nine companies provided detailed information on the principal risks and uncertainties of the company for the remaining six months of the year;
- ten companies referred to the risks and uncertainties in the most recent annual report and included changes to those risks and uncertainties in their IMR;
- six companies provided only high level comments in the narrative text. These comments seemed to relate to risks and uncertainties of the company, although it was not clear whether the listing was complete;
- one company referred only to the risks and uncertainties disclosed in the annual report without commenting on whether these had changed and to what extent they related to the remaining six months; and
- four companies did not provide any information on principal risks and uncertainties.

These results are summarised in figure 12.



Of particular interest was whether any reference was made to the turmoil in credit markets. As many companies simply referenced to disclosures made in their annual reports, it was not possible to determine from the half-yearly financial report whether any credit crunch issues were emerging. One company stated that the **“challenging macro economic environment remains the single biggest risk and uncertainty that 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”**. Another company commented on trading conditions in the UK. A third company added a risk in respect of indebtedness. However, this was added following a refinancing and not necessarily as a result of credit market tightening.

Two IMRs prepared by investment trusts commented on the sub-prime mortgage crisis but did not include a summary of the principal risks in their half-yearly financial reports.

Related party disclosures

It was difficult to determine whether the DTR requirements regarding related party disclosures were met. 53% of companies provided information about related party transactions or stated explicitly that there were none, either in the IMR or in the notes to the condensed set of financial statements. In addition, only 37% of companies disclosed whether there had been any changes in related parties from the previous annual report. For those companies that did not explicitly comply, it was not clear whether there was no such information to disclose or whether the directors were not aware of the requirement for the disclosures. It was interesting to note that six companies did not have any related party disclosures but had provided a responsibility statement confirming compliance with all the DTR requirements.

An example of disclosures given by a company without related party transactions or changes therein follows.

“There have been no related party transactions or changes in related party transactions described in the latest annual report that could have a material effect on the financial position or performance of the Group in the first six months of the financial year”.

The condensed set of financial statements

Consolidated half-yearly financial statements must now comply with IAS 34 ‘Interim Financial Reporting’. This section examines to what extent the 30 companies surveyed in detail complied with the requirements of IAS 34.

Under IAS 34, companies can choose to present either a condensed or a complete set of financial statements. However, a complete set of financial statements must comply with the requirements of all IFRSs in addition to IAS 34. Unsurprisingly, all companies in the detailed sample presented condensed half-yearly financial statements.

This was evidenced as follows:

- ten companies clearly labelled their primary statements as 'condensed';
- ten companies made reference to the condensed nature of the financial statements only in their Directors' responsibility statement;
- seven companies made reference to the financial statements being condensed in their accounting policies note; and
- three companies made no reference to the condensed nature at all. However, these three companies provided a selection of notes only, indicating a condensed rather than complete set of financial statements.

Companies also have a choice to present either a Statement of Recognised Income and Expense (SORIE) or a Statement of Changes in Equity (SOCE), although the presentation should be consistent with their annual report. Of the 30 companies surveyed in detail:

- 19 companies provided a SORIE. Of those, eight companies also provided a full reconciliation by equity component in the notes, six companies provided a reconciliation of total equity in the notes but not by equity component and five did not provide any further information;
- seven companies presented a SOCE;
- two companies did not provide a SORIE as a primary statement, but instead confirmed that there were no items other than in the income statement. Those two companies provided a reconciliation of equity in the notes, one by equity component and the other in total; and
- two companies provided both a SOCE and SORIE as primary statements, which would not be considered to comply with IAS 1 'Presentation of Financial Statements'.

All companies provided a cash flow statement. Only one company used the direct method of reporting cash flows from operating activities on the face of the cash flow statement, with a reconciliation of profit to operating cash flows in the notes. All other companies used the indirect method, with 19 companies showing the full operating cash flow reconciliation on the face of the cash flow statement, and the remaining ten companies gave the reconciliation in the notes.

Comparatives

IAS 34 requires that comparatives are provided as follows:

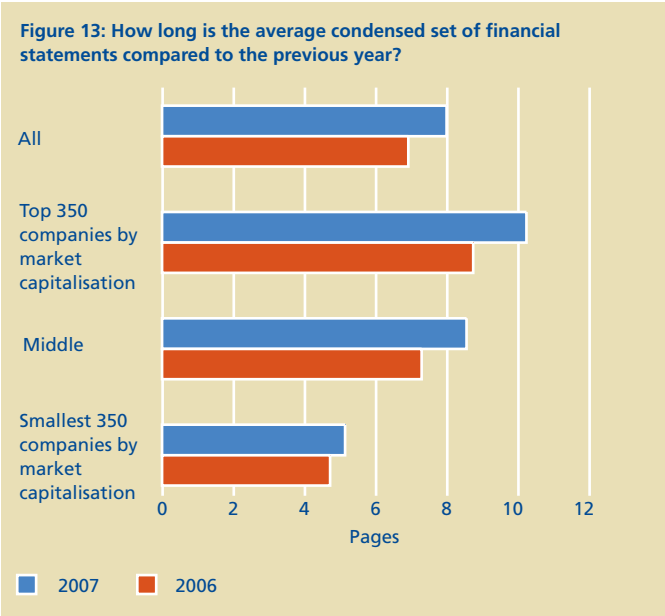
- comparatives for the interim period of the preceding financial year for the income statement, SORIE/SOCE and cash flow statement; and
- comparatives as of the end of the preceding financial year for the balance sheet.

The 30 companies in the detailed sample gave the following comparative information:

- all companies provided half-yearly comparatives for all primary statements;
- 22 companies included audited full year comparatives for all primary statements;
- seven companies gave full year comparatives as required for the balance sheet only; and
- one company provided full year comparative information for the balance sheet and SOCE but not for the income statement. This company provided both a SORIE and a SOCE as primary statements, but provided full year comparatives for the SOCE only.

Selected explanatory notes

The disclosures required by IAS 34 are more extensive than those required previously. Examples include the requirement to disclose segmental revenue and results for the group's primary segments and to provide the detailed disclosures required by IFRS 3 for any business combination that occurred during the relevant period (a full list of notes required by IAS 34 is provided in the half-yearly financial report disclosure checklist in appendix 2 of this publication). Therefore, as expected, the average length of the condensed set of financial statements within the half-yearly financial report for the sample of 30 companies has increased compared to the length of the same companies' reports in the prior year.



Section 240 statement

87% of companies provided the statement required by section 240 of the Companies Act 1985 when extracts from statutory financial statements are published (2006: 86%).

The remaining 13% made some attempt at this statement but omitted the requirement to state explicitly that the full year comparatives do not represent statutory accounts.

Accounting policies

Companies are required to state that the same accounting policies and methods of computation were followed in the condensed financial statements as in the most recent annual financial statements or, if those policies had changed, a description of the nature and effect of the change. Of the companies reviewed in detail, 93% (2006: 92%) made some reference to accounting policies within their half-yearly financial report with the majority stating that the policies applied were consistent with the previous annual report. One company noted that “information for such periods is prepared on the same basis as the financial information for the year ended 31st March, 2007” and then, under an accounting policies heading, stated that “financial information has been prepared on the basis of the recognition and measurement requirements of IFRS accounting standards in issue that are endorsed by the EU and effective (or available for early adoption) at 31st March, 2008” without any comment as to whether changes in IFRS between 2007 and 2008 had impacted the company. Only two companies (7%) in the sample made no reference to accounting policies. The disclosures given on accounting policies can be summarised as follows:

- 23 companies (77%) referred to the most recent annual report and confirmed that the accounting policies as at the prior year were unchanged;
- three companies (10%) referred to the prior year policies, but explained the changes made to the accounting policies since the annual report. Such changes were either as a result of voluntary changes in accounting policies or due to (early) adoption of new standards;
- one company (3%) included some or all accounting policies in their half-yearly financial report;
- another company (3%) gave inconsistent information as to whether the accounting policies had changed since the prior year; and
- two companies (7%) made no reference to accounting policies at all. These two companies therefore did not meet the requirements of IAS 34.

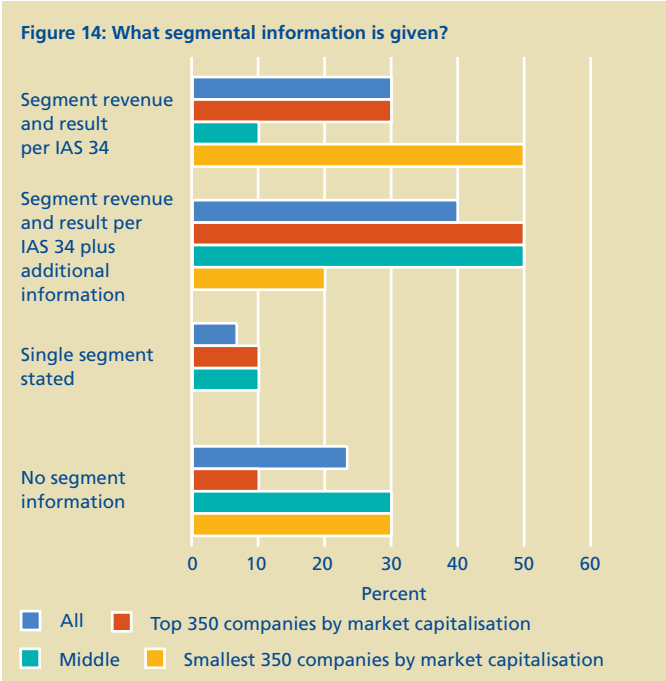
Seasonality

IAS 34 requires companies to comment on seasonality or cyclicity of interim operations. 37% of companies sampled included comments on seasonality, including explicit statements if the company’s business was not affected by seasonality. Those not making any disclosure in this area included companies in certain manufacturing and retail sectors where some level of seasonality in the results would be expected.

Segmental reporting

Another area of increased disclosure under IAS 34 is segmental reporting.

The Listing Rules did not previously require segmental information and the ASB Statement² only encouraged presentation of some segmental information. As expected, the level of segmental reporting has increased from 60% of companies providing segmental information in the prior year to 77% in the current year. However, 23% of companies did not provide any segmental information at all. Those companies disclosed only one primary segment in their annual reports, with some having more than one secondary segment. To comply with IAS 34.16, a statement that the company has only one primary segment would be expected in the half-yearly financial report. Figure 14 summarises the segmental information provided.



Additional segment information given included segment revenue and results excluding ‘exceptional items’, balance sheet information (assets, tangible assets, liabilities, net assets) by segment, capital expenditure and depreciation/amortisation expenses incurred by segment. Some, predominantly larger, companies also included a significant analysis of their results by segment in the IMR.

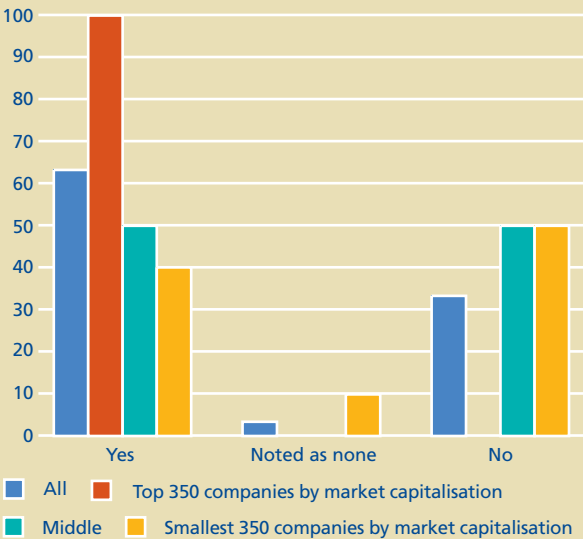
Unusual items

Figure 15 discloses the percentage of companies providing information on the nature and amount of items affecting the period that are unusual because of their nature, size or incidence. These were often labelled as ‘exceptional items’ which is a previous UK GAAP term. They typically include profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring and exceptional profits or losses on the disposal of fixed assets. Some companies included new IFRS requirements as exceptional items such as fair value adjustments under IAS 39 and IFRS 2 share based payment costs.

2 The 2007 revisions to the ASB Statement did not change the detailed recommendations in respect of segmental information.

Figure 15: Are items that are unusual due to their nature, size or incidence disclosed?

Percent



Compliance with IAS 34

Overall, the results of the detailed survey highlighted several areas of possible non-compliance with IAS 34 as follows.

- 83% of companies did not provide any information about the nature and amount of changes in estimates reported in prior periods.
- 27% did not provide any information about issuances, repurchases, and repayments of debt and equity securities.
- 73% of companies did not provide any information about material subsequent events or state that there were none.
- 73% of companies did not give details of changes in contingent liabilities in the period or state that there were none.
- 53% did not give any information on changes in the composition of the group in the period. It appeared for the majority of these companies that there may have been no changes although this was not specifically stated.
- One company failed to provide basic and diluted earnings per share information.
- One company stated that their report filed was “not the Company’s half yearly accounts. It is an abridged version of the Company’s full half yearly accounts for the six months ended 30 September 2007, which have not yet been approved or distributed to shareholders”. A full half-yearly financial report was later located on the company’s website. As the half-yearly financial report must be disseminated in unedited full text via a RIS within two calendar months, the version filed was considered to be the half-yearly financial report of the company which did not fully comply with the DTR or with some specific requirements of IAS 34.

These results were not entirely unexpected. The 2006 survey suggested that compliance with IAS 34 might present challenges for companies, as only one of the nine companies that had adopted IAS 34 early clearly demonstrated full compliance in 2006.

In this year’s survey there were nine companies where it was clear that some disclosures required by IAS 34 were not made. These included failure to disclose segmental information, accounting policies and basic and/or diluted earnings per share. Only one company made disclosures covering all explanatory notes required by IAS 34, including explicit statements where such requirements were not applicable. For the remaining 20 companies in the detailed sample it was not clear whether any missing disclosures were not applicable to the company, or merely not provided. Therefore, it was not clear to which extent those companies complied with the requirements of IAS 34.

Additional information

Consideration was given to the level of additional reporting provided by companies in the detailed sample. As noted below, much of the additional information covers previous UK GAAP reporting requirements, indicating that companies may be carrying over previous formats or, more likely, consider that this is useful information to readers. In some cases (for example pension disclosure), balances were significant and therefore disclosure may have been required under paragraph 16 of IAS 34 which requires that “the entity shall disclose any events or transactions that are material to an understanding of the current interim period”.

Operating profit/loss

83% of companies continued to present an operating profit/loss measure in their income statement, although this is not required by IAS 1.

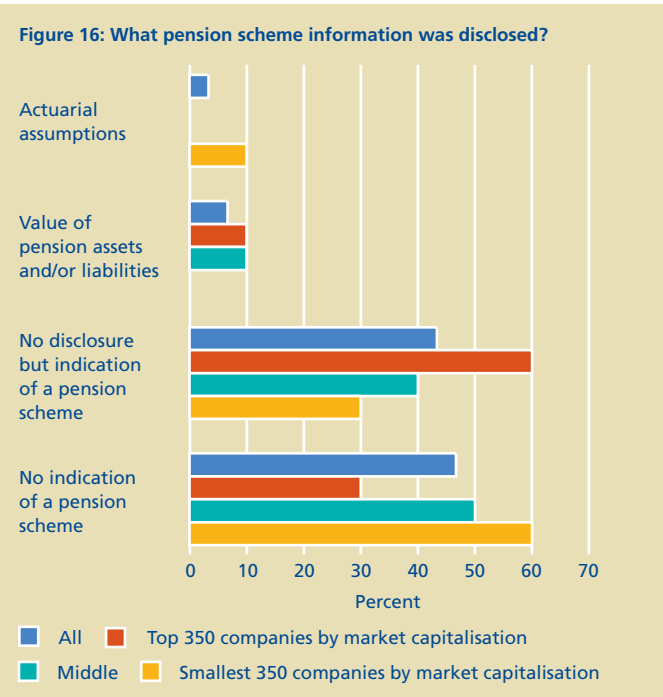
Alternative earnings per share

33% of companies in the detailed sample presented alternative (or “adjusted”) earnings per share information. This continues the declining trend noted in the 2006 survey when 57% provided alternative measures (compared to 65% in the 2004 survey). This may be as a result of increased awareness of the need for care in the use of proforma measures in financial reporting.

Three companies (10%) provided alternative EPS measures only on the face of the income statement, but not in the notes. If repeated in the annual report, this would not comply with IAS 33 ‘Earnings per Share’ which requires disclosure of adjusted EPS in the notes.

Defined benefit schemes

IAS 34 does not specifically require disclosure of information about defined benefit schemes. However, for many companies disclosures may be necessary to comply with the requirements in IAS 34.16 regarding the disclosure of unusual items, changes in estimates and material events given the significance of the balances involved. As disclosure is not specifically required it was not always possible to ascertain whether scheme assets and liabilities were reassessed at the half year. 14 companies (47%) did not appear to have a defined benefit scheme. The other 16 companies showed pension balances on their balance sheets, but only three of those provided related disclosures in the notes. Figure 16 overleaf shows that those three companies gave some disclosure of pension assets and/or liabilities, with only one company disclosing actuarial assumptions.



Analysis of the detailed sample showed that:

- two companies split the retirement benefit cost for the period into its component parts; and
- eight companies included some level of discussion on the status of the scheme, either in the explanatory narrative or the notes to the half-yearly financial report.

IAS 34 appendix B9 states that “pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the previous financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events”. As only half of the companies with a pension scheme reported a movement in the pension deficit between year-end and half-year it is possible that this assessment was not undertaken as it would be rare for the actuarially determined pension cost rate to equal exactly the contributions paid in the period.

One company that clearly complied with IAS 34 appendix B9 made the following disclosure in its accounting policies note.

“In consultation with the independent actuaries to the schemes, the valuation of the pension obligation has been updated to reflect current market discount rates, current market values of investments and actual investment returns, and also to consider whether there have been any other events that would significantly affect the pension liabilities.”

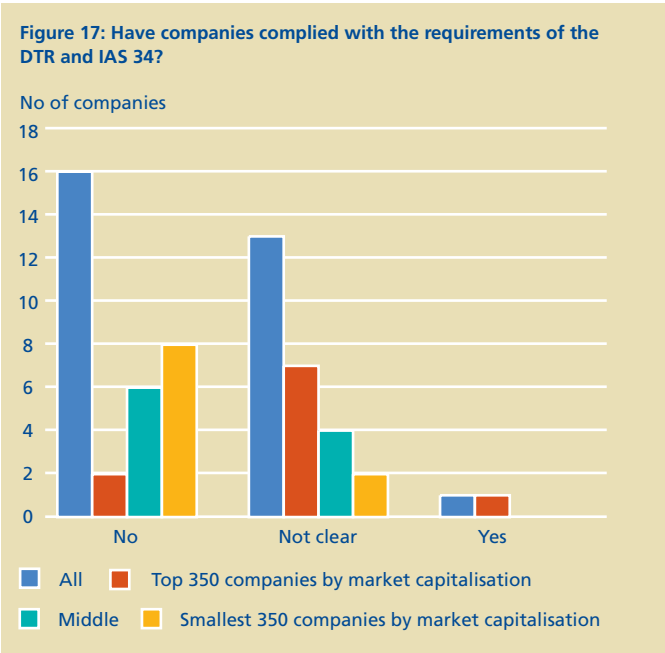
Reference was then made to a note showing the impact of those changes.

Forward looking information

Disclaimers covering forward looking information continue to be provided in half-yearly financial reports despite section 90A of the Financial Services and Markets Act³ coming into force last year to clarify liability for disclosures made. 37% of the detailed sample provided some form of disclaimer clarifying that forward looking statements were made in good faith and should be treated with caution due to the inherent uncertainties which underlie such forward looking information.

In summary

The new requirements for half-yearly financial reports by the DTR and IAS 34 seemed to have been unclear for a large number of companies in the detailed sample, with 16 companies not complying with at least one DTR or IAS 34 requirement. Only one company in the top 350 category clearly complied with all disclosures. The level of compliance for the remaining 13 companies was not clear as, although some disclosures were not made, it is possible that the particular requirements were not applicable to the company. This is summarised in figure 17 below.



The level of non-compliance was higher for smaller companies, with 80% of that category omitting some information, compared to only 20% of the largest companies.

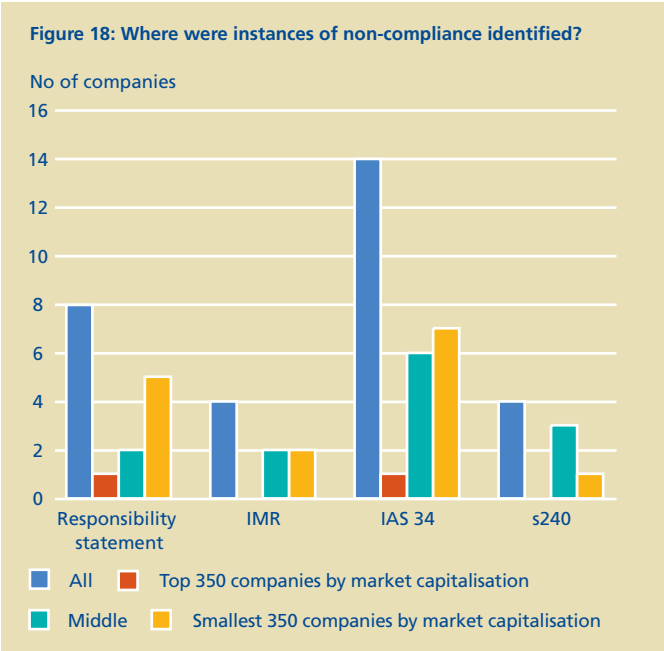
3 As inserted by section 1270 of the Companies Act 2006, available online at <http://www.statutelaw.gov.uk>.

Figure 18 shows where the instances of non-compliance occurred across the following four key areas:

- responsibility statement;
- interim management report;
- IAS 34; and
- section 240 statement required by company law.

One company that failed to comply in all four areas also submitted its half-yearly financial report late.

The results of this survey indicate that the coming year may present challenges for those yet to report under the new rules. For a large number of those who have already reported more work may be needed to improve compliance.



Appendix 1

Illustrative half-yearly financial report

Delto plc

Half-yearly financial report 30 June 2008

This illustrative half-yearly financial report has been developed to provide an example of the typical disclosures which will be required of a UK listed company with subsidiaries and associates for periods beginning on or after 20 January 2007. This illustrative half-yearly financial report for the six months to 30 June 2008 is prepared in accordance with IAS 34 and the FSA 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 typical of a current UK half-yearly financial report.

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 good examples of typical disclosures.

The illustrative half-yearly financial report is based on standards in issue as at 31 December 2007 which are expected to be effective for years beginning on or after 1 January 2008. The illustrative half-yearly financial report demonstrates IFRS 8 'Operating Segments' which is being adopted early prior to its effective date in 2009. Illustrative disclosures for companies continuing to apply IAS 14 'Segment Reporting' are also included. There may be changes to standards which become effective in 2008 which differ from those expected at the time of preparation. 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. It may therefore contain internal inconsistencies.



Half-yearly financial report 2008

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Delto plc

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 ¹ (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 ² (disclosure of related parties' transactions and changes therein).	
DTR 4.2.11	By order of the Board ³ ,	
	[Signature]	[Signature]
	Chief Executive Officer	Chief Financial Officer
DTR 4.2.10 (2)	[Name of signatory]	[Name of signatory]
	[Date]	[Date]

1 DTR 4.2.7 = Requirement to include an indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year.

2 DTR 4.2.8 = Requirement to disclose related parties' transactions and changes therein.

3 Based on FSA roundtable discussions, only one person has 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.

Delto plc

Interim management report

To the members of Delto 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 and 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 Delto plc and its subsidiary undertakings when viewed as a whole.

Operations

Delto 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 [] of the [] countries in which we operate. The group operates in three main geographical markets: [Europe], the [Americas] and [Asia Pacific]. We distribute our products via our cross-border sales offices and also through distributor agents in some markets.

Many of the specific markets in which Delto operates experience a high degree of competition. We continue to experience price pressure from our competitors in the more developed markets which impacts our products at the top end of the market range. As reported at year end, consolidation by acquisition in the newer markets is ongoing.

In [], our biggest single market in both revenue and profit terms, the economic environment over the past six months has remained relatively stable, with a continued high level of growth of _% in the first six months. In the rest of Europe, growth has been lower at an average of _% for the first six months of the current financial year and this rate of growth is not expected to change significantly in the remaining six months of the financial year. The [Americas] economy strengthened further during the first six months and the [Asia Pacific] market continues to grow at a fast pace driven largely by growth in China and India.

Long-term strategy and business objectives

In our most recent annual report, we reported Delto’s objective to achieve accelerating growth 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 [] of our [] markets. We have invested £_million (six months ended 30 June 2007: £_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 the USA to grow our market strength and have restructured this part of the business following the acquisition to consolidate our positions in this territory.

Delto plc

Interim management report (continued)

Key performance indicators

As set out in our most recent annual report, we implement and monitor our performance implementing our strategy with reference to clear targets set for six key performance indicators (“KPIs”). These KPIs are applied on a Group wide basis. Performance in the six months ended 30 June 2008 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 2007 annual report.

Six months ended 30 June	2008	2007	Target
Financial KPIs			
Return on capital employed	x%	x%	x%
Gross margin	x%	x%	x%
Percentage of revenue from new products	x%	x%	x%
Non-financial KPIs			
Market share	x%	x%	x% *
Renewable energy usage	x%	x%	x% *
Lost time injury frequency rate (injuries per 1m hours worked)	x	x	x

*Target is to achieve this share by 2009.

The results in the table show that we met our targets for three of our six KPIs. Two targets (market share and renewable energy usage) are to be achieved by 2009 so are “in progress” and the one target which we did not meet was a gross margin of _%. The directors believe that, having achieved a market share of _% in 2007, the group is still well placed to achieve the 2009 target for market share. Whilst other performance measures may be discussed in this IMR, it is the above six measures that the directors utilise and apply as the Group’s KPIs.

Delto plc

Interim management report (continued)

DTR 4.2.7 (1) Results for the six months ended 30 June 2008

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	2008 £'000	2007 £'000	2008 %	2007 %	2008 £'000	2007 £'000
By business						
[Segment A]						
[Segment B]						
[Segment C]						
[Segment D]						
[Other]						
[Discontinued**]						
Group total						

* Underlying operating profit is profit before interest, tax and one-off items and is reconciled to the financial information as follows:

Six months ended 30 June	2008 £'000	2007 £'000
Operating profit per financial information		
Exchange differences		
Goodwill impairment		
Underlying operating profit		

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

Revenue

Total group revenue was up _% on the six months ended 30 June 2007 to £_million with growth achieved in [Europe] (_%) and [Asia Pacific] (_%) but a decline of _% in the [Americas]. Excluding the net impact of foreign currency effects (£-_million), acquisitions (£_million) and disposals (£-_million), revenue on a like-for-like basis was higher by _% at £_million.

Eliminating the effect of currency movements, revenue growth was strong. The Group sees market share as a key performance indicator as it allows us to assess how the Group is growing in relation to its competitors. During the current period, we achieved a market share of _% which was up from _% at the previous year end. However, growth in the first six months of the current financial year was not as high as previously expected due to the fall in sales of product [] as well as price pressures across Europe.

During the period, we have launched a number of new products, including product [] and product []. Those 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 2007 to £_million. The launch of the replacement product is now expected to occur in the fourth quarter of the current financial year.

Delto plc

Interim management report (continued)

Gross margin and underlying operating profit

The comparable unit sales growth during the six month period was impacted to an extent by price pressures so that overall, the gross margin declined to _% (2007: _%) with gross profit of £_million.

Group operating profit for the six months ended 30 June 2008 was £_million, _% ahead of the comparative period in the previous financial year (£_million).

Despite a decline in gross margin percentage in the current period by _ percentage points to _%, underlying operating profit before interest, tax and one-off items increased by £_million to £_million.

Applying a constant currency basis, activity [] and activity [] achieved a growth in profit of _% and _% respectively. The growth in activity [] was partly attributable to the acquisition of [name of company] towards the end of the previous financial year, which had an immediate effect on our market share. A small loss was made in activity [] due to weaker sales and continuing delays in the integration of several small acquisitions made in previous financial years in the [Americas].

Dividend and dividend policy

In line with the Group's dividend policy, the Board has approved an interim dividend of _pence (2007: _pence) on [date after 30 June 2008], which will be paid on [date].

Financial position

Net assets increased by _% to £_million (31 December 2007: £_million) and net assets per share by _% to _pence (31 December 2007: _pence). 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 acquisitions during the first six months) and the change in net debt.

The Group has net debt of £_million (31 December 2007: £_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 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 2008 was £_million, £_million below the comparative period in 2007. Higher trading profit for the Group was offset by higher cash outflows in support of our ongoing restructuring programme and higher than normal sales in the last two weeks of the period.

Post balance sheet events

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.

Change in accounting policy

In the current financial year, the Group has adopted International Financial Reporting Standard 8 'Operating Segments' in advance of its effective date, with effect from 1 January 2008. In accordance with IAS 34 (as amended by IFRS 8), segmental information included in this half-yearly financial report is presented in accordance with IFRS 8.

DTR 4.2.8
(1a+b)

Related party transactions

Related party transactions are disclosed in note 22 to the condensed set of financial statements.

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

Delto plc

Interim management report (continued)

DTR 4.2.7 (2) **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. Further information on the principal long-term risks and uncertainties of the Group is included in our latest annual report on [reference to page or website].

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 (including the updating of their existing product lines) before we make corresponding updates and developments to our own range. This could render our products out-of-date and could result in rapid loss of market share. To reduce this risk, we undertake market research to ensure that our own products continue to meet the needs of our customers and we invest heavily in new product development to ensure that we have products at various stages of the product life cycle.

Competitor risk also manifests itself in price pressures which are usually experienced in the more developed markets. This results not only in downward pressure on our gross margins, but also in the risk that our products are not considered to represent value for money. Our sales teams therefore monitor market prices on an ongoing basis and we have delegated full responsibility for pricing to local management for orders less than a total value of £_million. Our bonus scheme for sales employees includes an element based on gross margin percentage achieved as well as one based on sales volume.

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 and, as some of these relationships span several markets, the impact of losing one relationship could be material to the Group as a whole. To manage this risk, the Group hosts local supplier and customer reviews to ensure that we continue to meet their respective needs and members of the Board meet with individual management from our strategic partners on at least an annual basis.

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. To mitigate this risk, the Group prepares detailed recovery plans for the most likely situations so that, at all our facilities, business continuity procedures are in place and staff are appropriately trained to implement them should these situations occur.

Foreign exchange

The Group has significant operations outside the UK and as such is exposed to movements in exchange rates. To protect cash flows against the high level of exchange risk, the Group enters into forward exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments. The Group's treasury policy is to keep _% of borrowing at fixed rates to provide long-term protection against fluctuating interest rates.

Delto plc

Interim management report (continued)

Future outlook

While the external commercial environment is expected to remain competitive in the rest of 2008, we have good momentum across [Europe] and [Asia Pacific] and we believe that we have now taken the necessary actions, and put in place processes, to implement the required restructuring of activity [].

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 for the next two to three years until the current consolidation activity in the market slows. We anticipate that, despite our efficient manufacturing process, our margins in Europe in the remaining six months of the financial year will decline. We expect continued sales growth in unit terms for the year as a whole and are now aiming to launch our new product [] towards the end of the financial year.

[Address of registered office]

By order of the Board,
[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

DTR 4.2.2 (2) [Name of signatory]
[Date⁴]

[Name of signatory]
[Date]

⁴ 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. (DTR 4.2.2(2))

Delto plc

Independent Review Report to Delto 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 2008 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of recognised income and expense, the condensed consolidated cash flow statement and related notes 1 to 22. 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 2410 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 them 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 2008 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 & Touche LLP

Chartered Accountants

[Date]

[Address]

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.

Delto plc

Condensed consolidated income statement Six months ended 30 June 2008

		Six months ended 30 June		Year ended
		2008	2007	31 December
		£'000	£'000	2007 ⁵
				£'000
IAS 34.10	Continuing operations	Note		
IAS 1.81	Revenue		3	
	Cost of sales			
	Gross profit			
	Other operating income			
	Distribution costs			
	Administrative expenses			
	Other operating expenses			
IAS 1.81	Share of results of associates			
IAS 1.86	Restructuring costs	6		
	Operating profit			
	Investment revenue			
	Other gains and losses			
IAS 1.81	Finance costs			
	Profit before tax			
IAS 1.81	Tax		7	
	Profit for the period from continuing operations			
	Discontinued operations			
IAS 1.81	Loss for the period from discontinued operations	8		
IAS 1.81	Profit for the period			
IAS 1.82	Attributable to:			
	Equity holders of the parent			
	Minority interest			
IAS 33.66	Earnings per share			
	From continuing operations			
	Basic	10		
	Diluted	10		
IAS 34.11	From continuing and discontinued operations			
	Basic	10		
	Diluted	10		

⁵ 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.

Delto plc

Condensed consolidated statement of recognised income and expense
Six months ended 30 June 2008

	Six months ended 30 June		Year ended
	2008	2007	31 December
	£'000	£'000	2007 ⁶
			£'000
IAS 34.10			
IAS 1.96			
Gains/(losses) on revaluation of properties			
Gains/(losses) on revaluation of available-for-sale investments taken to equity			
Gains/(losses) on a hedge of a net investment taken to equity			
Gains/(losses) on cash flow hedges			
Exchange differences on translation of foreign operations			
Actuarial gains/(losses) on defined benefit pension schemes			
Tax on items taken directly to equity			
Net income recognised directly in equity			
Transfers			
Transferred to profit or loss on sale of available-for-sale investments			
Transferred to profit or loss on cash flow hedges			
Transferred to the initial carrying amount of non-financial hedged items on cash flow hedges			
Tax on items transferred from equity			
Profit for the period			
Total recognised income and expense for the period			
Attributable to:			
Equity holders of the parent			
Minority interests			

6 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.

Delto plc

Condensed consolidated balance sheet 30 June 2008

			30 June 2008 £'000	30 June 2007 ⁷ £'000	31 December 2007 ⁸ £'000
IAS 34.10		Note			
	Non-current assets				
	Goodwill				
IAS 1.68	Other intangible assets				
IAS 1.68	Property, plant and equipment	11			
IAS 1.68	Investment property				
IAS 1.68	Interests in associates				
	Investments				
	Finance lease receivables				
IAS 1.70	Deferred tax asset				
	Derivative financial instruments				
	Current assets				
IAS 1.68	Inventories				
	Investments				
	Finance lease receivables				
IAS 1.68	Trade and other receivables				
IAS 1.68	Cash and cash equivalents	17			
	Derivative financial instruments				
IAS 1.68A	Assets classified as held for sale	15			
	Total assets				
	Current liabilities				
IAS 1.68	Trade and other payables				
IAS 1.68	Current tax liabilities				
	Obligations under finance leases				
	Borrowings	12			
IAS 1.68	Provisions				
	Derivative financial instruments				
	Deferred revenue				
IAS 1.68A	Liabilities directly associated with assets classified as held for sale	15			
	Net current assets				

7 Although not required by IAS 34, the comparative amounts at 30 June 2007 and the related notes have been included on a voluntary basis.

8 IAS 34 (20(a)) requires the balance sheet to include comparatives as of the end of the preceding financial year.

Delto plc

Condensed consolidated balance sheet (continued) 30 June 2008

		30 June 2008 £'000	30 June 2007 ⁹ £'000	31 December 2007 ¹⁰ £'000
	Note			
Non-current liabilities				
Borrowings	12			
Convertible loan notes				
IAS 1.69 Retirement benefit obligations	20			
IAS 1.68 Deferred tax liabilities				
IAS 1.68 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 reserves				
Own shares				
Equity reserve				
Hedging and translation reserves				
Retained earnings				
IAS 1.68 Equity attributable to equity holders of the parent				
IAS 1.68 Minority interest				
Total equity				

⁹ Although not required by IAS 34, the comparative amounts at 30 June 2007 and the related notes have been included on a voluntary basis.

¹⁰ IAS 34 (20(a)) requires the balance sheet to include comparatives as of the end of the preceding financial year.

Delto plc

Condensed consolidated cash flow statement
30 June 2008

		Six months ended 30 June		Year ended
		2008	2007	31 December
	Note	£'000	£'000	2007 ¹¹ £'000
IAS 34.10				
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			
	Expenditure on product development			
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			
	Effect of foreign exchange rate changes			
	Cash and cash equivalents at end of period			

11 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.

Delto plc

Notes to the condensed set of financial statements Six months ended 30 June 2008

1. General information

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

IAS 34.15

[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 transaction 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

DTR 4.2.4 (1)
and IAS 34.19

The annual financial statements of Delto 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 Standards 34 'Interim Financial Reporting', as adopted by the European Union.

DTR 4.2.6
and
IAS 34.16(a)

The same accounting policies, presentation methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except for *[description of nature and effect of a change in accounting policy, presentation and or method of computation, and the reasons for the change]*.

Change in accounting policy

In the current financial year, the Group has adopted International Financial Reporting Standard 8 'Operating Segments' in advance of its effective date, with effect from 1 January 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, the segmental information required by IAS 34 which is included in note 3A below is presented in accordance with IFRS 8. The comparatives have been restated accordingly.

[The disclosures on the basis of IAS 14, the predecessor standard, are illustrated in note 3B.]

IAS 34
(revised).
16(g)

3A. Business segments *[IFRS 8 basis]*

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of activities undertaken by each of the Group's operating divisions. However, information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is more specifically 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	

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

3A. Business segments [IFRS 8 basis] (continued)

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

The group was also previously involved in [Operation W] which was reported as part of Activity A under IAS 14. That operation was discontinued with effect from [date] (see note 8). For IFRS 8 purposes this operation is included in [Segment B].

Information regarding the Group’s operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

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 2008:

Six months ended 30 June 2008	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discon- tinued operations £'000	Eliminations £'000	Consolidated £'000
Revenue								
External sales						()		
Inter-segment sales						()	()	
Total revenue						()	()	
Result								
Segment result						()	()	
Central administration costs								
Share of profits of associates								
Operating profit								
Gain on disposal of operation								
Investment revenues								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

Delto plc

Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

3A. Business segments *[IFRS 8 basis]* (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2007:

Six months ended 30 June 2007	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discon- tinued 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								
Gain on disposal of operation								
Investment revenues								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

3A. Business segments [IFRS 8 basis] (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2007:

Year ended 31 December 2007	[Segment A] £'000	[Segment B] £'000	[Segment C] £'000	[Segment D] £'000	Other £'000	Discon- tinued 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								
Gain on disposal of operation								
Investment revenues								
Finance costs								
Profit before tax								
Tax								
Profit for the period from discontinued operations [in Segment B]								
Profit after tax and discontinued operations								

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.

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Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

3A. Business segments *[IFRS 8 basis]* (continued)

Segment assets

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'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. Goodwill has been allocated to reportable segments as described below.

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Segment A			
CGU 1			
CGU 2			
Segment B (comprising several CGUs)			
Segment C (a single CGU)			

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(g) 3B. Business segments [IAS 14 basis]

For management purposes, the Group is currently organised into three operating divisions: [Activity A], [Activity B] and [Activity C]. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

[Activity A]

[Activity B]

[Activity C]

The Group was also previously involved in [Operation W] which was reported as part of [Activity A]. That operation was discontinued with effect from [date] (see note 8).

Segment information about these businesses is presented below.

Six months ended 30 June 2008	[Activity A] £'000	[Activity B] £'000	[Activity C] £'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				()	()	
Unallocated corporate expenses						
Share of results of associates						
Operating profit						
Other gains and losses						
Investment revenues						
Finance costs						
Profit before tax						
Tax						
Profit for the period from discontinued operations						
Profit after tax and discontinued operations						

Delto plc

Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

3B. Business segments [IAS 14 basis] (continued)

Six months ended 30 June 2007	[Activity A] £'000	[Activity B] £'000	[Activity C] £'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				()	()	
----------------	--	--	--	-----	-----	--

Unallocated corporate expenses

Share of results of associates

Operating profit

Other gains and losses

Investment revenues

Finance costs

Profit before tax

Tax

Profit for the period from discontinued operations

Profit after tax and discontinued operations

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

3B. Business segments [IAS 14 basis] (continued)

Year ended 31 December 2007	[Activity A] £'000	[Activity B] £'000	[Activity C] £'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				()	()	
Unallocated corporate expenses						
Share of results of associates						
Operating profit						
Other gains and losses						
Investment revenues						
Finance costs						
Profit before tax						
Tax						
Profit for the period from discontinued operations						
Profit after tax and discontinued operations						

IAS 34.16(b) 4. Seasonality of [Product X] sales

Sales for [Product X], which forms part of the Group's [Segment 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.

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(c) **5. Write-down of inventories**

IAS 34.17(a) During the current period, exceptional write-downs of inventories of £_million have been charged to profit or loss in respect of inventories of [Product Y]. The write-down reduces the carrying amount of [Product Y] inventories to their net realisable value.

IAS 34.16(c) **6. Restructuring costs**

In [month] 2008, 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 workers could not be redeployed, termination terms were agreed.

	Six months ended 30 June 2008 £'000	2007 £'000	Year ended 31 December 2007 £'000
Impairment loss recognised in respect of assets			
Redundancy costs			

IAS 34.17(d) **7. Tax**

Income tax for the six month period is charged at _% (six months ended 30 June 2007: _%; year ended 31 December 2007: _%), representing the best estimate of the average annual effective income tax rate expected for the full year, applied to the pre-tax income of the six month period.

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(i) **8. Discontinued operations**

On [date] 2008, 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] 2008, 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] 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Revenue			
Expenses			
Profit before tax			
Attributable tax expense			
Loss 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 2007: £_million; year ended 31 December 2007: £_million) to the Group's net operating cash flows, paid £_million (six months ended 30 June 2007: £_million; year ended 31 December 2007: £_million) in respect of investing activities and paid £_million (six months ended 30 June 2007: £_million; year ended 31 December 2007: £_million) in respect of financing activities.

A loss 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.

Delto plc

Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

IAS 34.16(f)

9. Dividends

	Six months ended 30 June 2008 £'000	2007 £'000	Year ended 31 December 2007 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2007 of _p (2006: _p) per share	_____	_____	
Interim dividend for the year ended 31 December 2007			_____
Proposed interim dividend for the year ended 31 December 2008 of _p (2007: _p) per share	_____	_____	
Proposed final dividend for the year ended 31 December 2007 of _p per share			_____
The proposed interim dividend was approved by the Board on [date after 30 June 2008] and has not been included as a liability as at 30 June 2008.			

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 2008 £'000	2007 £'000	Year ended 31 December 2007 £'000
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent			
Effect of dilutive potential ordinary shares:			
Interest on convertible loan notes (net of tax)	_____	_____	_____
Earnings for the purposes of diluted earnings per share	_____	_____	_____

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

10. Earnings per share (continued)

	Six months ended 30 June 2008 No.	2007 No.	Year ended 31 December 2007 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 2008.

From continuing operations

	Six months ended 30 June 2008 £'000	2007 £'000	Year ended 31 December 2007 £'000
Earnings			
Net profit attributable to equity holders of the parent			
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.

Delto plc

Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

IAS 34.16(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 of its machinery and tools with a carrying amounts of £_million for proceeds of £_million.

IAS 34.16(e) **12. Bank overdrafts and loans**

During the period, the Group obtained a new short-term bank loan amounting to £_million. The loan bears interest at market rates and is repayable within 1 year. The proceeds were used to meet short-terms expenditure needs.

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.

IAS 34.16(e) **13. Share capital**

Share capital as at 30 June 2008 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.

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(i) **14. Disposal of subsidiary**

As referred to in note 8, on [date] 2008 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 2007 and at 31 December 2007 were as follows:

	[date] 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Property, plant and equipment			
Inventories			
Trade receivables			
Bank balances and cash			
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.

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Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(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 [Segment 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 2008 £'000	30 June 2007 £'000	31 December 2007 £'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			

Delto plc

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2008

IAS 34.16(i)

16. Acquisition of subsidiary

On [date], the Group acquired 100 per cent of the issued share capital of [name of company] for cash consideration of £_million. [Name of company] is the parent company of a group of companies involved in [Segment C]. This transaction has been accounted for by the purchase method of accounting.

	Book value £'000	Fair value £'000
Net assets acquired		
Property, plant and equipment		
Deferred tax assets		
Inventories		
Trade and other receivables		
Cash and cash equivalents		
Trade and other payables		
Current tax liabilities		
Bank loans		
Deferred tax liabilities		
Contingent liabilities		
[Specify other classes as necessary]		
Goodwill		
Total consideration		
Satisfied by:		
Cash		
Directly attributable costs		
[Describe other consideration]		
Net cash outflow arising on acquisition		
Cash consideration		
Cash and cash equivalents acquired		

The goodwill arising on the acquisition of [name of company] is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

[Name of company] contributed £_million revenue and £_million to the Group's profit before tax for the period between the date of acquisition and 30 June 2008.

If the acquisition of [name of company] had been completed on the first day of the current period, Group revenues for the period would have been £_million and Group profit attributable to equity holders of the parent would have been £_million.

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Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

17. Notes to the cash flow statement

	Six months ended 30 June 2008 £'000	2007 £'000	Year ended 31 December 2007 £'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			
Negative goodwill released to income			
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 2008 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.

Delto plc

Notes to the condensed set of financial statements (continued) Six months ended 30 June 2008

IAS 34.16(j) **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 they have recommended that it be contested. No provision has been made in the condensed set of financial statements as the Group's management do not consider that there is any probable loss.

IAS 34.16(c) **19. Share based payments**

On [date] 2008, 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 34.16(d) **20. Defined benefit schemes**

The defined benefit obligation as at 30 June 2008 is calculated on a year-to-date basis, using the latest actuarial valuation as at 31 December 2007. 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 2007.

The defined benefit plan assets have been updated to reflect their market value as at the 30 June 2008. 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 Recognised Income and Expense in accordance with the Group's accounting policy.

IAS 34.16(h) **21. 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.

Delto plc

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2008

IAS 34.17(j)

22. 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. Transactions between the group and its associates are disclosed below.

Trading transactions

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	Sales of goods 2008 '000	Purchase of goods 2008 '000	Amounts owed by related parties 2008 '000	Amounts owed to related parties 2008 '000
X Holdings				
Associates				
Six months ended 30 June	Sales of goods 2007 '000	Purchase of goods 2007 '000	Amounts owed by related parties 2007 '000	Amounts owed to related parties 2007 '000
X Holdings				
Associates				
Year ended 31 December	Sales of goods 2007 '000	Purchase of goods 2007 '000	Amounts owed by related parties 2007 '000	Amounts owed to related parties 2007 '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 in respect of 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 IFRS for periods beginning on or after 20 January 2007. 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 debt¹ securities admitted to trading on a regulated market². Some exemptions are available in section DTR 4.4 and those relating to half-yearly financial reports are included in section 1 of this checklist.

[illegible]

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

2 Regulated markets include the LSE main market, but exclude exchange regulated markets such as AIM and the Professional Securities Market

[illegible]

3 In practice, this 2 year exemption could not be taken by UK companies as comparatives are required by IAS 34 and the ASB Statement, compliance with which is required to give a true and fair view in the half-yearly financial report as per DTR 4.2.10.

		Reference	Yes/No/n/a
3.3	<p>The accounting policies and presentation applied to half-yearly figures must be consistent with those applied in the latest published annual financial statements, except where the accounting policies and presentation are to be changed in the subsequent annual financial statements.</p> <p>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.</p>	<p>DTR 4.2.6</p> <p>DTR 4.2.6(1)</p>	
3.4	<p>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.</p> <p>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.</p>	<p>DTR 4.2.9(1)</p> <p>DTR 4.2.9(2)</p>	
4	<p>IAS 34 'Interim financial reporting'</p> <p>[Entities which are required to prepare consolidated accounts should prepare their condensed half-yearly financial statements in accordance with IAS 34.</p> <p>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.]</p>	DTR 4.2.4(1)	
4.1	<p>An interim report should include, at a minimum, the following components:</p> <ul style="list-style-type: none"> (a) a condensed income statement; (b) a condensed statement of changes in equity (SOCE) or a condensed statement of recognised income and expense (SORIE); (c) a condensed balance sheet; (d) a condensed cash flow statement; and (e) selected explanatory notes. 	IAS 34.8	
4.2	<p>A half-yearly financial report should be prepared on a consolidated basis if the entity's most recent annual financial statements were consolidated statements.</p> <p>Condensed income statement</p>	IAS 34.14	
4.3	<p>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 income statement.</p> <p>Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.</p>	<p>IAS 34.10</p> <p>IAS 34.10</p>	
4.4	<p>The nature and amount of items affecting net income that are unusual because of their nature, size or incidence should be disclosed.</p>	IAS 34.16(c)	
4.5	<p>Basic and diluted earnings per share for the half year should be presented on the face of the condensed income statement.</p>	IAS 34.11	

		Reference	Yes/No/n/a
4.6	Income statements should be presented for the current interim period and cumulatively for the current financial year to date.	IAS 34.20(b)	
	Comparative income statements 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	
4.7	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		
4.8	Information about changes in equity arising from capital transactions with equity holders can be shown either on the face of the statement or in the notes. An entity should follow the same format for the condensed statement of changes in equity as in its most recent annual financial statements.	IAS 34.13	
4.9	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	
4.10	The nature and amount of items affecting equity that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16(c)	
4.11	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, in addition to the information required by IAS 34.20(b).	IAS 34.21	
4.12	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 balance sheet		
4.13	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 balance sheet.	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	
4.14	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 34.16(c)	
4.15	A balance sheet should be presented as at the end of the current interim period.	IAS 34.20(a)	
	A comparative balance sheet should be given as at the end of the preceding financial year.	IAS 34.20(a)	

		Reference	Yes/No/n/a
Condensed cash flow statement			
4.16	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 cash flow statement.	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	
4.17	The nature and amount of items affecting cash flows that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16(c)	
4.18	A cash flow statement 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, in addition to the information required by IAS 34.20(b).	IAS 34.21	
Selected explanatory and "other" notes			
4.19	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 and 15	
4.20	The information in the notes should normally be reported on a financial year-to-date basis.	IAS 34.16	
	If an entity reports on a quarterly basis, any events or transactions that are material to an understanding of the current interim period shall also be disclosed.		
4.21	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.	IAS 34.16(a)	
	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.	IAS 34.28 and 29	
	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 34.43(a)	

		Reference	Yes/No/n/a
4.22	<p>Where full year comparatives are provided, a statement is required to satisfy section 240 of the Companies Act 1985 regarding the publication of non-statutory accounts, stating:</p> <p>(a) that the accounts are not the entity's statutory accounts;</p> <p>(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;</p> <p>(c) whether the auditors have made a report under section 235 on the entity's statutory accounts for any such financial year; and</p> <p>(d) whether this audit report was qualified or contained a statement under section 237(2) or 237(3) (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).</p> <p>For example: The information for the year ended 31 January 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.</p>	CA s240	
4.23	Explanatory comments about the seasonality or cyclicity of the interim operations should be given.	IAS 34.16(b)	
4.24	<p>The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year should be disclosed.</p> <p>Additionally, changes in estimates of amounts reported in prior financial years should be disclosed, if those changes have a material effect in the current interim period.</p>	IAS 34.16(d)	
4.25	Information about issuances, repurchases and repayments of debt and equity securities should be given.	IAS 34.16(e)	
4.26	Dividends paid (aggregate or per share) should be disclosed separately for ordinary shares and other shares.	IAS 34.16(f)	
4.27	<p>Segment revenue and segment result for the entity's primary segments should be disclosed, if the entity is required to comply with IAS 14 'Segment Reporting' in its annual financial statements</p> <p>Please note: IFRS 8 'Operating Segments', the recent IFRS issued by the IASB, includes consequential amendments to IAS 34.16(g). IFRS 8 and the consequential amendments to IAS 34 are effective for periods beginning on or after 1 January 2009. Early application is permitted.</p> <p>The amended paragraph is reproduced below.</p> <p>The entity shall disclose the following segment information, if it is required to comply with IFRS 8 'Operating Segments' in its annual financial statements:</p> <p>i. 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;</p> <p>ii. 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;</p> <p>iii. a measure of segment profit or loss;</p> <p>iv. total assets for which there has been a material change from the amount disclosed in the last annual financial statements;</p>	IAS 34.16(g) IAS 34 (r2006).16(g)	

	Reference	Yes/No/n/a
<p>v. 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</p> <p>vi. 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.</p> <p>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.</p> <p>Following a change in the composition of its reportable segments, an entity shall:</p> <ul style="list-style-type: none">disclose whether it has restated the corresponding items of segment information for earlier interim periods; andif 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.	<p>IFRS 8.29</p> <p>IFRS 8.29</p> <p>IFRS 8.30</p>	
4.28	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period should be disclosed.	IAS 34.16(h)
4.29	<p>The effect of changes in the composition of the entity during the interim period should be disclosed, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructurings and discontinued operations.</p> <p>For business combinations, the disclosures required by IFRS 3.66-73 should be given as follows:</p> <p>An acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of business combinations that were effected:</p> <p>(a) during the period; and</p> <p>(b) after the balance sheet date but before the financial statements are authorised for issue.</p> <p>Note: Paragraphs 67 to 71 of IFRS 3, as below, specify the minimum disclosures to satisfy the requirement in IFRS 3.66.</p> <p>The entity shall disclose the following information for each business combination that was effected during the period (or in aggregate for business combinations effected during the reporting period that are individually immaterial):</p> <p>(a) the names and descriptions of the combining entities or businesses;</p> <p>(b) the acquisition date;</p> <p>(c) the percentage of voting equity instruments acquired;</p>	<p>IAS 34.16(i)</p> <p>IFRS 3.66</p> <p>IFRS 3.68</p> <p>IFRS 3.67(a)</p> <p>IFRS 3.67(b)</p> <p>IFRS 3.67(c)</p>

	Reference	Yes/No/n/a
<p>(d) the cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination.</p> <p>When equity instruments are issued or issuable as part of the cost, the following shall also be disclosed:</p> <ul style="list-style-type: none"> i. the number of equity instruments issued or issuable; ii. the fair value of those instruments and the basis for determining that fair value; iii. if a published price does not exist for the instruments at the date of exchange, the significant assumptions used to determine fair value shall be disclosed; iv. if a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, the entity shall disclose: <ul style="list-style-type: none"> • that fact; • the reasons the published price was not used; • the method and significant assumptions used to attribute a value to the equity instruments; and • the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments; 	IFRS 3.67(d)	
(e) details of any operations the entity has decided to dispose of as a result of the combination;	IFRS 3.67(e)	
<p>(f) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities; and:</p> <ul style="list-style-type: none"> i. the carrying amounts of each of those classes, determined in accordance with IFRSs, immediately before the combination, unless disclosure would be impracticable; ii. if such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case; 	IFRS 3.67(f)	
(g) the amount recognised in profit or loss relating to any excess of the entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost; and the line item in the income statement in which the excess is recognised;	IFRS 3.67(g)	
<p>(h) a description of the factors that contributed to a cost that results in the recognition of goodwill, including:</p> <ul style="list-style-type: none"> i. a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably; or ii. a description of the nature of the amount recognised in profit or loss relating to any excess of the entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost; 	IFRS 3.67(h)	
<p>(i) the amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period, unless disclosure would be impracticable.</p> <p>If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.</p>	IFRS 3.67(i)	
If the initial accounting for a business combination that was effected during the period was determined only provisionally, the entity shall disclose that fact together with an explanation of why this is the case.	IFRS 3.69	

		Reference	Yes/No/n/a
	Where practicable, the entity shall disclose:	IFRS 3.70	
	(a) the revenue of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of that period;		
	(b) the profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period.		
	If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.		
	Where practicable, the entity shall disclose the information required by IFRS 3.67 (see above) for each business combination effected after the balance sheet date but before the financial statements are authorised for issue.		
	If disclosure of any of that information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.	IFRS 3.71	
	The entity 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 3.72	
	Note: IFRS 3.73, as below, specifies the minimum disclosures to satisfy the requirement in IFRS 3.72.		
	The acquirer shall disclose the following information:		
	(a) the amount and an explanation of any gain or loss recognised in the current period that:	IFRS 3.73(a)	
	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;	IFRS 3.73(b)	
	(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 entity recognises during the current period in accordance with paragraphs 63 and 64.	IFRS 3.73(c)	
4.30	Changes in contingent liabilities or contingent assets since the last annual balance sheet date should be disclosed.	IAS 34.16(j)	
4.31	The compliance with IAS 34 should be stated.	IAS 34.19	
5	Interim management report	DTR 4.2.3(2)	
5.1	The interim management report must include at a minimum:	DTR 4.2.7	
	(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.		

		Reference	Yes/No/n/a
5.2	<p>If the entity has listed shares, the following information must be disclosed in the interim management report, as a minimum:</p> <p>(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</p> <p>(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 first six months of the current financial year.</p>	DTR 4.2.8(1)	
5.3	<p>If the entity has listed shares but is not required to prepare consolidated accounts, it must disclose, as 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.</p> <p>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.</p> <p>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.</p>	<p>DTR 4.2.8(2)</p> <p>DTR 4.2.8(3)</p>	
6	Responsibility statement	DTR 4.2.3(3)	
6.1	A responsibility statement must be made by the persons responsible within the entity.	DTR 4.2.10(1)	
6.2	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)	
6.3	<p>For each person making a responsibility statement, the statement must confirm that to the best of his or her knowledge:</p> <p>(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;</p> <p>(b) the interim management report includes a fair review of the information required by DTR 4.2.7R; and</p> <p>(c) if the entity has listed shares, the interim management report includes a fair review of the information required by DTR 4.2.8R.</p>	DTR 4.2.10(3)	
6.4	<p>A person making a responsibility statement will satisfy the requirement in 6.3(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:</p> <p>(a) IAS 34; or</p> <p>(b) for UK issuers not using IFRS, pronouncements on interim reporting issued by the Accounting Standards Board; or</p> <p>(c) for all other issuers not using IFRS, a national accounting standard relating to interim reporting,</p> <p>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.</p>	DTR 4.2.10(4)	

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 interim reporting issues, please contact your local Deloitte partner or:

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Contacts

Partners who can assist in dealing with these issues are set out below:

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Financial Reporting	Isobel Sharp	020 7007 0894
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Corporate Responsibility	Cindy Cahill	020 7007 2139
Executive Compensation	Carol Arrowsmith	020 7007 2969
Boardroom Performance Management	Sue Conder	020 7007 2991
Alternatively, please contact your local office		
London		
Technology, Media & Telecoms	Ian Waller	020 7007 3355
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Energy, Infrastructure & Utilities	James Leigh	020 7007 0866
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Financial Services:		
• Banking & Securities	Oliver Grundy	020 7303 5312
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Glasgow	David Bell	0141 304 5625
Guernsey	Rick Garrard	01481 703206
Isle of Man	Nick Evans	01624 641208
Jersey	Chris Leck	01534 824344
Leeds	Chris Powell	0113 292 1288
Liverpool	Steve Wilkinson	0151 242 9110
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Newcastle	Paul Feechan	0113 292 1199
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Notes

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