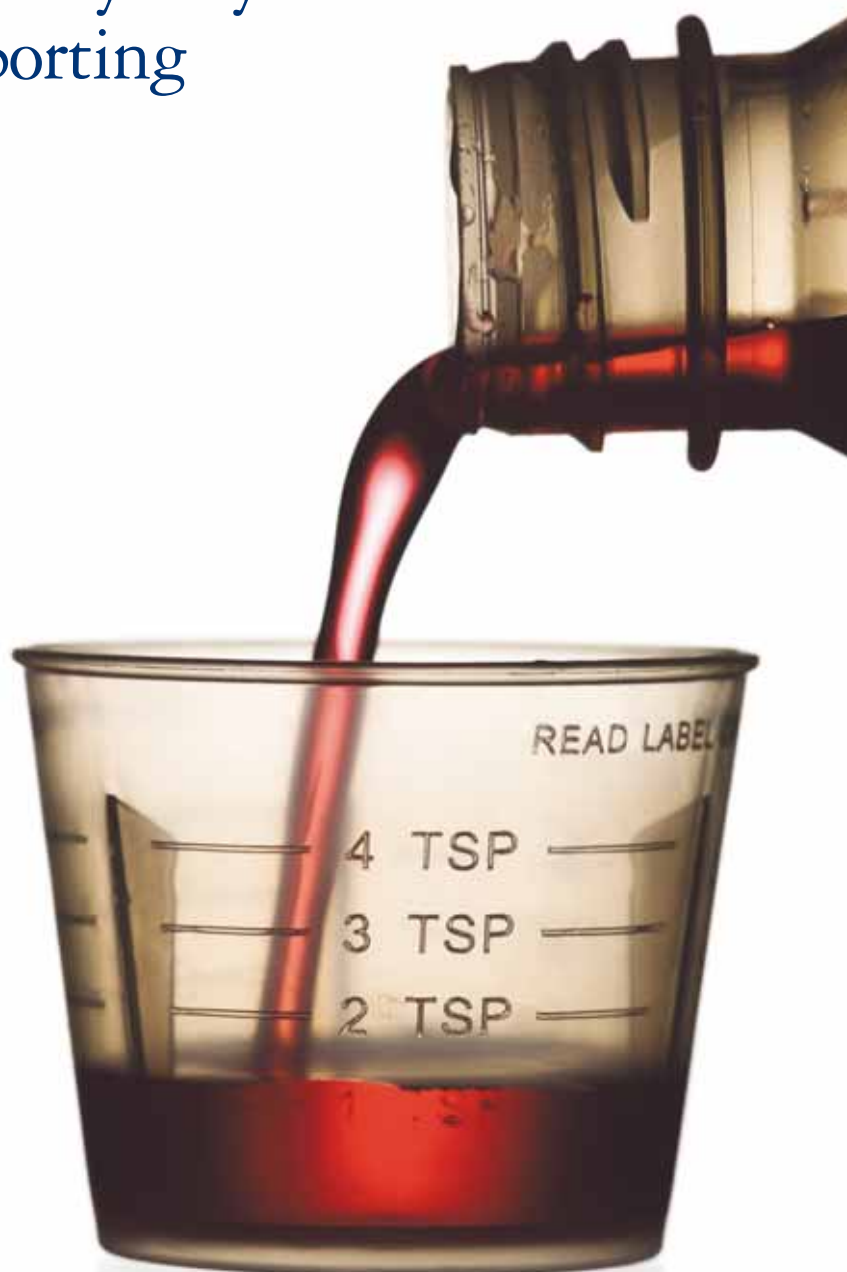




Measuring by halves
Surveying half-yearly
financial reporting



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1. Executive summary

Niccoló Machiavelli counselled the medieval prince that “above all, half measures should be avoided, these being most dangerous”. Preparers of half-yearly financial reports might also suggest that complying with the requirements of the Disclosure and Transparency Rules (DTR) and keeping up with the frequent changes to IFRSs in general and IAS 34 in particular require an equally hard-nosed approach.

There may have been some who fell short of Machiavelli’s ideal. But overall the majority of companies in this Deloitte survey have produced reports with a high level of compliance with the various requirements.

In summary:

- 87% of companies complied with the DTR requirement to disseminate the half-yearly financial report in unedited full text and all reported within the statutory two month deadline;
- 95% of companies included a responsibility statement in their half-yearly results announcements, with 87% including all of the content required by the DTR;
- 21% of companies clearly provided the required information in their interim management reports (IMR), an increase from the 10% reported in the previous Deloitte survey ‘Our better halves’;
- 33% of companies reporting under IFRS 8 met the increased level of segmental analysis required in half-yearly financial reports;
- the majority of companies applying IFRS 8 for the first time continued to disclose information based on their previously reported segments, with 70% of companies showing no change in either the number of segments or the basis of segmentation; and
- companies adopting the suggested terminology in IAS 1 (revised) of ‘statement of financial position’ and ‘statement of cash flows’ were in the minority, with most choosing to retain the familiar terms ‘balance sheet’ and ‘cash flow statement’.

Overall, the trend seems to be one of continuing improvement as companies become more familiar with the DTR requirements and with the clarifying guidance periodically provided by the FSA. The status quo is not, however, an option as the challenges for companies will continue to grow in 2010. In particular, companies making acquisitions will be required to apply IFRS 3(2008) with its increased disclosures in both annual and half-yearly financial reports.

The above results exclude investment trusts. As with other recent Deloitte surveys, this group is considered separately. The results are discussed in section 7 of this publication.

Going concern and liquidity risk continue to be issues for many companies in these uncertain times. Previously, there has been limited explicit guidance on how this should be dealt with in half-yearly financial reports. The FRC guidance published in October 2009 now offers clear pointers to directors in both assessing going concern at interim reporting dates and making appropriate disclosures in half-yearly financial reports. This will be of assistance to many preparers of half-yearly financial reports in 2010.

Avoiding half-yearly financial reports is not an option for listed companies. But, hopefully, the illustrative report, the disclosure checklist and the commentary on current practice in this publication will assist preparers to reduce the dangers.

Overall, the trend seems to be one of continuing improvement as companies become more familiar with the DTR requirements ...

2. Regulatory requirements

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

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

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

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

Timing of half-yearly reporting and dissemination of information

The half-yearly financial report must be published within two calendar months of the end of the six-month period and disseminated in unedited full text (including the auditors' review report where applicable) via an RIS.¹ The UKLA clarified this requirement in March 2008, noting that inclusion of required information on a company's website but not in an RIS announcement is not considered to fulfil the requirements of the DTR.²

Further clarification was offered in March 2009, with the UKLA making clear that a link to a pdf is not considered an acceptable method of disseminating regulated information.³

Interim management report

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

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

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 ...

¹ RIS = Regulated Information Service

² List! Issue No. 18 – March 2008

³ UKLA Publications Update – March 2009

Going concern in half-yearly financial reports

In October 2009, the Financial Reporting Council (FRC) published revised guidance for the directors of UK companies on going concern assessment and disclosures.⁴ This provides for the first time detailed guidance on the assessment of going concern expected to be undertaken in preparing half-yearly financial reports and the disclosures arising from that assessment.

Assessment of going concern

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

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

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

The FRC guidance also states that where going concern has become a significant issue, directors should undertake procedures similar to those that would be carried out for annual financial statements to ensure that all relevant issues have been identified and considered.

Where no new issues have been identified, the FRC guidance recommends that procedures are undertaken to roll forward the previous budgets and forecasts by the length of the half-yearly period.

The review period

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

Disclosures in respect of going concern

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

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

⁴ Going concern and liquidity risk: Guidance for directors of UK companies 2009. Available at www.frc.org.uk/press/pub2141.html. Guidance on half-yearly financial reports is included in paragraphs 47-50 and 86-88

Principal risks and uncertainties in half-yearly financial reports

The UKLA gave further guidance in March 2008⁵ on the extent of disclosure of principal risks and uncertainties expected to be included in half-yearly financial reports.

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

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

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

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

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

There is, perhaps, a lack of clarity around the latter requirement. There may be few instances of a change in a previously reported related party transaction which would not in itself be a transaction (and therefore already be disclosed under the former requirement).

An example of such a situation may be sales made to a related party in the previous financial year where the absence of these in the current period has had a material impact on the group's financial performance.

Given this apparent ambiguity, it may be advisable for companies either to give comparative information from the last annual report for any material related party transactions or to state explicitly that no such changes have occurred.

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

- any transactions entered into with related parties by the company;
- the amount of such transactions;
- the nature of the related party relationship; and
- other information about the transactions necessary for an understanding of the financial position of the issuer.

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

Responsibility statement

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

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

- the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company or the undertakings included in the consolidation as a whole;
- the interim management report includes a fair review of the information required (i.e. an indication of important events and their impact and description of principal risks and uncertainties for the remaining six months of the financial year); and
- the interim management report includes a fair review of the information required on related party transactions.

“True and fair” in half-yearly financial reports

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

- IAS 34;
- for UK companies not using IFRSs, the ASB (Accounting Standards Board) statement ‘Half-yearly financial reports’;⁶ or
- for all other companies not using IFRSs, 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.

Condensed set of financial statements

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

Condensed half-yearly financial statements should normally be based on accounting policies and presentation that are consistent with those in the latest published annual financial statements. Where the accounting policies and presentation are to be changed in the subsequent annual financial statements, the new accounting policies and presentation should be followed in the half-yearly condensed financial statements. Such changes, and the reason for these, must be disclosed in the condensed half-yearly financial statements.

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

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

⁶ As revised and issued by the ASB in July 2007

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

Changes to half-yearly financial reporting in 2010 and proposed changes in 2011

A number of new or revised accounting standards are effective for companies reporting under IFRSs for periods beginning on or after 1 January 2010. The new standard likely to have the greatest effect on half-yearly financial statements is the revised IFRS 3 on business combinations.

The revised IFRS 3 (which applies prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009), as well as making several changes to the accounting for business combinations,⁸ significantly increases the disclosure requirements for these transactions. IAS 34 requires those disclosures to be given in full in half-yearly financial reports.

Application of these disclosure requirements is illustrated in Appendix 1 to this publication and the requirements are detailed in full in Appendix 2.

The IASB's Exposure Draft 'Improvements to IFRSs', issued in August 2009, includes proposed amendments to IAS 34 which would add a requirement to include certain information on financial instruments in a half-yearly financial report, namely:

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

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

'Improvements in IFRSs' is due to be finalised in the second quarter of 2010 and, if issued in its current form, the amendments to IAS 34 would be effective for periods beginning on or after 1 January 2011.

A number of new or revised accounting standards are effective for companies reporting under IFRSs for periods beginning on or after 1 January 2010. The new standard likely to have the greatest effect on half-yearly financial statements is the revised IFRS 3 on business combinations.

⁸ The accounting requirements of IFRS 3 (2008) are outside the scope of this publication, but are covered in detail in the Deloitte publication iGAAP 2010: IFRS reporting in the UK

Half-yearly financial reports under UK GAAP

UK single companies which continue to report under UK GAAP should follow the revised ASB statement 'Half-yearly financial reports'. The DTR requirements for non-IAS 34 condensed financial statements⁹ are set out below.

Minimum content of non-IAS 34 condensed financial statements

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

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

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

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

- the comparative balance sheet as at the immediate preceding financial year end; and

- the comparative profit and loss account for the comparable period in the preceding financial year.

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

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

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

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.

⁹ Included at DTR 4.2.5R

Summary of application

The DTR 4.2 requirements outlined above apply in full to companies with shares listed on a regulated market. Other companies may also be required to follow these requirements. A summary of the application of DTR 4.2 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 either a primary or a secondary listing.
Preference shares listed on main market	✓	
Shares admitted to trading on Alternative Investment Market (AIM)	✗	AIM rules require a half-yearly financial report to be published within three months. It must include at least a balance sheet, an income statement, a cash flow statement and comparatives for the corresponding period in the preceding financial year. Accounting policies should be consistent with those which will be applied in the annual report. Application of IAS 34 is not mandatory.
Retail debt ¹⁰ listed on main market	✓	Requirements around related parties in the IMR do not apply. Delayed until 2015 for debt securities admitted to the official list before 1 January 2005.
Retail debt listed on Professional Securities Market (PSM) ¹¹	✗	
Wholesale ¹² debt listed on main market	Exempt per DTR 4.4.2	
Wholesale debt listed on PSM	✗	
Listed convertible securities	Exempt per DTR 4.4.5	
Listed depositary receipts	Exempt per DTR 4.4.7	

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

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

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

3. The survey's objectives and basis

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

- what information companies provide in their half-yearly financial reports;
- how companies are complying with the minimum content requirements of the DTR;
- how promptly companies are reporting compared to the requirements of the DTR; and
- how companies are meeting the requirements of IAS 34 'Interim Financial Reporting'.

The survey was conducted by obtaining the half-yearly financial reports, published in 2009, of 130 fully listed companies.

The sample comprised 30 investment trusts (companies classified by the London Stock Exchange as being in the industries of equity or non-equity investment instruments) and 100 other companies, split equally across the top 350 companies by market capitalisation at 30 October 2009, those in the smallest 350 by market capitalisation and those that fell between those categories (the 'middle' group).

The sample is, as far as possible, consistent with that used in the recent Deloitte surveys of year end reporting, 'A telling performance' and 'Finishing (in) figures'. As a result of delistings and movements between the market capitalisation strata over the recent months, the sample could not be identical. Three replacement companies were selected at random from the necessary populations.

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

To provide meaningful comparisons over time, where comparative information is given, it is for the 2008 half-yearly financial reports of the companies in the 2009 sample.

The survey was conducted by obtaining the half-yearly financial reports, published in 2009, of 130 fully listed companies.

4. Survey results – The mechanics of reporting*

- 87% of companies correctly disseminated their half-yearly financial report in unedited full text and all companies reported within the two month deadline set by the DTR.
- The number of companies engaging their auditors to perform a formal review of the half-yearly financial report increased to 66%.
- The level of disclosure on going concern was limited, with 17% of companies giving no information on the subject.

This section analyses the mechanics of reporting for the 100 companies surveyed, including the dissemination of information, the involvement of the companies' auditors and the level of disclosure on going concern.

Dissemination of the half-yearly financial report

87% of companies clearly complied with the DTR requirement to disseminate the half-yearly financial report in unedited full text as the RIS announcement included all the content of the report made available on the company's website.

Of the remaining 13 companies:

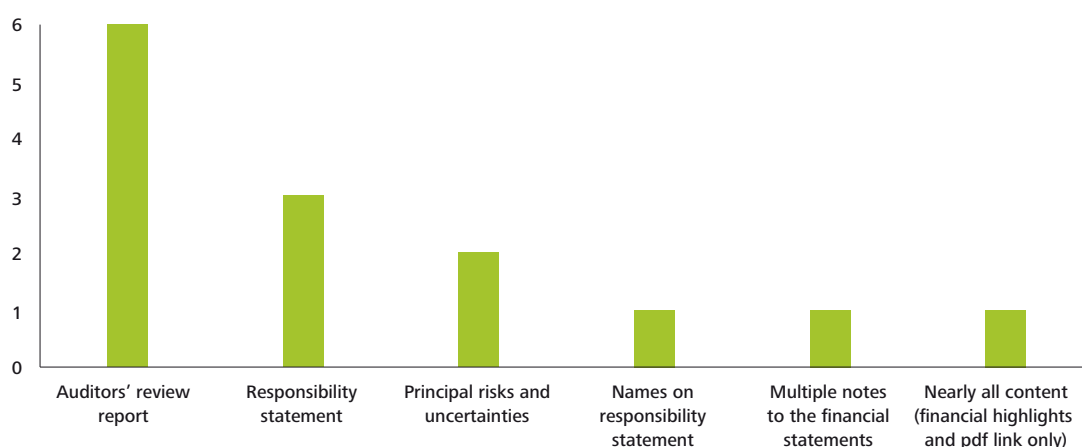
- one company in the Top 350 group issued only a short summary of financial highlights and a link to a pdf of the full half-yearly financial report;
- eight companies issued an abridged version of the half-yearly financial report; and
- four companies had made a RIS announcement but had not, at the time of writing, made their half-yearly financial report available on the company's website.

The FSA made clear in its UKLA Publications Update in March 2009 that linking to a pdf is not seen as an acceptable means of disseminating regulated information. To avoid artificial skewing of results, for the company which employed this practice, data in the remainder of the survey is based on the pdf linked to in the RIS announcement.

As shown in figure 1 below, the information excluded from abridged versions of half-yearly financial reports varied but often included content explicitly required by the DTR (for example the responsibility statement or information on principal risks and uncertainties).

Figure 1. What information is excluded from the plain text announcement?

Number of companies excluding information



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

Auditor involvement

66% of companies chose to have a formal review of the half-yearly financial information performed by their auditors (although as noted in figure 1 six companies incorrectly excluded the review report from their RIS announcement). This represents an increase from the previous year when the auditors of 63% of the companies sampled performed an independent review. Four companies had a review for the first time in 2009, whilst one company in the smallest 350 group had a review in 2008 but not in 2009.

As shown by figure 2 right, the level of auditor involvement continued to be highest amongst the top 350 companies.

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

The interim financial information for the period ended 31 May 2009 has not been audited or reviewed in accordance with International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

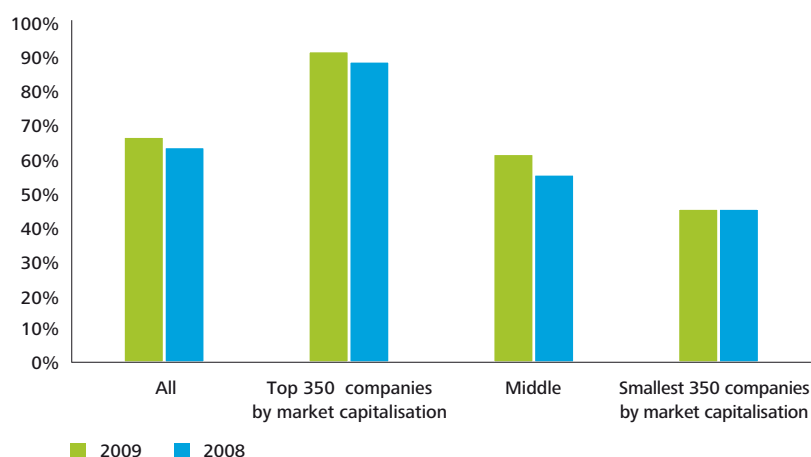
Alphameric PLC – Interim Results

24 of the 34 companies which did not include a review report in either their RIS announcement or on the company's website complied with this requirement. Nine of the remaining ten companies made it clear that the interim results were unaudited (either by means of a narrative statement to that effect or by labelling columns in the financial statements as unaudited) but made no reference to whether or not a review had been performed, whilst one company in the smallest 350 group made no reference to the status of the interim results.

Going concern

Six companies received review reports from their auditors which included an emphasis of matter paragraph drawing attention to uncertainty around the company's ability to continue as a going concern.

Figure 2. What percentage of companies received an auditors' review report?



These companies disclosed uncertainties over the availability of future funding, either as a result of current facilities maturing in the near future or due to actual or forecast breaches of financial covenants. Five of the six companies are in either the retail or real estate industries and made reference to the potential for future results not meeting expectations due to difficult conditions for those industries.

Five of these companies also had an emphasis of matter in the auditors' report on their most recent annual report. Four of these were UK companies and complied with the Companies Act requirement to make readers of the half-yearly financial report aware of this. An example of this disclosure follows.

The information included in this Interim Financial Statement for the 52 weeks ended 1 November 2008 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The statutory accounts for the 52 weeks ended 1 November 2008, which were prepared under International Financial Reporting Standards, have been delivered to the Registrar of Companies. The Auditors' report on these accounts was unqualified, including an emphasis of matter paragraph in relation to a material uncertainty, and does not contain a statement made under Section 237(2) and Section 237(3) of the Companies Act 1985.

Beale PLC – Half Yearly Report

The other company which had an emphasis of matter in both its annual report and half-yearly financial report was registered in Jersey and was therefore not subject to this UK law requirement.

The six companies with emphases of matter all included a detailed discussion on their going concern status. However, as shown in figure 3 right, this was not the case for most companies in the sample.

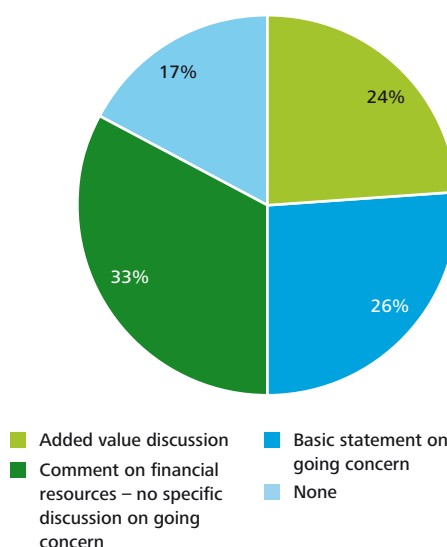
Four other companies in the sample received an emphasis of matter paragraph relating to going concern in their audit report in the last annual financial statements. Two of these companies subsequently received unmodified review reports on the half-yearly financial report and two did not engage their auditors to perform a review. The level of disclosure on going concern provided by these four companies varied:

- one company gave a full update, explaining how the uncertainties existing at the time of the annual report had been resolved;
- one company commented on the financial resources available, including agreement of a revised bank facility, but did not make clear that the previous uncertainty had been resolved; and
- two companies did not refer to the emphasis of matter in their previous audit report and included only a basic statement that the going concern basis remained appropriate.

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

- an explanation of any new events and circumstances arising subsequent to approval of the previous annual report;
- where no new issues have arisen, a short statement confirming the use of the going concern basis; and
- where the review period in respect of going concern has been limited to a period less than 12 months from the date of approval of the half-yearly financial statements, that fact and the directors' justification for this.

Figure 3. What discussion is included on going concern?



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

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report.
Paypoint plc – Half-yearly report

Only 17 companies made a clear statement that going concern had been considered for at least 12 months from the date of approval.

Based upon these results, it is expected that application of the FRC's guidance will lead to additional disclosures in many half-yearly financial reports in 2010. This guidance may already be having an effect as 59% of the 34 survey companies which produced half-yearly financial reports after the publication of the FRC guidance commented explicitly on going concern. This compared to 45% of companies reporting earlier in 2009.

Time to report

The average time taken to report was 48 days, compared to 50 days in 2008. In both years, the larger companies reported more quickly than the middle and smallest 350 groups. Figure 4 right shows the average time to report and the range by market capitalisation. It was pleasing to note that all companies reported within the two month deadline specified by the DTR, one company in the smallest 350 group having reported late in the previous year.

Length of report

The average length of the reports in the survey was 19 pages, compared to 18 pages for the same companies' reports in 2008.

Figure 5 right shows the average length of the reports surveyed and the range.

The longest reports were produced by the banking and insurance companies. Four such companies were included in the top 350 group and their half-yearly financial reports ranged from 76 to 215 pages in length. Other than these companies, the longest report totalled 32 pages.

On average, the 19 pages of a half-yearly financial report consisted of nine pages each of narrative and financial information and one page of other information – often corporate information or a financial calendar.

Responsibility statement

87% of companies fully complied with the DTR requirement to include a responsibility statement and to identify the person or persons making the statement. Of the remaining 13 companies:

- three companies included a responsibility statement in the half-yearly report made available on their website but omitted it from their plain text announcement;
- seven companies failed to identify the person or persons making the statement;
- one company did not make reference to compliance with the DTR requirements in respect of the management review and related party transactions; and
- two companies did not include a responsibility statement in any version of their half-yearly financial report.

Figure 4. How quickly are half-yearly results announced and what is the range?

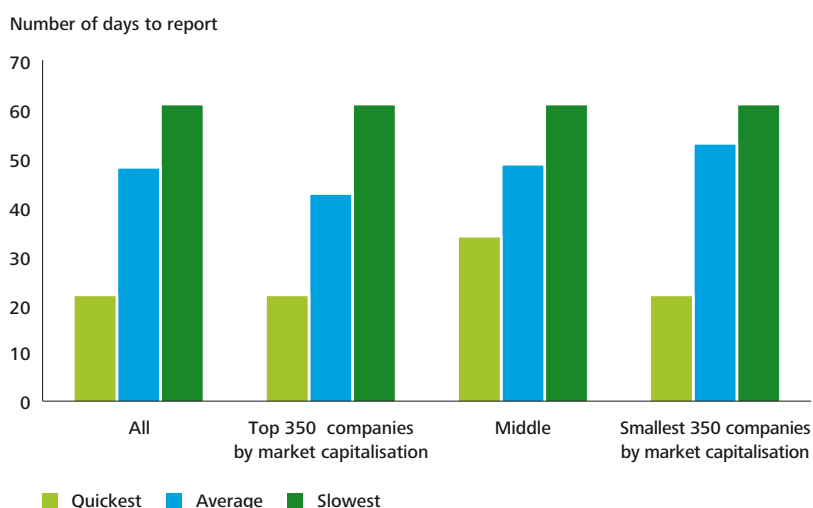
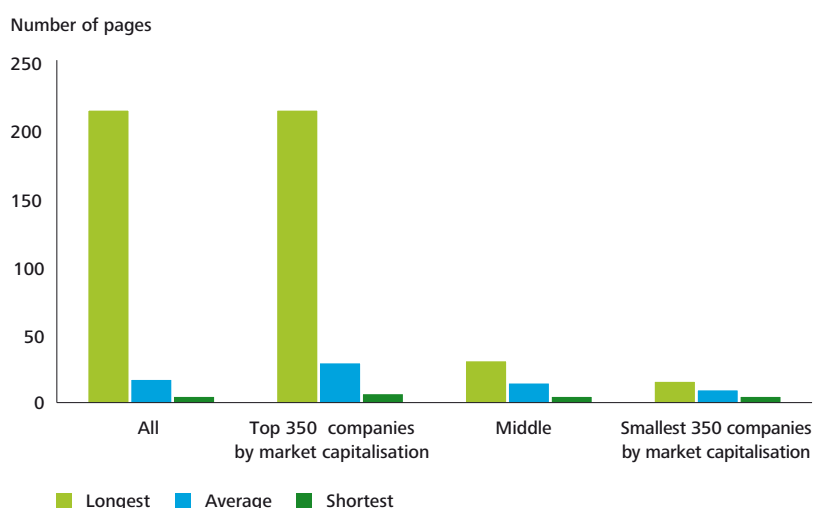


Figure 5. How many pages does an average half-yearly financial report contain and what is the range?



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

Responsibility Statement of the Directors in respect of the Half Year Financial Statements

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

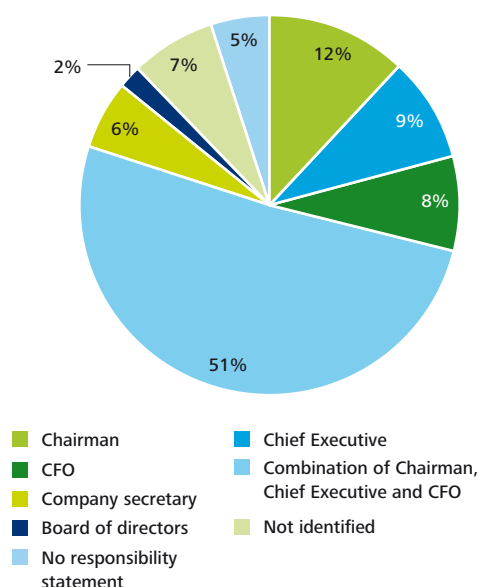
Jonathan Flint Chief Executive

Kevin Boyd Group Finance Director
17 November 2009

Oxford Instruments PLC – Half Yearly Report

As shown by figure 6 below, people holding a variety of positions within companies were signatories to responsibility statements.

Figure 6. Who signs the responsibility statement?



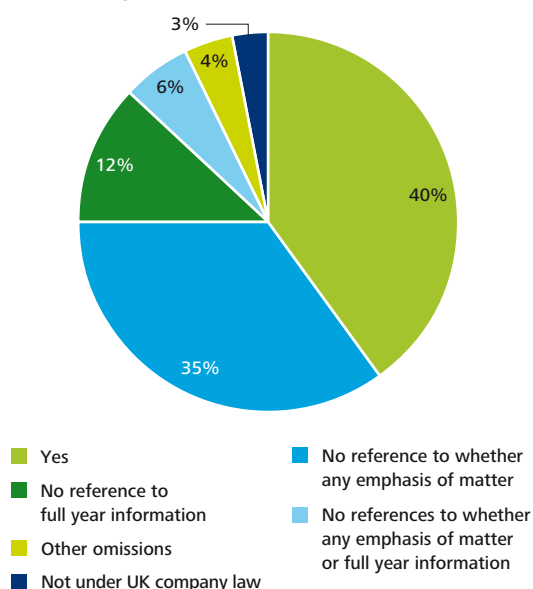
References to statutory financial information

Section 435 of the Companies Act 2006 (and section 240 of its predecessor, Companies Act 1985) requires that where extracts from statutory financial statements are included in non-statutory reports (for example, the full year comparatives included in a half-yearly financial report) a statement must be made indicating:

- that they are not the company's statutory accounts;
- whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the registrar; and
- whether an auditor's report has been made on the company's statutory accounts for any such financial year, and if so whether the report was qualified or unqualified, whether it included any emphasis of matter and whether it contained a statement under section 498(2) or (3) of Companies Act 2006 (previously, section 237(2) or (3) of Companies Act 1985).

As shown in figure 7 below, all of the UK companies surveyed made some attempt to include such a statement but only 40% of companies included all of the required information. Most commonly omitted were a statement on whether or not the last audit report included an emphasis of matter paragraph (as distinct from a qualification) and reference to the full year information being non-statutory (rather than the interim information).

Figure 7. Are the required references to statutory information given?



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

This interim financial report and the comparative figures for the year ended 31 December 2008 do not constitute statutory accounts within the meaning of the Companies Act 2006. Full accounts for that year have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

Cobham PLC – Interim results for the half year ended 30 June 2009

Most commonly omitted were a statement on whether or not the last audit report included an emphasis of matter paragraph ... and reference to the full year information being non-statutory.

5. Survey results – The interim management report*

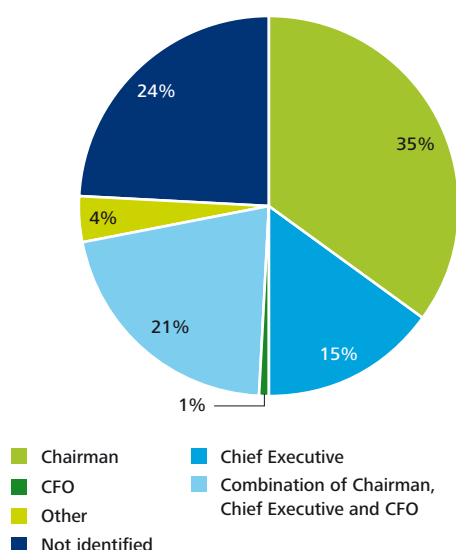
- 68% of companies discussed both important events in the period and their effect on the condensed financial statements.
- 56% of companies gave at least the minimum required information on principal risks and uncertainties.
- 21% clearly provided all the information required in the IMR.
- The majority of companies chose to give some information on key performance indicators.

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

Signatory of the interim management report

While there is no requirement in the DTR for an author of the IMR to be identified, the majority of companies continued to identify a signatory for all or part of the IMR. As shown by figure 8 below, the majority of IMRs were attributed to the Chairman or the Chief Executive or two or three of the Chairman, Chief Executive and Chief Financial Officer. Only 24% of companies identified no signatory of the IMR.

Figure 8. Who signs the IMR?



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

Content of the IMR

DTR 4.2 requires an IMR to include the following:

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

The level of compliance with these requirements is discussed below.

Important events and their impact

Three companies in the smallest 350 category provided only a brief summary of the results for the first six months, with no reference to important events in that period. All other companies indicated some important events during the period under review.

68% of companies went on to discuss the events' impact on the condensed financial statements and thus complied with this requirement of the DTR.

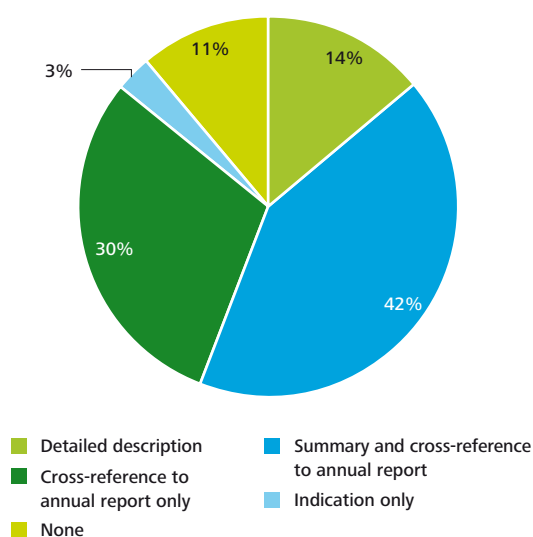
Principal risks and uncertainties

89 of the 100 companies surveyed gave some information on their assessment of the principal risks and uncertainties facing the business. Seven of the 11 companies giving no information in this area were in the smallest 350 category with one company from the top 350 and three from the middle category failing to provide any indication of principal risks and uncertainties.

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

Figure 9 below shows that 42% of companies followed this guidance, with another 14% also including a detailed discussion of principal risks and uncertainties. Thus, a total of 56% of companies complied with this DTR requirement.

Figure 9. What information is given on principal risks and uncertainties?



The level of compliance in this area was higher for the larger companies in the sample, with 82% of top 350 companies complying compared to 45% of companies in the middle group and 39% of smallest 350 companies.

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

Risks and uncertainties

Zotefoams' business and share price may be affected by a number of risks, not all of which are within our control. The process Zotefoams has in place for identifying, assessing and managing risks is set out in the Corporate Governance Report on page 30 of the 2008 Annual Report and Accounts. The specific principal risks (which could impact Zotefoams' revenues, profits and reputation) and relevant mitigating factors, as currently identified by Zotefoams' risk management process, have not changed since the publication of the last Annual Report and detailed explanations of these can be found on page 16 of the 2008 Annual Report and Accounts. Broadly, these risks include operational disruption, supply chain disruption, technological change and competitor activity, foreign exchange and pensions liabilities.

Zotefoams PLC – Interim Results for the Six Months Ended 30 June 2009

Perhaps more useful were the more detailed disclosures, giving a clear indication of the nature of each principal risk and uncertainty.

Principal risks and uncertainties

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

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain largely unchanged from those detailed on page 13 of the Group's Annual Report and Accounts 2008 and are as follows:

	Description
Market risk	<ul style="list-style-type: none"> • Economic, consumer and environmental factors within key markets reducing customers' disposable income. • Changing consumer trends and opportunities for product development in betting and gaming. • Competition from existing competitors or new entrants.
Industry/regulatory legislative risk	<ul style="list-style-type: none"> • Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice. Such changes could benefit or have an adverse effect on the Group's results and additional costs might be incurred in order to comply with any new laws or regulations.
Bookmaking risk	<ul style="list-style-type: none"> • Revenue and operating results may vary significantly from period to period. • Customer betting patterns, particularly with regard to those who bet large stakes, the outcome of individual events or a prolonged period of good or bad results could have a material effect on results.
Technology risk	<ul style="list-style-type: none"> • A failure in the infrastructure and operation of core systems could have an adverse impact on operations and financial results. • The integrity and availability of systems is vital to deliver a high quality service to customers.

Ladbrokes plc – Interim results for the half-year ended 30 June 2009

Related party transactions

As shown in figure 10 right, the majority of companies gave some information on related party transactions, but only 41% clearly complied with the DTR requirement to disclose both material related party transactions in the period and changes in the related party transactions described in the last annual report.

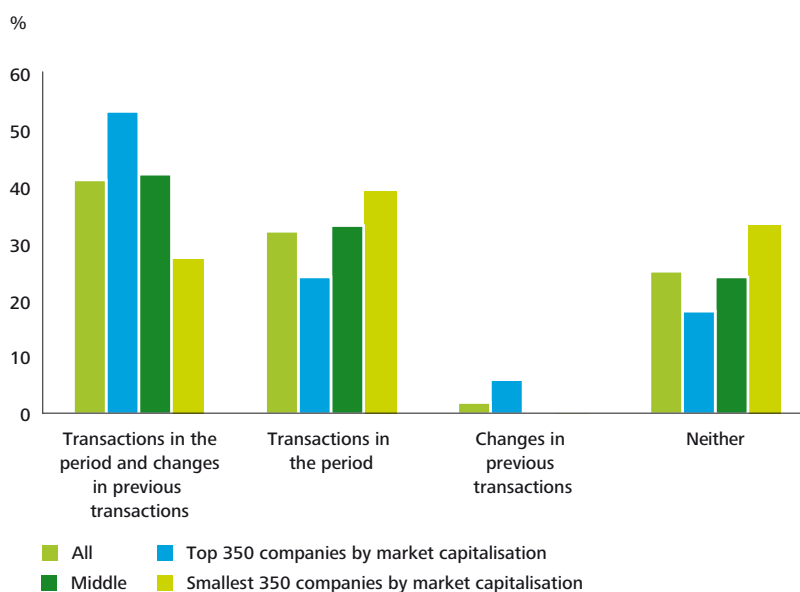
Companies found different ways to illustrate compliance with each of these requirements. Of the 73 companies giving information on related party transactions in the period:

- 59 companies included a related parties note in the condensed financial statements;
- 11 companies clearly stated in the IMR that there had been no such transactions; and
- three companies included detail on related party transactions in the IMR.

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

- 25 companies included full year comparatives in a related parties note within the condensed financial statements;
- 15 companies clearly stated that there had been no such changes; and
- three companies included detail in changes in their IMR.

Figure 10. What information is disclosed on related party transactions?



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

Related party disclosures

The nature of the related party transactions of the Group has not changed from those described in the Group's consolidated financial statements for the year ended 31 December 2008.

There were no transactions with related parties during the six months ended 30 June 2009 which have had a material effect on the results or the financial position of the Group.

Prudential plc – Half Year 2009

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

Related party transactions

There have been no changes to the related party arrangements or transactions as reported in the statutory Annual Financial Report for the year ended 31 December 2008. Note 3 of the Annual Financial Report includes details of the management fees payable. Management fees payable in accordance with the Joint Management Agreement described in the Annual Financial Report of £0.7m were paid to Nexus PHP Management Limited (six months to 30 June 2008: £0.7m and 12 months to 31 December 2008: £1.4m) and to J O Hambro Capital Management Limited £0.7m (six months to 30 June 2008: £0.6m and 12 months to 31 December 2008: £1.2m).

Primary Health Properties PLC – Half Yearly Report

Overall compliance with DTR requirements

21 of the companies surveyed clearly provided all the information required in the IMR, with a further 15 companies including all required information other than on changes in previously reported related party transactions. For these companies, it was unclear whether there were no such changes (and, hence, no requirement for disclosure) or whether this requirement had been overlooked.

Compliance was highest amongst companies in the top 350 category, with 14 of these companies clearly giving all required information compared with four companies in the middle category and three in the smallest 350 group.

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

Additional information

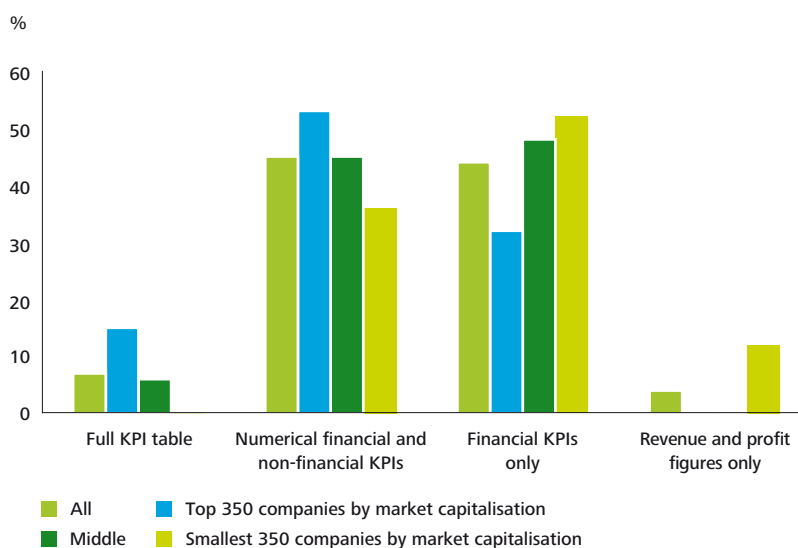
Many companies gave additional information not required by the DTR, for example on key performance indicators (KPIs) or forward-looking statements.

Key performance indicators

Although the Companies Act 2006 requires annual reports to include information on KPIs, the DTR have no such requirement for half-yearly financial reports. As shown in figure 11 left, most companies chose to include some information on KPIs.

Usually these measures were included in the narrative, with only seven companies giving a full table of their KPIs for the period. Four companies in the smallest 350 category gave no numerical information other than revenue and profit figures in the IMR, with all other companies providing some numerical information on other financial or non-financial KPIs.

Figure 11. What information is given on KPIs?



Forward-looking statements

All of the companies surveyed included some forward-looking information within their report, often as an 'outlook' section in the IMR. 46 companies also included a disclaimer highlighting the inherent uncertainty in any forward-looking statement.

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

Prospects

The general economic climate continues to be challenging and is impacting activity levels, but it is encouraging that most of the customer de-stocking effects appear to have run their course. The first half year trend of increasing polymer prices is of concern although prices seem to have stabilised more recently. The Board is confident that the Group's prospects are good as it is well positioned to grow once the present recessionary circumstances come to an end and will operate with a more efficient cost structure following the completion of the RPC 2010 programme. The Group's financial position is expected to remain robust.

This interim announcement contains forward-looking statements, which have been made by the directors in good faith based on the information available to them up to the time of the approval of this report and such information should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

RPC Group PLC – Half-yearly results for the six months ended 30 September 2009

6. Survey results – The condensed financial statements*

- 71% of companies disclosed a change in accounting policy, largely due to the adoption of IAS 1 (revised) and IFRS 8.
- The majority of companies continue to use the familiar terms 'balance sheet' and 'cash flow statement' in labelling their financial statements.
- 33% of companies reporting under IFRS 8 clearly included all required segmental information in their half-yearly financial report.
- 70% of the companies applying IFRS 8 for the first time showed no change in either the number of segments or the basis of segmentation compared to their previous annual reports.

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

Accounting policies and changes to IFRSs

The companies surveyed all reported under IFRSs and were all within the scope of IAS 34. 96 of the 100 companies stated compliance with this standard in the condensed financial statements section of the report. Three of the remaining four companies stated compliance with IAS 34 in the responsibility statement whilst one company in the smallest 350 group did not mention IAS 34 in the notes to the condensed financial statements and had no responsibility statement.

Only one of the companies surveyed did not make any statement on the accounting policies adopted in the half-yearly financial report. Of the 99 companies which commented:

- 24 companies stated that their accounting policies were unchanged from the previous year;
- four companies detailed some or all of their accounting policies; and
- 71 companies explained changes from their previous policies.

Only 17 of the companies surveyed had reported changes in accounting policies in their previous half-yearly financial report, with the sharp increase largely due to the requirements of two accounting standards effective for periods beginning on or after 1 January 2009, namely IAS 1 (revised) *Presentation of financial statements* and IFRS 8 *Operating segments*.

Presentation of financial statements

IAS 1 (revised) makes several changes to the presentation of primary statements:

- companies now have the option of continuing to present a separate income statement and statement of comprehensive income (SOI) (similar to a Statement of Recognised Income and Expense under 'old' IAS 1) or to combine these into a single SOI;
 - the Statement of Changes in Equity (SOCIE) is now presented as a primary statement; and
 - it is suggested (but not required) that the balance sheet and cash flow statement be renamed as the Statement of Financial Position and Statement of Cash Flows respectively.
- IAS 34 was amended to require these changes to be reflected in a company's half-yearly financial report.
- Of the 84 companies with accounting periods beginning on or after 1 January 2009, 79 had items of other comprehensive income (OCI). Of these:
- 66 presented a separate income statement and OCI;
 - ten presented a single SOI including items of OCI; and
 - three, whilst clearly having items of OCI, incorrectly presented only an income statement with the items of OCI included in the SOCIE.

The remaining five companies presented only an income statement. It was helpful that four of these made clear that there were no items of OCI, whilst for the other company there were no items of OCI apparent from the SOCIE.

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

Figure 12 right indicates that most companies have chosen to retain the familiar terms 'balance sheet' and 'cash flow statement' despite the adoption of new terminology in IAS 1. Notably, more companies have updated the name of the cash flow statement than that of the balance sheet.

81 of the 84 companies applying IAS 1 (revised) complied with the requirement to present a SOCIE within the primary statements, with two companies which had no changes in equity other than those stated in the SOCI failing to present a SOCIE and one company showing the SOCIE within the notes to the condensed financial statements.

Segmental reporting

IFRS 8 is mandatory for companies with accounting periods beginning on or after 1 January 2009. The disclosures for IFRS 8 reporters required by IAS 34.16(g) are more extensive than those required previously for IAS 14 reporters.

Of the 100 companies surveyed, 78 clearly disclosed the segmental analysis under the requirements of IFRS 8 (of which one had opted to apply the standard before its effective date). 15 had accounting periods beginning in 2008 and still reported in accordance with IAS 14.

Four companies did not appear to have applied IFRS 8, but had accounting periods beginning on or after 1 January 2009. They should therefore have adopted IFRS 8 in the half-yearly financial report.

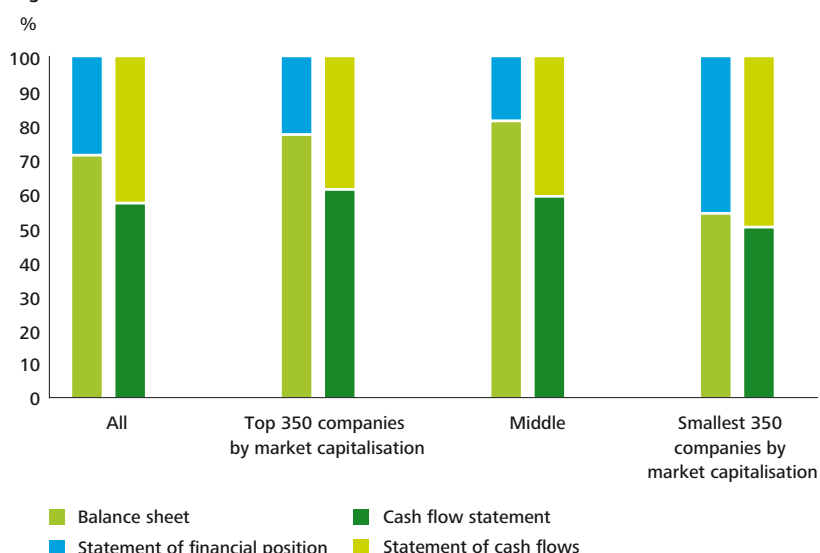
Three companies in the smallest 350 group gave no segmental analysis and no indication of why this was the case. One of these companies disclosed information on four geographical segments in their previous annual report, it was unclear why similar information was not provided in the half-yearly financial report.

Compliance with disclosure requirements for IFRS 8 adopters

Of the 78 companies who gave disclosures in accordance with IFRS 8:

- 17 clearly complied with each of the disclosure requirement of IAS 34 in respect of operating segments;

Figure 12. What's in a name?



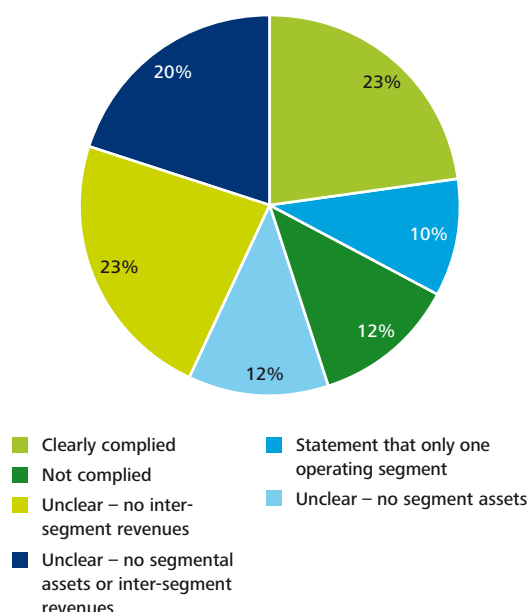
- eight companies included a clear statement that they had only one operating segment and accordingly included no further analysis; and
- one further company in the top 350 group provided a comprehensive segmental analysis in the IMR, clearly referencing to this from the condensed financial statements.

The question of companies stating that they had only one operating segment was raised in the Financial Reporting Review Panel (FRRP)'s January 2010 press release¹³ on early observations of IFRS 8 reporting. The FRRP noted that it had asked a number of companies for explanation where they reported only one operating segment but appeared to be engaged in different businesses or to have significant operations in different countries.

As shown in figure 13 overleaf, it was not clear whether 55% of the companies reporting under IFRS 8 had given all the required information as they did not provide disclosures of either inter-segment revenues or total segment assets and did not explain why this was the case.

¹³ FRRP highlights the challenge of implementing new segmental reporting requirements. Available at www.frc.org.uk/frfp/press/pub2203.html

Figure 13. Did IFRS 8 reporters include all required disclosures?



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

The April 2009 improvements to IFRSs clarify IFRS 8 to state that disclosure of total assets per segment is only required in annual reports where these are provided to the Chief Operating Decision Maker.

12% of companies did not comply with the disclosure requirements, primarily by not explicitly reconciling the segmental profit to the profit before tax reported in the income statement.

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

5. Segment information					
Business segment	Safety Products	Safety Services	Specialist Fixing	Consolidation Adjustments	Group
Six months ended 30 September 2009	£'000	£'000	£'000	£'000	£'000
Continuing operations					
Revenue	12,261	4,335	1,655		18,251
Less: Intersegment revenue	(1,655)	–	–		(1,655)
Net Revenue to external customers	10,606	4,335	1,655		16,596
Segment result	2,847	526	248	(46)	3,575
Total Assets	25,322	3,718	975	(2,020)	27,995
Business segment	Safety Products	Safety Services	Specialist Fixing	Consolidation Adjustments	Group
Six months ended 30 September 2008	£'000	£'000	£'000	£'000	£'000
Continuing operations					
Revenue	14,691	5,174	1,318		21,183
Less: Intersegment revenue	(1,845)	–	–		(1,845)
Net Revenue to external customers	12,846	5,174	1,318		19,338
Segment result	3,984	756	114	(56)	4,798
Total Assets	25,098	3,924	908	(2,392)	27,538
Latchways PLC – Half Yearly Report					

The effect of adoption of IFRS 8 on reported segments

As shown in figure 14 right, IFRS 8 adopters presented an average of 3.5 operating segments. As might be expected, the larger companies had a higher number of segments, reflecting the level of complexity of these businesses.

The largest number of segments presented was ten, by a real estate services company in the top 350 group, which presented a matrix of business and geographical segments. Ten segments is also the number above which IFRS 8 suggests that companies should consider whether a practical limit on the number of reportable segments has been reached.

As shown by figure 15 below, just over half of the companies applying IFRS 8 chose to present operating segments based on the nature of each segment's business, with a further 22% showing geographical information. Nine companies (12% of IFRS 8 adopters) either had a mixture of business and geographical segments or employed a matrix presentation giving both business and geographical information. Eight of these nine companies were in the top 350 group, again possibly suggesting the higher level of complexity in these companies' operations.

Figure 15. What basis of segmentation do IFRS 8 adopters present?

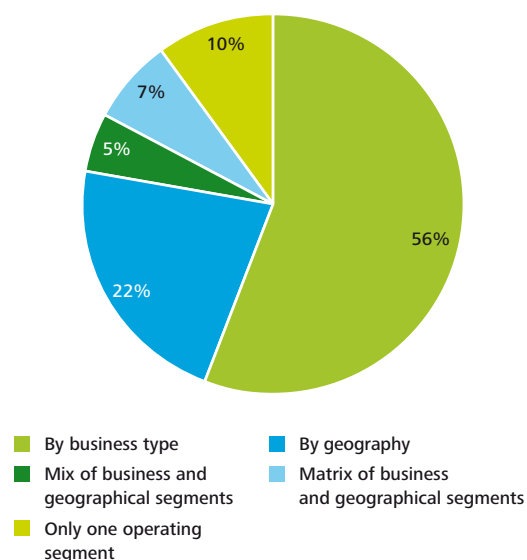
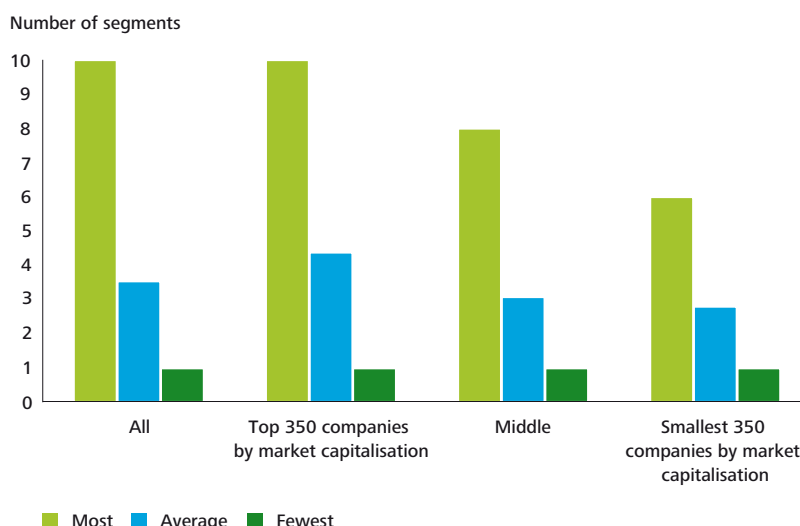


Figure 14. How many operating segments on average does an IFRS 8 adopter present and what is the range?



Of the 78 companies applying IFRS 8 in their 2009 half-yearly financial reports, 70 were doing so for the first time. The operating segments presented by these companies were compared to those presented in the last annual report prepared under IAS 14 to determine whether there had been any apparent change in the basis of segment reporting as a result of IFRS 8.

Figure 16 overleaf, shows the change in the number of operating segments (compared to the primary basis of segmentation under IAS 14). The majority of companies showed no change in the number of operating segments, with 16 companies showing more segments under IFRS 8 than they had under IAS 14 and four companies showing fewer.

The annual and half-yearly reports of the four companies showing a lower level of segmentation under IFRS 8 than they had under IAS 14 were examined to determine any apparent reasons for this:

- one company had previously shown ten geographical segments but had applied a slightly higher level of aggregation under IFRS 8 to show eight geographical segments;
- one company included a narrative note explaining that one of their two business segments reported under IAS 14 had been discontinued;

Figure 16. What change in the number of operating segments was observed for IFRS 8 first time adopters?

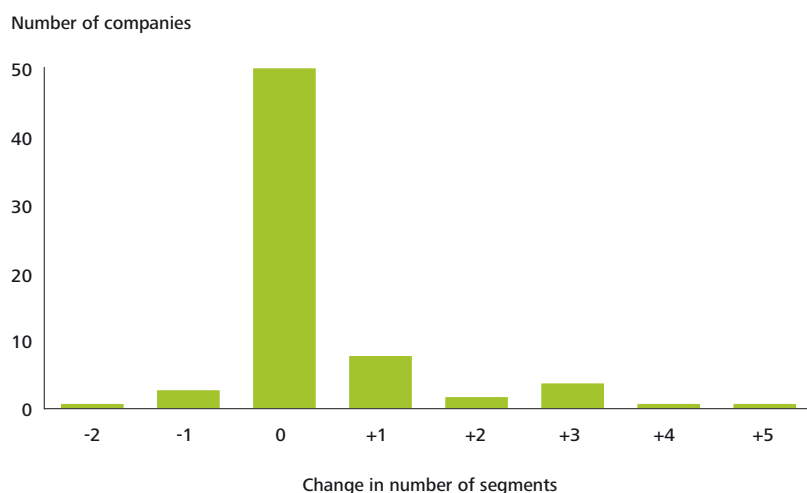
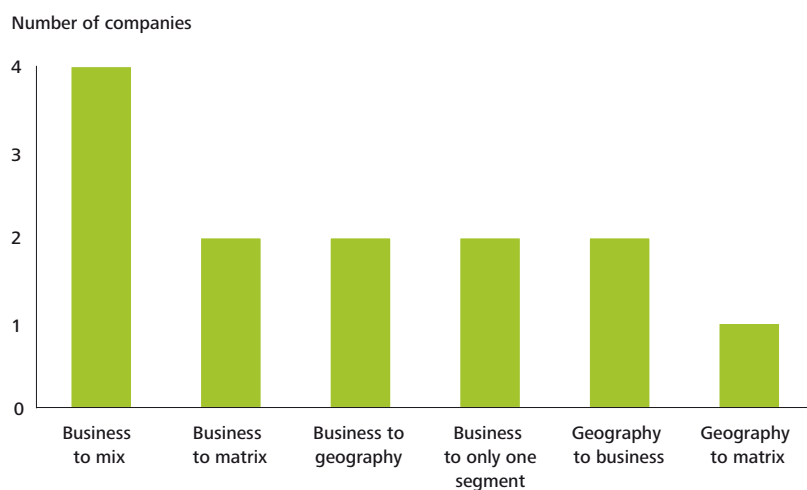


Figure 17. What changes in the basis of segmentation were observed for IFRS 8 first time adopters?



- one company had dispensed with presenting an 'other' segment which had contributed no revenue and only a small amount of cost in the previous year; and
- one company had previously shown two business segments, but on adoption of IFRS 8 included a narrative note that the distinction between the two product types previously disclosed was not relevant to the chief operating decision maker.

As shown in figure 17 left, 13 companies chose to amend the basis of their segmentation on adoption of IFRS 8. Seven of these changes were made by companies adopting either a matrix presentation or a mix of business and geographical segments, suggesting that the more flexible requirements of IFRS 8 allowed them to show that they were not managed solely on a business or a geographical basis but based on a combination of the two.

70% of the companies applying IFRS 8 for the first time were observed to have no change in either the number of segments or the basis of segmentation when compared to the primary segments previously reported under IAS 14.

As noted above, the FRRP has raised concerns over companies stating that they have only one operating segment. Of the eight companies surveyed who stated that they had only one segment under IFRS 8:

- five companies had only one primary and secondary segment under IAS 14;
- two companies, as noted above, explained the reasons for moving from two to one segments on adoption of IFRS 8; and
- one company in the smallest 350 group had only one primary business segment under IAS 14 but disclosed four secondary geographical segments. It was not clear why these geographical segments were not deemed to be reportable under IFRS 8.

Other changes to IFRSs

Various other changes to IFRSs became effective at the same time as IAS 1 (revised) and IFRS 8 but might not be expected to affect a broad spectrum of companies.

One significant change is the revision to IAS 23, which removes the option to expense all borrowing costs as a matter of accounting policy. Under the revised standard, borrowing costs relating to qualifying assets must be capitalised. Of the 84 companies reporting on a period beginning on or after 1 January 2009:

- one company stated that they already followed a policy of capitalisation and that therefore the revision to IAS 23 would have no effect;
- 25 companies did not appear to capitalise interest and stated clearly that IAS 23 (revised) would have no effect;
- three companies in the top 350 group mentioned IAS 23 but did not go on to explain whether it would have an effect on the company; and
- 55 companies made no mention of IAS 23 (revised).

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

- five companies amended their accounting for save as you earn (SAYE) schemes as a result of changes to IFRS 2 in respect of vesting conditions and cancellations;
- three companies began to fair value investment property under construction following an amendment to IAS 40; and
- two companies ceased to carry advertising costs or promotional materials as an asset following an amendment to IAS 38 making clear that this is not appropriate.

Disclosure requirements of IAS 34

IAS 34 includes requirements to disclose a number of items when they are relevant, although it includes no requirement for negative statements confirming that items are not relevant in the period.

Changes in composition of the group

19 companies indicated that a business combination had occurred during the period. Of these, only nine fully complied with the disclosure requirements of IAS 34 (which refer to certain requirements of IFRS 3(2004)) with a further two only having minor narrative disclosure deficiencies.

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

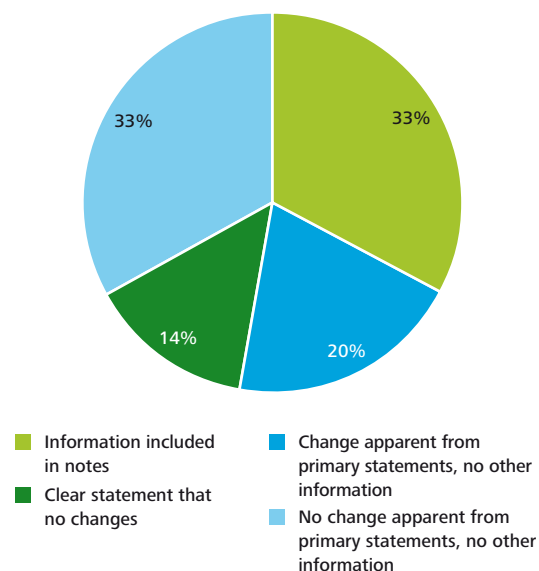
In January 2010 the FRC published its findings with regard to the disclosures of mergers and acquisitions¹⁴ and concluded that overall the results were disappointing. It is likely that the FRC will continue to keep a close eye on this area of financial reporting and that related disclosures in half-yearly financial reports may come under scrutiny from the FRRP.

¹⁴ FRC Study: Accounting for acquisitions. Available at www.frc.org.uk/press/pub2205.html

Changes in equity

IAS 34 requires that issuances, purchases, and repayments of debt and equity securities be disclosed in the condensed financial statements. As shown in figure 18 below, 20% of companies indicated a change in equity in the SOCIE but did not explain that change in the notes to the condensed financial statements.

Figure 18. What information is given on changes in equity?



Dividends

84% of companies provided the required dividend disclosures (either in aggregate or per share) or stated clearly that there was no dividend. The SOCIE of 15% of companies indicated that no dividend was paid during the period, but no further disclosures were made. The SOCIE of one company in the top 350 group indicated the value of a dividend paid, but no further information was given.

Comparative information

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

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

Other IAS 34 disclosures

- 96% of companies provided the required basic and diluted earnings per share information on the face of the income statement. The remaining four companies provided only basic earnings per share, although for none of these companies was it apparent that there were any potential dilutive shares in issue and hence they may simply have omitted to state that diluted earnings per share was the same as basic earnings per share.
- 35% of companies provided details of changes in estimates since the prior year end. These primarily related to changes in pension scheme assumptions and provisions.
- 15% of companies provided information on seasonality or cyclicity of operations in the notes to the condensed financial statements and 6% included such information in the IMR. A further 7% of companies stated that the results were not impacted by seasonality or cyclicity.

An example of disclosure on seasonality by a retail company follows.

Seasonality of retail sales

Retail sales are more heavily weighted towards the second half of the financial year, with approximately 55% of annual retail sales occurring from August to January. This is primarily due to replica kit launches and the Christmas period.

JJB Sports PLC – Half yearly results for the 26 weeks to 26 July 2009

- 69% of companies provided details of significant or unusual items which had occurred in the period. Unsurprisingly in the current economic climate, 34 companies included details of costs incurred in the restructuring or reorganisation of the business.
- 22% of companies provided details of post balance sheet events with a further 6% stating that there were no such events.
- 39% of companies provided information on changes in contingent assets and liabilities since the prior year end, or a clear statement that there had been no such changes.

69% of companies provided details of significant or unusual items which had occurred in the period. Unsurprisingly in the current economic climate, 34 companies included details of costs incurred in the restructuring or reorganisation of the business.

7. Survey results – Investment trusts

- 15 of the 30 trusts surveyed did not disseminate their half-yearly financial report in unedited full text.
- 27 trusts compared the movement in the value of their investment portfolio to the movement in a benchmark index.
- 75% of trusts reporting under UK GAAP included the cash flow information required by the ASB statement.
- 20 trusts gave either a full or partial listing of their investment portfolio.

This section analyses the findings for the 30 investment trusts included in the survey. 20 of the trusts surveyed produced non-consolidated condensed financial statements and continue to report under UK GAAP, the other ten trusts report under IFRSs.

Mechanics of reporting

Dissemination of the half-yearly financial report

Only 15 of the 30 trusts surveyed complied with the DTR requirement to publish the half-yearly financial report in unedited full text. As shown in figure 19 left, the most commonly excluded information was information on the trust's portfolio of investments (typically a full or partial portfolio listing).

One trust in the middle category made an announcement consisting of only a link to a pdf of the half-yearly financial report. To avoid artificial skewing of results, data for this trust in the remainder of this section is based on the pdf document linked to in the RIS announcement.

Auditor involvement

The majority of trusts did not engage their auditors to report on the half-yearly financial report. Six trusts obtained a review report (although, as noted in figure 19, two of those incorrectly omitted the report from the plain text announcement).

This level of engagement of auditors was unchanged from the previous year, although in 2008 three trusts omitted the report from the plain text announcement.

15 of the remaining 24 trusts made a clear statement that the half-yearly financial report had not been audited or reviewed whilst the other nine identified the interim information as being unaudited but did not comment on whether any review had been performed by the trust's auditors.

Time to report

As shown in figure 20 left, the average length of time taken by trusts to issue their half-yearly financial reports remained steady year on year at 49 days.

Again consistent with the previous year, the largest trusts reported more quickly than the middle group, who in turn reported more quickly than trusts within the smallest 350 companies by market capitalisation.

Figure 19. What information is excluded from the plain text announcement?

Number of trusts excluding information

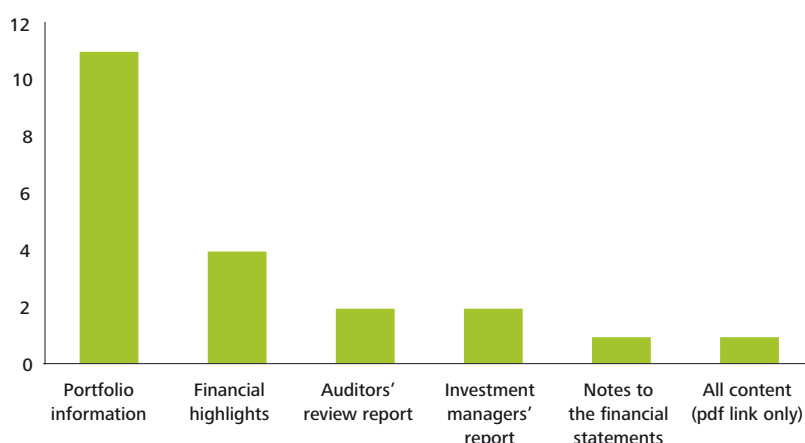
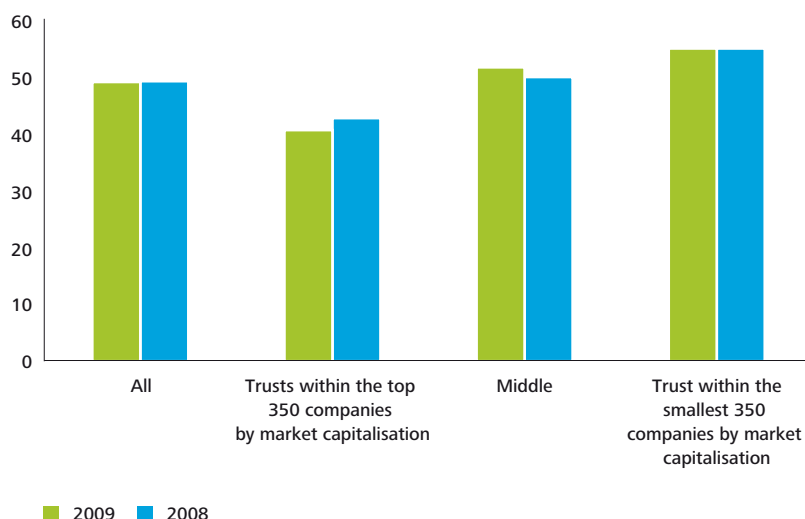


Figure 20. How quickly are half-yearly financial reports issued?

Average number of days



One trust in the smallest 350 category failed to meet the two month deadline for issuing a half-yearly financial report, reporting one day late.

None of the trusts sampled reported late in 2008, with the trust missing the deadline in 2009 reporting 52 days after the balance sheet date in the previous year. The reason for the delay in reporting in 2009 was not clear.

Length of report

As shown in figure 21 right, the length of half-yearly financial reports ranged from five to 22 pages. As might be expected given trusts' similarities regardless of size, little correlation was observed between the size of a trust and the length of half-yearly financial reports.

The average length of trusts' half-yearly financial reports was 11 pages, which is consistent with the 2008 average.

On average, six of the 11 pages consisted of financial information, four pages were narrative and one page was other content (typically a list of advisors or contact information for shareholders).

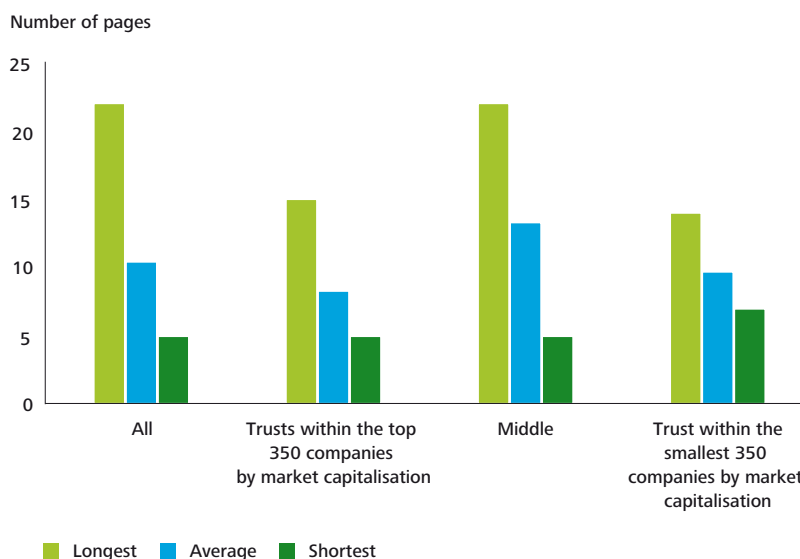
Responsibility statement

Only one of the trusts surveyed failed to comply with the DTR requirement to include a responsibility statement in their half-yearly financial report.

25 trusts correctly referred to either IAS 34 (for IFRS reporters) or the ASB statement (for UK GAAP reporters) in their responsibility statement. Of the other four trusts which gave a responsibility statement, one trust referred to the ASB statement although the condensed financial statements were prepared under IAS 34, and one trust referred to each of the Association of Investment Companies (AIC) SORP, "applicable UK accounting standards" and "International Financial Reporting Standards".

As shown in figure 22 overleaf the responsibility statement was most frequently signed by the trust's chairman. 17% of trusts did not identify the person or persons signing the statement.

Figure 21. How many pages does an average half-yearly financial report contain and what is the range?



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

Responsibility Statement

We confirm that to the best of our knowledge:

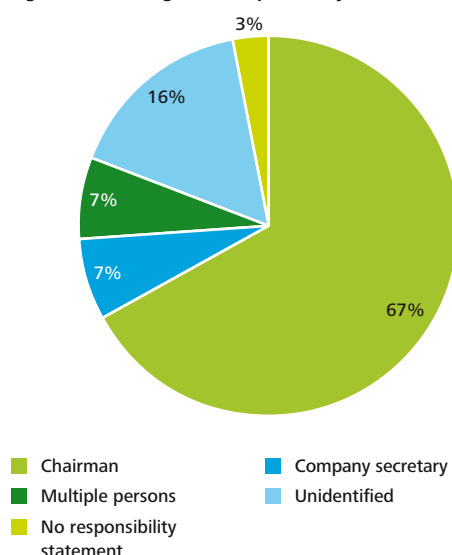
- the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Reports';
- the Half-Yearly Management Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months, and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
- the Half-Yearly Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
J G D Ferguson
Chairman

2 December 2009

The Monks Investment Trust PLC – Half-Yearly Financial Report 31 October 2009

Figure 22. Who signs the responsibility statement?



References to statutory financial information

27 of the trusts sampled are incorporated in the UK. All of these trusts attempted to give the statement required by company law in respect of statutory information included in non-statutory accounts, but none gave all of the disclosure required by section 435 of Companies Act 2006 (and by its predecessor, section 240 of Companies Act 1985).

- 21 trusts stated that the prior year's audit report was unqualified, but failed to state whether it included any emphasis of matter;
- five trusts failed to state whether there was an emphasis of matter and referred to the interim financial information instead of the full year comparatives; and
- one trust stated only that the half-yearly financial report did not constitute statutory accounts.

The remaining three trusts, incorporated in the Channel Islands, were not required to, and did not, make any such statement.

The interim management report

Discussion on performance

The interim management report (IMR) was typically signed by either the chairman (11 of the 30 trusts) or by the chairman and the fund manager (13 trusts). Two IMRs were signed only by the fund manager, one by the board as a whole and three had no identified signatory.

All 30 trusts gave an explanation of important events and trends affecting the trust during the period, with 21 going on to explain their impact on the trust's results. In addition, 27 trusts showed the movement in a benchmark index during the period to allow comparison with the performance of the trust's investment portfolio.

In terms of key performance indicators, 16 trusts gave the basic measures for an investment trust (a combination of net asset value, share price and return per share). 11 trusts gave other financial performance indicators whilst three trusts gave the non-financial measure of the number of investments made.

Principal risks and uncertainties

As shown in figure 23 opposite, 33% of trusts either gave no information on principal risks and uncertainties or suggested that this requirement was covered by the general comments in the outlook section of the IMR.

50% of trusts referred back to the information on principal risks and uncertainties in the last annual report, with 40% going on to give a summary of this information and hence complying with the minimum information requirement set out in the March 2008 edition of List! and referred to in the AIC guidance on the DTR published in September 2008.

An example of a trust following the guidance in List I is shown below.

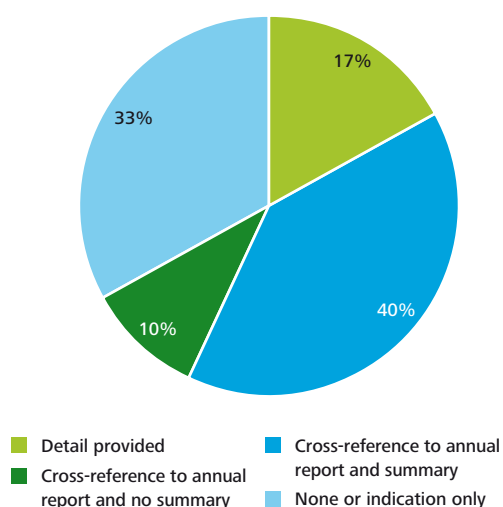
Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The Company is also exposed to currency risk in respect of overseas markets in which it invests. Other risks faced by the Company include external, investment and strategic, regulatory, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Risk Management within the Business Review in the Company's Annual Report for the year ended 30 September 2008. The Company's principal risks and uncertainties have not changed since the date of that report.

British Assets Trust plc – Half yearly Financial Report for the six months ended 31 March 2009

The remaining 17% of trusts gave full detail on principal risks and uncertainties.

Figure 23. What information is given on principal risks and uncertainties?



Going concern

The level of disclosure on going concern in trusts' half-yearly financial reports was limited, with only two trusts providing a basic statement that they continued to consider the going concern basis to be appropriate.

Related party transactions

Nine of the 30 trusts surveyed gave no information on related party transactions in the period. 16 trusts gave detail on related party transactions (either in the IMR or the notes to the condensed financial statements) and five made a clear statement that there had been no such transactions in the period.

Fewer trusts clearly complied with the DTR requirement to disclose changes in related party transactions described in the last annual report that could have a material effect in the first six months of the current period. One trust in the smallest 350 category made a clear statement that there had been no such changes, whilst nine trusts gave comparative information on related party transactions in the notes to the condensed financial statements.

Overall compliance

Six trusts clearly complied with all of the DTR requirements for the IMR. Three of these trusts were in the top 350 companies by market capitalisation, one in the middle group and two in the smallest 350 companies by market capitalisation.

The condensed financial statements

20 of the trusts surveyed were single entities which chose to prepare their financial statements under UK GAAP and were therefore subject to the requirements of the ASB statement on half-yearly financial reports. The remaining ten trusts reported under IFRSs and therefore prepared their half-yearly financial reports in accordance with IAS 34.

The UK GAAP and IFRS reporters are analysed separately below for how they dealt with the slightly different requirements of the two regimes.

Condensed financial statements under the ASB statement

The ASB statement requires comparative information for both the corresponding half-yearly period and the previous full financial year to be given in each of the profit and loss account, statement of total recognised gains and losses and cash flow statement. A comparative balance sheet is required only at the end of the previous financial year.

19 of the trusts reporting under the ASB statement complied with these requirements, with one trust in the middle group failing to give full year comparatives for either the profit and loss account or the cash flow statement.

The ASB statement requires explanation of any changes in accounting policy from the previous annual report or where there have been no changes a statement to that effect. 18 of the UK GAAP trusts complied with this requirement, with one of these disclosing a change in accounting policy and the other 17 stating that there had been no change.

Only one trust, in the middle category, clearly complied with the requirement to disclose post balance sheet events and changes in contingent liabilities, by providing information on changes in contingent liabilities and stating that there had been no post balance sheet events.

The ASB statement recommends explanation of acquisitions and disposals of major fixed assets or investments during the period, something which might be expected to be relevant to the majority of investment trusts. 14 of the 20 UK GAAP trusts gave this information in a portfolio activity section of the IMR, with one trust in the smallest 350 category clearly stating in the IMR that there had been no acquisitions or disposals of investments. The other five trusts did not comment in this area.

The ASB statement includes certain disclosure requirements, not in IAS 34, on tax and cash flow reporting. Four of the UK GAAP trusts complied with the requirement to give a brief explanation of the basis of the effective tax rate used.

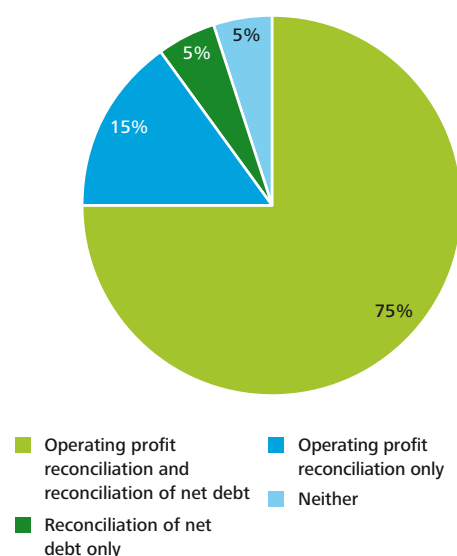
An example of such an explanation is shown below.

2 Tax credit/charge on ordinary activities

The tax charge for the half-year is nil (30 September 2008: nil; 31 March 2009: nil) based on an estimated effective tax rate of 0% for the year ending 31 March 2009. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income.
Montanaro UK Smaller Companies Investment Trust PLC – Half-Yearly Financial Report 2009

For cash flows, the ASB statement requires inclusion of a reconciliation of operating profit to operating cash flow and a reconciliation of the movement of cash to the movement of net debt in the half-yearly financial report. As shown in figure 24 below, the majority of trusts included both of these items.

Figure 24. What cash flow information do UK GAAP trusts give?



Condensed financial statements under IAS 34

The requirements for comparative information are slightly different under IAS 34, with comparative information for the income statement, statement of comprehensive income and statement of cash flows required only for the corresponding half-yearly period. A comparative balance sheet is only required as at the end of the previous financial year.

All of the ten IFRS trusts complied with these requirements, with five of those going further and giving full year comparatives for all the primary statements.

Five of the trusts stated that the accounting policies were consistent with the previous annual report, two explained changes in policy, two gave details of the accounting policies and one trust made no reference to accounting policies.

Three of the trusts gave detail of events subsequent to the reporting date, with a further trust stating clearly that there had been none. Only one trust, in the middle category, gave information on changes in contingent liabilities, whilst one trust in the smallest 350 category gave a clear statement that there had been none.

As shown in figure 25 right, the majority of the IFRS trusts gave some information on changes in debt or equity in the period.

Information on the investment portfolio

Due to the nature of an investment trust's business, segmental reporting is rather different than for other companies. As shown in figure 26 right, trusts gave different information on the investments in their portfolio and the income generated. Only one trust in each of the top 350 and middle categories gave no such information.

Most popular were a split of income by type (for example, dividend and interest income) or an analysis of investment type (for example, equities and bonds). Clearly, the appropriate information will be affected by the trust's investment policy, which may mean that the trust only has investments from one geographical area or of only one type.

Figure 25. What information on changes in debt or equity do IFRS trusts give?

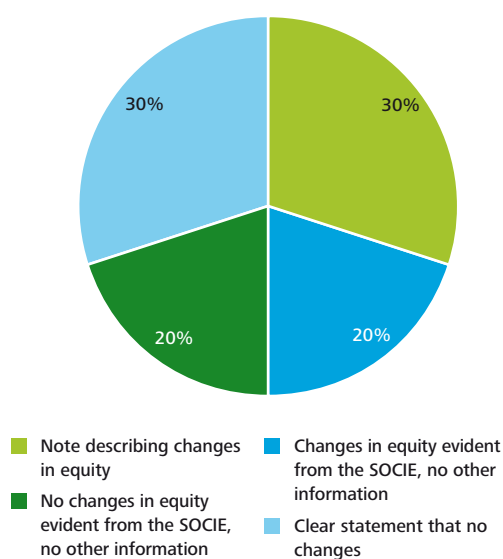
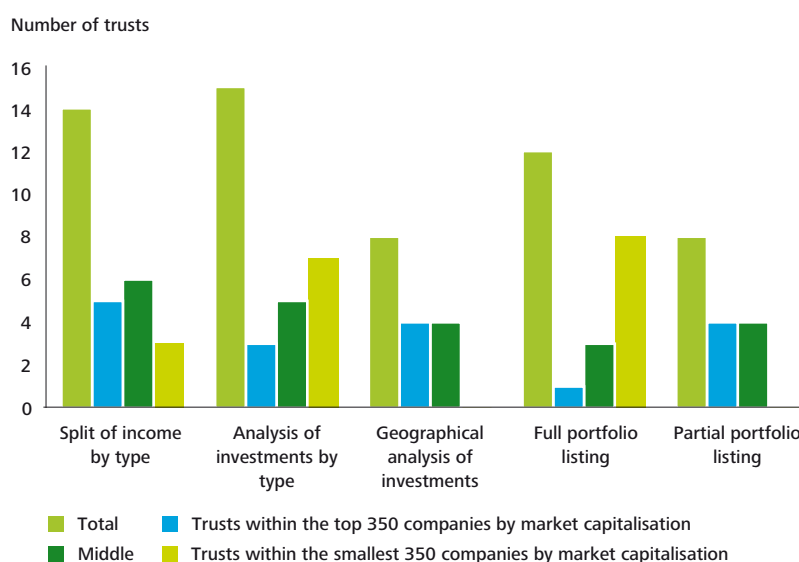


Figure 26. What information is given on the investment portfolio?



20 trusts gave a listing of their investment portfolio. Eight of these were a partial list (for example, the top 20 investments by value), whilst 12 trusts gave a full list of their investments. Ten trusts went further, giving a commentary on the performance of individual investee companies although only two of these (both in the smallest 350 category) included numerical data to support the commentary given.

Appendix 1

Illustrative half-yearly financial report

This illustrative half-yearly financial report for the six months to 30 June 2010 has been developed to provide an example of the typical disclosures which will be required of a UK listed company with subsidiaries and associates reporting in accordance with IAS 34 and the FSA's Disclosure and Transparency Rules. The illustrative half-yearly financial report does not contain a complete set of financial statements and presumes the group has elected to present a condensed set of financial statements, which is the typical UK practice.

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

The condensed set of financial statements is based on standards in issue as at 31 December 2009 which are expected to be effective for years beginning on or after 1 January 2010. In particular, the acquisitions note within the illustrative half-yearly financial report demonstrates IFRS 3 (revised 2008) 'Business Combinations' and IAS 27 (revised 2008) 'Consolidated and Separate Financial Statements' which are effective for acquisitions occurring in periods beginning on or after 1 July 2009. Companies preparing reports for earlier periods and continuing to apply IFRS 3(2004) and IAS 27 (revised 2005) should refer to the earlier Deloitte publication, 'Our better halves'.¹⁵

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

There may be changes to standards which become effective in 2010 which differ from those expected at the time of preparation of this illustrative report. In addition, the interpretation of IFRSs will continue to evolve over time.

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

¹⁵ Available via the Deloitte website at www.deloitte.co.uk/audit

Half-yearly financial report 2010

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Responsibility statement

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

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

DTR 4.2.11 By order of the Board,¹⁶

	[Signature]	[Signature]
DTR 4.2.10(2)	Chief Executive Officer	Chief Financial Officer
DTR 4.2.10(2)	[Name of signatory]	[Name of signatory]
	[Date]	[Date]

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

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 but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to 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 [no.] of the [no.] industries in which we operate.

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

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

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

Long-term strategy and business objectives

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

In the first six months of the current financial year, we have made significant progress on the three key elements of our strategy. We have gained market share in [no.] of our [no.] markets. We have invested £_million (six months ended 30 June 2009: £_million) in our core products and have launched a number of new products during the period, including product [] and product []. Further new products are nearing completion and are due to be launched over the next 12 months. We also acquired [name of company] in China to grow our market strength and have restructured this part of the business following the acquisition to consolidate our positions in this market. As part of this restructuring, we have disposed of [name of company].

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

Key performance indicators

As set out in our most recent annual report, we monitor our performance implementing our strategy with reference to clear targets set for eight key performance indicators (KPIs). These KPIs are applied on a Group wide basis. Performance in the six months ended 30 June 2010 and the targets are set out in the table overleaf, together with the prior year performance data. The source of data and calculation methods used are consistent with those disclosed in the 2009 annual report.

Interim management report (continued)

Six months ended 30 June	2010	2009	Target
Financial KPIs			
Return on capital employed	x%	x%	x%
Gross margin	x%	x%	x%
Percentage of revenue from new products	x%	x%	x%
Basic earnings per share	xp	xp	xp
Diluted earnings per share	xp	xp	xp
Non-financial KPIs			
Market share	x%	x%	x%
Renewable energy usage	x%	x%	x%
Lost time injury frequency rate (injuries per 1m hours worked)	x	x	x

The results in the table show that we met our targets for three of our eight KPIs. The directors believe that, having achieved a market share of _% in 2010, the Group is still well placed to achieve its medium term target of _% market share by the end of 2011.

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

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

DTR 4.2.7(1) Results for the six months ended 30 June 2010

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

Key financials	Revenue		Gross margin		Underlying operating profit*	
	2010	2009	2010	2009	2010	2009
Six months ended 30 June	£'000	£'000	%	%	£'000	£'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 shown below.

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

Interim management report (continued)

Six months ended 30 June

	2010 £'000	2009 £'000
Operating profit per financial information		
Write-down of inventories		
Goodwill impairment		
Underlying operating profit		

Revenue

Total group revenue was up _% on the six months ended 30 June 2009 at £_million with growth experienced in the [Segment A] (_%) and [Segment B] (_%) businesses partially offset by declines of _% in the [Segment C] business and _% in [Segment D]. Excluding the net impact of foreign currency effects (£+_million), acquisitions (£+_million) and disposals (£-_million), revenue on a like-for-like basis was up by _% at £_million.

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

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

In our last annual report, we anticipated the replacement of product [] with its updated version during the first quarter of the current financial year. However, as reported to you in our Interim Management Statement, published on [date], the replacement of product [] globally was delayed when the regulator [] imposed further testing requirements on the new version. This impacted our [] business with sales of this line down _% from the same period in 2009 to £_million. The launch of the replacement product is now expected to occur in the fourth quarter of the current financial year.

Gross margin and underlying operating profit

The modest sales growth during the six month period was offset by continuing price pressures so that overall, the gross margin declined to _% (2009: _%) with gross profit of £_million.

Group operating profit for the six months ended 30 June 2010 was £_million, _% below the comparative period in the previous financial year (£_million).

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

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

Dividend and dividend policy

In line with the Group's dividend policy, the Board has approved an interim dividend of _pence (2009: _pence) on [date after 30 June 2010], which will be paid on [date] to those shareholders on the register at [date].

Financial position

Net assets increased by _% to £_million (31 December 2009: £_million). The main movements in the balance sheet items were property, plant and equipment (relating mainly to the investment in our manufacturing facilities of £_million), intangible fixed assets (goodwill and new intangible assets totalling £_million arising from the acquisition of [name of company] during the first six months) and the change in net debt.

The Group has net debt of £_million (31 December 2009: £_million). During the half year, additional loans of £_million were drawn down.

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

Interim management report (continued)

Cash flow

Net cash inflow from operating activities for the six months ended 30 June 2010 was £_million, £_million below the comparative period in 2009. Lower trading profit for the Group was partially offset by lower cash outflows in support of our ongoing restructuring programme.

Retirement benefits

The retirement benefit liability relating to the Group's UK Pension Scheme at 30 June 2010 was £_million, a decrease of £_million from 31 December 2009. This decrease reflects an increase in the market value of the scheme's assets caused by the general increase in equity prices experienced in the period.

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

Post balance sheet events

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

DTR 4.2.8
(1a+b)

Related party transactions

Related party transactions are disclosed in note 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.

DTR 4.2.7(2)
List! Issue
No. 18
March 2008

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2009. A detailed explanation of the risks summarised below can be found on pages [] to [] of the annual report which is available at [website address].

Competitor risk

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

Commercial relationships

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

Manufacturing

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

Environmental risk

The Group is under regulatory and reputational pressure to cut our contribution to climate change. Any breach of government regulations with regards to CO₂ emissions may incur financial penalties and damage the Group's reputation.

Foreign exchange

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

Economy

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

Liquidity risk

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

Interim management report (continued)

2009 FRC
guidance
para 87

Going concern

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

Future outlook

While the external commercial environment is expected to remain difficult in the rest of 2010, we have good momentum across [Segment A], [Segment B] and [Segment C] and we believe that we have now taken the necessary actions, and put in place processes, to implement the required restructuring of our activities in [Segment D].

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

[Address of registered office]

By order of the Board,

[Signature]¹⁷

Chief Executive Officer

[Name of signatory]

[Signature]

Chief Financial Officer

[Name of signatory]

DTR 4.2.2(2) [Date]¹⁸

[Date]

¹⁷ Physical signature is included as an illustration of the document formally approved by the directors, but is not required to be reproduced in the disseminated text

¹⁸ The interim financial report must be made public as soon as possible, but no later than two months after the end of the six-month period

Independent review report to 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 2010 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 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 (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to 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 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

[Signature]

Deloitte LLP

Chartered Accountants and Statutory Auditors

[City, United Kingdom]

[Date]

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.

Condensed consolidated income statement

Six months ended 30 June 2010

IAS 34.8		Six months ended 30 June		Year ended
		2010		31 December
		2010	2009	2009 ¹⁹
		£'000	£'000	£'000
IAS 34.10		Note	(Unaudited)	(Unaudited)
				(Audited)
	Continuing operations			
IAS 1.82	Revenue	3		
	Cost of sales			
	Gross profit			
	Other operating income			
	Distribution costs			
	Administrative expenses			
	Other operating expenses			
IAS 1.82	Share of results of associates			
IAS 1.98	Restructuring costs	6		
	Operating profit			
	Investment revenue			
	Other gains and losses			
IAS 1.82	Finance costs			
	Profit before tax			
IAS 1.82	Tax	7		
	Profit for the period from continuing operations			
	Discontinued operations			
IAS 1.82	Loss for the period from discontinued operations	8		
IAS 1.82	Profit for the period			
IAS 1.83	Attributable to:			
	Owners of the company			
	Non-controlling interest			
	Earnings per share			
IAS 33.66	From continuing operations			
	Basic	10		
	Diluted	10		
IAS 34.11A	From continuing and discontinued operations			
	Basic	10		
	Diluted	10		

19 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

Condensed consolidated statement of comprehensive income

Six months ended 30 June 2010

IAS 34.8 IAS 34.10 IAS 1.83-4 IAS 1.91	Six months ended 30 June		Six months ended 30 June		Year ended 31 December ²⁰	
	2010	2010	2009	2009	2009	2009
	£'000	£'000	£'000	£'000	£'000	£'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit for the period						
Gains/(losses) on property revaluation						
Available-for-sale financial assets:						
Gains/(losses) arising during the period						
Less: reclassification adjustments for gains/(losses) included in profit						
Gains/(losses) on a hedge of a net investment taken to equity						
Cash flow hedges:						
Gains/(losses) arising during the period						
Less: reclassification adjustments for gains/(losses) included in profit						
Exchange differences on translation of foreign operations						
Actuarial gains/(losses) on defined benefit pension schemes						
Other comprehensive income						
Tax relating to components of other comprehensive income						
Other comprehensive income for the period						
Total comprehensive income for the period						
Attributable to:						
Owners of the company						
Non-controlling interest						

20 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

Condensed consolidated statement of changes in equity

Six months ended 30 June 2010

IAS 34.8
IAS 1.106-110

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

* The illustrative statement of changes in equity in the *Guidance on implementing IAS 1* shows a single line for 'Total comprehensive income for the year'. This appears to be inconsistent with the requirement of IAS 1.106 to show 'each item of other comprehensive income' in the statement of changes in equity.

The IASB has acknowledged this inconsistency, which arises because IAS 1.106 is not explicit as to whether the detailed movements could be appropriately disclosed in the notes rather than 'on the face of' the statement of changes in equity. The exposure draft for annual improvements published in August 2009 includes a proposal to amend IAS 1 to state explicitly that an entity shall present the components of changes in equity in the statement of changes in equity or in the notes to the financial statements.

The annual improvements are due to be finalised in the second quarter of 2010. On the basis of the Board's discussions and proposals, companies preparing annual reports before this occurs may conclude that it is acceptable for the information to be given in the notes. There is currently no requirement in IAS 34 for a condensed set of financial statements to include notes to the statement of changes in equity and the exposure draft for annual improvements does not propose adding any such requirement.

Condensed consolidated statement of changes in equity (continued)

Six months ended 30 June 2010

IAS 34.8
IAS 1.106-110

	Equity attributable to owners of the company										
	Share		Revaluation Reserve	Own Shares	Equity Reserve	Hedging Reserve	Retranslation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
	Share Capital	Premium Account									
	£'000	£'000									
Balance at 1 January 2009											
Profit for the period											
Other comprehensive income for the period											
Total comprehensive income for the period											
Issue of share capital											
Dividends											
Own shares acquired in the period											
Credit to equity for equity-settled share based payments											
Deferred tax on share-based payment transactions											
Balance at 30 June 2009 (Unaudited)											

Condensed consolidated statement of changes in equity (continued) Six months ended 30 June 2010

IAS 34.8
IAS 1.106-110

	Equity attributable to owners of the company								Non-controlling interest	Total Equity
	Share Capital	Share Premium Account	Revaluation Reserve	Own Shares	Equity Reserve	Hedging Reserve	Retranslation reserve	Retained earnings		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Balance at 1 January 2009										
Profit for the period										
Other comprehensive income for the period										
Total comprehensive income for the period										
Issue of share capital										
Dividends										
Own shares acquired in the period										
Credit to equity for equity-settled share based payments										
Deferred tax on share-based payment transactions										
Balance at 31 December 2009 (Audited) ²¹										

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

Condensed consolidated balance sheet

As at 30 June 2010

			30 June 2010 £'000 (Unaudited)	30 June 2009 ²² £'000 (Unaudited)	31 December 2009 ²³ £'000 (Audited)
IAS 34.8		Note			
	Non-current assets				
	Goodwill				
IAS 1.54	Other intangible assets				
IAS 1.54	Property, plant and equipment	11			
IAS 1.54	Investment property				
IAS 1.54	Interests in associates				
	Investments				
	Finance lease receivables				
IAS 1.56	Deferred tax asset				
	Derivative financial instruments				
	Current assets				
IAS 1.54	Inventories				
	Investments				
	Finance lease receivables				
IAS 1.54	Trade and other receivables				
IAS 1.54	Cash and cash equivalents	17			
	Derivative financial instruments				
IAS 1.54	Assets classified as held for sale	15			
	Total assets				
	Current liabilities				
IAS 1.54	Trade and other payables				
IAS 1.54	Current tax liabilities				
	Obligations under finance leases				
	Borrowings	12			
IAS 1.54	Provisions				
	Derivative financial instruments				
	Deferred revenue				
IAS 1.54	Liabilities directly associated with assets classified as held for sale	15			
	Net current assets				

22 Although not required by IAS 34, the comparative amounts at 30 June 2009 and the related notes have been included on a voluntary basis

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

Condensed consolidated balance sheet (continued)

As at 30 June 2010

		30 June 2010 £'000 (Unaudited)	30 June 2009 ²⁴ £'000 (Unaudited)	31 December 2009 ²⁵ £'000 (Audited)
IAS 34.8	Note			
	Non-current liabilities			
	Borrowings	12		
	Convertible loan notes			
	Retirement benefit obligations	20		
IAS 1.56	Deferred tax liabilities			
IAS 1.54	Long-term provisions			
	Deferred revenue			
	Obligations under finance leases			
	Liability for share based payments			
	Total liabilities			
	Net assets			
	Equity			
	Share capital	13		
	Share premium account			
	Revaluation reserve			
	Own shares			
	Equity reserve			
	Hedging reserve			
	Retranslation reserve			
	Retained earnings			
IAS 1.56	Equity attributable to owners of the company			
IAS 1.56	Non-controlling interest			
	Total equity			

24 Although not required by IAS 34, the comparative amounts at 30 June 2009 and the related notes have been included on a voluntary basis

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

Condensed consolidated cash flow statement

Six months ended 30 June 2010

			Six months ended 30 June 2010 £'000 (Unaudited)	2009 £'000 (Unaudited)	Year ended 31 December 2009 ²⁶ £'000 (Audited)
IAS 34.10		Note			
IAS 7.10	Net cash from operating activities	17			
IAS 7.10	Investing activities				
	Interest received				
	Dividends received from associates				
	Dividends received from trading investments				
	Proceeds on disposal of trading investments				
	Proceeds on disposal of available-for-sale investments				
IAS 7.39	Disposal of subsidiary	14			
	Proceeds on disposal of property, plant and equipment				
	Purchases of property, plant and equipment				
	Acquisition of investment in an associate				
	Purchases of trading investments				
	Purchases of patents and trademarks				
IAS 7.39	Acquisition of subsidiary	16			
	Net cash (used in)/from investing activities				
IAS 7.10	Financing activities				
	Dividends paid				
	Repayments of borrowings				
	Repayments of obligations under finance leases				
	Proceeds on issue of convertible loan notes				
	Proceeds on issue of shares				
	New bank loans raised				
	Increase/(decrease) in bank overdrafts				
	Net cash (used in)/from financing activities				
	Net increase/(decrease) in cash and cash equivalents				
	Cash and cash equivalents at beginning of period				
IAS 7.28	Effect of foreign exchange rate changes				
	Cash and cash equivalents at end of period				

26 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

Notes to the condensed set of financial statements

Six months ended 30 June 2010

1. General information

The information for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

IAS 34.15 *[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

Basis of preparation

DTR 4.2.4(1) The annual financial statements of Delto plc are prepared in accordance with IFRSs as adopted by the European Union.
and IAS 34.19 The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Going concern

2009 FRC guidance para 87 The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policy

DTR 4.2.6 and IAS 34.16(a) The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except as described below.

In the current financial year, the Group has adopted International Financial Reporting Standard 3 "Business Combinations" (revised 2008) and International Accounting Standard 27 "Consolidated and Separate Financial Statements" (revised 2008).

The most significant changes to the Group's previous accounting policies for business combinations are as follows:

- acquisition related costs which previously would have been included in the cost of a business combination are included in administrative expenses as they are incurred;
- any pre-existing equity interest in the entity acquired is remeasured to fair value at the date of obtaining control, with any resulting gain or loss recognised in profit or loss;
- any changes in the Group's ownership interest subsequent to the date of obtaining control are recognised directly in equity, with no adjustment to goodwill; and
- any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in profit or loss. Previously, such changes resulted in an adjustment to goodwill.

The revised standards have been applied to the acquisition of [name of company acquired] as described in note 16.

Any adjustments to contingent consideration for acquisitions made prior to 1 January 2010 which result in an adjustment to goodwill continue to be accounted for under IFRS 3(2004) and IAS 27(2005), for which the accounting policies can be found in the Group's latest annual audited financial statements.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

IAS 34
(revised).
16(g)

3. Business segments

Products and services from which reportable segments derive their revenues

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

[Segment A]	– [Activity A, direct sale customers]
[Segment B]	– [Activity A, wholesale customers]
[Segment C]	– [Activity B, internet customers]
[Segment D]	– [Activity C, wholesale customers]
Other	

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

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

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

3. Business segments (continued)

Segment revenues and results

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

Six months ended 30 June 2010	[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								

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

3. Business segments (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2009:

Six months ended 30 June 2009	[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								

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

3. Business segments (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2009:

Year ended 31 December 2009	[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								

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

3. Business segments (continued)

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

Segment assets	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'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.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

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

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

IAS 34.16(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 [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] 2010, the Group disposed of [name of company] (see note 14). Certain of the non-core assets of the [Segment B] division were retained by the Group. In addition, the [] operations of the [Segment C] division were segregated from the manufacturing operations and retained by the Group. The assets retained were scrapped and an impairment loss recognised in respect of their previous carrying amount. To the extent that employees could not be redeployed, termination terms were agreed.

	Six months ended 30 June		Year ended
	2010	2009	31 December
	£'000	£'000	2009
			£'000
Impairment loss recognised in respect of assets			
Redundancy costs			

IAS 34.16(d) **7. Tax**

Tax for the six month period is charged at _% (six months ended 30 June 2009: _%; year ended 31 December 2009: _%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

IAS 34.16(i)

8. Discontinued operations

On [date] 2010, 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] 2010, 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] 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Revenue			
Expenses			
Profit before tax			
Attributable tax expense			
Profit on disposal of discontinued operations			
Attributable tax expense			
Net loss attributable to discontinued operations			

During the period, [name of company] contributed £_million (six months ended 30 June 2009: £_million; year ended 31 December 2009: £_million) to the Group's net operating cash flows, paid £_million (six months ended 30 June 2009: £_million; year ended 31 December 2009: £_million) in respect of investing activities and paid £_million (six months ended 30 June 2009: £_million; year ended 31 December 2009: £_million) in respect of financing activities.

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

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

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

IAS 34.16(f) **9. Dividends**

	Six months ended 30 June		Year ended
	2010	2009	31 December
	£'000	£'000	2009
			£'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2009 of _p (2008: _p) per share	_____	_____	
Interim dividend for the year ended 31 December 2009			_____

Proposed interim dividend for the year ended 31 December 2010 of _p (2009: _p) per share	_____	_____	
Proposed final dividend for the year ended 31 December 2009 of _p per share			_____

The proposed interim dividend of _p per share was approved by the Board on [date after 30 June 2010] and has not been included as a liability as at 30 June 2010.

From continuing and discontinued operations

	Six months ended 30 June	Year ended
	2010	31 December
	2009	2009
	£'000	£'000
Earnings		
Earnings for the purposes of basic earnings per share being		
net profit attributable to owners of the company		
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)		
Earnings for the purposes of diluted earnings per share		

	Six months ended 30 June	Year ended
	2010	31 December
Number of shares	No.	2009
Weighted average number of ordinary shares for the purposes of basic earnings per share		No.
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		

From continuing operations

	Six months ended 30 June		Year ended
	2010	2009	31 December
	£'000	£'000	2009
Earnings			£'000
Net profit attributable to owners of the company			
Adjustments to exclude loss for the period from discontinued operations			
Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations			
Effect of dilutive potential ordinary shares:			
Interest on convertible loan notes (net of tax)			
Earnings from continuing operations for the purpose of diluted earnings per share excluding discontinued operations			

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Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

IAS 34.16(c) **11. Property, plant and equipment**

IAS 34.17(d) During the period, the Group spent approximately £__ million on the final stage of construction of its new office premises and on additions to the manufacturing plant in [] to upgrade its manufacturing capabilities.

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

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

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

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

As previously disclosed, the group's principal debt facilities (totalling £__ million) are provided by a syndicate of banks and expire between 2012 and 2015.

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

Share capital as at 30 June 2010 amounted to £__ million. During the period, the Group issued __ shares as part of a capitalisation issue to its shareholders. The capitalisation issue increased the number of shares in issue from __ to __ without a corresponding change in resources.

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

As referred to in note 8, on [date] 2010 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 2009 and at 31 December 2009 were as follows:

	[Date] 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Property, plant and equipment			
Inventories			
Trade receivables			
Cash and cash equivalents			
Retirement benefit obligation			
Deferred tax liability			
Current tax liability			
Trade payables			
Bank overdraft			
Attributable goodwill			
Gain on disposal			
Total consideration			
Satisfied by:			
Cash			
Deferred consideration			

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

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

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

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 [Activity C] in the segmental analysis in note 3. The proceeds of disposal are expected substantially to exceed the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

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

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Goodwill			
Property, plant and equipment			
Inventories			
Trade and other receivables			
Cash and cash equivalents			
Total assets classified as held for sale			
Trade and other payables			
Tax liabilities			
Bank overdrafts and loans			
Total liabilities associated with assets classified as held for sale			
Net assets of disposal group			

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

IAS 34.16(i) **16. Acquisition of subsidiary²⁷**

IFRS 3.B64(a-d) On [date], the Group acquired 100 per cent of the issued share capital of [name of company acquired], obtaining control of [name of company acquired]. [Name of company acquired] is a [describe operations of company acquired]. [Name of company acquired] was acquired in order to [provide primary reasons for acquisition of the company].

IFRS 3.B64(i)	Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
	Financial assets	
	Inventory	
	Property, plant and equipment	
	Identifiable intangible assets	
	Financial liabilities	
	Contingent liability	
		<hr/>
	Total identifiable assets	
	Goodwill	
		<hr/>
	Total consideration	<hr/>
IFRS 3.B64(f)	Satisfied by:	
	Cash	
	Equity instruments (___ ordinary shares of Delto plc)	
	Contingent consideration arrangement	
		<hr/>
	Total consideration transferred	<hr/>
	Net cash outflow arising on acquisition	
	Cash consideration	
	Less: cash and cash equivalents acquired	
		<hr/>
		<hr/>
IFRS 3.B64(h)	The fair value of the financial assets includes receivables [describe type of receivable] with a fair value of £___ and a gross contractual value of £___. The best estimate at acquisition date of the contractual cash flows not to be collected are £___.	
IFRS 3.B64(j) IAS 37.85	A contingent liability of £___ has been recognised for [provide description of nature of obligation]. It is expected that the majority of cash outflows will be incurred in 2011 and that all will be incurred by the end of 2012. The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent liability is estimated to be between £___ and £___.	

²⁷ This note illustrates the disclosure requirements for an acquisition accounted for under IFRS 3(2008). Where adjustments are made to acquisitions made in earlier periods (for example, in respect of contingent consideration), the relevant disclosures will be made in accordance with IFRS 3(2004). These requirements are detailed in Appendix 2 to this publication

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

16. Acquisition of subsidiary (continued)

IFRS 3.B64(e) The goodwill of £__ arising from the acquisition consists of [describe factors that make up goodwill recognised].

IFRS 3.B64(k) None of the goodwill recognised is expected to be deductible for income tax purposes.

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

IFRS 3.B64(g) The contingent consideration arrangement requires [describe conditions of the contingent consideration arrangement].
The potential undiscounted amount of all future payments that Delto plc could be required to make under the contingent consideration arrangement is between £__ and £__.

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

IFRS 3.B64(l-m) Acquisition-related-costs (included in administrative expenses in Delto plc consolidated income statement for the period ended 30 June 2010) amounted to £__.

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

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

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

17. Notes to the cash flow statement

	Six months ended 30 June		Year ended
	2010	2009	31 December
	£'000	£'000	2009
			£'000
Profit for the year			
Adjustments for:			
Share of profit of associates			
Investment revenues			
Other gains and losses			
Finance costs			
Income tax expense			
Gain on disposal of discontinued operations			
Depreciation of property, plant and equipment			
Impairment loss on fixtures and equipment			
Amortisation of intangible assets			
Impairment of goodwill			
Share-based payment expense			
(Increase)/decrease in fair value of investment property			
Gain on disposal of property, plant and equipment			
Increase/(decrease) in provisions			
Operating cash flows before movements in working capital			
Decrease/(increase) in inventories			
Decrease/(increase) in receivables			
Increase/(decrease) in payables			
Cash generated by operations			
Income taxes paid			
Interest paid			
Net cash from operating activities			

Additions to fixtures and equipment during the period amounting to £__ million were financed by new finance leases. Additions of £__ million in the six months ended 30 June 2010 were acquired on deferred payment terms, and were settled in the current period.

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

Notes to the condensed set of financial statements (continued)

Six months ended 30 June 2010

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 have recommended that it be contested. No provision has been made in the condensed set of financial statements as the Group does not consider that there is any probable loss.

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

On [date] 2010, 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. Retirement benefit schemes**

Defined benefit schemes

The defined benefit obligation as at 30 June 2010 is calculated on a year-to-date basis, using the latest actuarial valuation as at 31 December 2009. 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 2009.

The defined benefit plan assets have been updated to reflect their market value at 30 June 2010. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

IAS 34.16(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.

Notes to the condensed set of financial statements (continued)
Six months ended 30 June 2010

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 (see also the related party transactions note in the interim management report on page 42).

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

	Sales of goods £'000	Purchase of goods £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Six months ended 30 June 2010				
X Holdings				
Associates				
Six months ended 30 June 2009				
X Holdings				
Associates				
Year ended 31 December 2009				
X Holdings				
Associates				

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

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

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

Appendix 2

Half-yearly financial report disclosure checklist

This checklist contains the disclosure and reporting requirements for half-yearly financial reports for listed companies reporting under IFRS for periods beginning on or after 1 January 2010. 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" (as revised for the adoption of IFRS 3 "Business Combinations" (revised 2008) which is effective for periods beginning on or after 1 July 2009). 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 debt²⁸ securities admitted to trading on a regulated market.²⁹ 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.

		Reference	Yes/No/N/a
1	Exemptions from rules on half-yearly financial reports		
1.1	<p>Public sector issuers</p> <p>The rules on half-yearly financial reports (DTR 4.2) do not apply to a state, a regional or local authority of a state, a public international body of which at least one EEA State is a member, the ECB and EEA States' national central banks.</p>	DTR 4.4.1	
1.2	<p>Debt issuers</p> <p>The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer that issues exclusively debt securities admitted to trading the denomination per unit of which is at least €50,000 (or an equivalent amount).</p> <p>The rules on half-yearly financial reports (DTR 4.2) do not apply to a credit institution whose shares are not admitted to trading and which has, in a continuous or repeated manner, only issued debt securities provided that:</p> <p>(a) the total nominal amount of all such debt securities remains below €100,000,000; and</p> <p>(b) the credit institution has not published a prospectus in accordance with the Prospectus Directive.</p> <p>The rules on half-yearly financial reports do not apply to an issuer already existing on 31 December 2003 which exclusively issue debt securities unconditionally and irrevocably guaranteed by the issuer's Home Member State or by a regional or local authority of that state, on a regulated market.</p> <p>The rules on half-yearly financial reports do not apply to an issuer of debt securities which were admitted to the official list before 1 January 2005 until 2015.</p>	<p>DTR 4.4.2</p> <p>DTR 4.4.3</p> <p>DTR 4.4.4</p> <p>DTR TP 1</p>	
1.3	<p>Issuers of convertible securities</p> <p>The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer of transferable securities convertible into shares.</p>	DTR 4.4.5	
1.4	<p>Issuers of depository receipts</p> <p>The rules on half-yearly financial reports (DTR 4.2) do not apply to an issuer of depository receipts.</p>	DTR 4.4.7	
1.5	<p>Non-EEA States – Equivalence</p> <p>An issuer whose registered office is a non-EEA state whose relevant laws are considered equivalent by the FSA is exempted from the rules on half-yearly financial reports (DTR 4.2).</p>	DTR 4.4.8	

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

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

		Reference	Yes/No/N/a
3.3	<p>The accounting policies and presentation applied to half-yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual financial statements.</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 report under IFRS 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 statement of financial position; (b) a condensed statement of comprehensive income, presented as either; <ul style="list-style-type: none"> (i) a condensed single statement; or (ii) a condensed separate income statement and a condensed statement of comprehensive income; (c) a condensed statement of changes in equity; (d) a condensed statement of cash flows; and (e) selected explanatory notes. 	IAS 34.8	
	<p>Use of the revised terminology for primary statements suggested by IAS1 is not mandatory, and it is likely that, at least in the short term, many UK companies will retain the more familiar terms 'balance sheet' and 'cash flow statement'.</p>		
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 statement of financial position</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 statement of financial position.</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 assets, liabilities and equity that are unusual because of their nature, size or incidence should be disclosed.</p>	IAS 34.16(c)	

		Reference	Yes/No/N/a
4.5	<p>A statement of financial position should be presented as at the end of the current interim period.</p> <p>A comparative statement of financial position should be given as at the end of the preceding financial year.</p> <p>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.</p>	<p>IAS 34.20(a)</p> <p>IAS 34.20(a)</p> <p>IAS 34.21</p>	
	Condensed statement of comprehensive income		
4.6	<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 statement of comprehensive income.</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>	
4.7	The nature and amount of items affecting net income that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16(c)	
4.8	<p>In the statement that presents the components of profit or loss for an interim period, an entity shall present basic and diluted earnings per share.</p> <p>If an entity presents the components of profit or loss in a separate income statement as described in paragraph 81 of IAS 1 (as revised in 2007), it presents basic and diluted earnings per share in that separate statement.</p>	<p>IAS 34.11</p> <p>IAS 34.11(a)</p>	
4.9	<p>Statements of comprehensive income should be presented for the current interim period and cumulatively for the current financial year to date.</p> <p>Comparative statements of comprehensive income should be given for the comparable interim periods (current and year-to-date) of the preceding financial year.</p> <p>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).</p>	<p>IAS 34.20(b)</p> <p>IAS 34.20(b)</p> <p>IAS 34.21</p>	
4.10	Items of income and expense should be measured and recognised on a basis consistent with that used in the preparation of the annual financial statements (the year-to-date method).	IAS 34.28	
	Condensed statement of changes in equity		
4.11	<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 statement of changes in equity.</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>	
4.12	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)	
4.13	<p>A statement showing changes in equity should be presented cumulatively for the current financial Year to date.</p> <p>A comparative statement should be given for the comparable year-to-date period of the preceding financial year.</p> <p>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.</p>	<p>IAS 34.20(c)</p> <p>IAS 34.20(c)</p> <p>IAS 34.21</p>	
4.14	Changes in equity should be measured and recognised on a basis consistent with that used in the preparation of the annual financial statements (the year-to-date method).	IAS 34.28	

		Reference	Yes/No/N/a
Condensed statement of cash flows			
4.15	At a minimum, each of the headings and subtotals included in the entity's most recent annual financial statements should be included in the condensed statement of cash flows.	IAS 34.10	
	Additional line items or notes should be included if their omission would make the condensed half-yearly financial statements misleading.	IAS 34.10	
4.16	The nature and amount of items affecting cash flows that are unusual because of their nature, size or incidence should be disclosed.	IAS 34.16(c)	
4.17	A statement of cash flows should be presented cumulatively for the current financial year to date.	IAS 34.20(d)	
	A comparative statement should be given for the comparable year-to-date period in the preceding financial year.	IAS 34.20(d)	
	Entities whose business is highly seasonal are encouraged (but not required) to report financial information for the twelve months ending on the interim reporting date, and comparative information for the prior twelve month period.	IAS 34.21	
Selected explanatory and other notes			
4.18	The interim report is intended to provide an update on the latest complete set of annual financial statements. Accordingly it focuses on new activities, events, transactions and circumstances that are significant to an understanding of the changes in financial position and performance of the entity.	IAS 34.6 IAS 34.15	
4.19	The information in the notes should normally be reported on a financial year-to-date basis.	IAS 34.16	
	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.		
4.20	A statement should be included that the same accounting policies and methods of computation are followed in the interim financial statements as in the most recent annual financial statements. If those policies or methods have been changed, a description of the nature and effect of the change should be included.	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 IAS 34.29	
	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)	
4.21	Where full year comparatives are provided, a statement is required to satisfy section 435 of the Companies Act 2006 regarding the publication of non-statutory accounts, stating:	CA2006 s435 CA2006 s498	
	(a) that the accounts are not the entity's statutory accounts (the term 'statutory accounts' is defined in section 434 of the Companies Act 2006);		
	(b) whether statutory accounts, dealing with the financial year with which the non-statutory accounts purport to deal, have been delivered to the Registrar of Companies;		
	(c) whether the auditors have made a report under section 495 and 496 on the entity's statutory accounts for any such financial year; and		
	(d) whether this audit report was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report or contained a statement under section 498(2) or 498(3) of Companies Act 2006 (i.e. the accounting records or returns were inadequate, or the accounts do not agree with records or returns, or there has been a failure to obtain necessary information and explanations).		

		Reference	Yes/No/N/a
4.27	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)	
4.28	<p>The effect of changes in the composition of the entity during the interim period should be disclosed, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations.</p> <p>In the case of business combinations, the disclosures required by IFRS 3 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 a business combinations that occurs either:</p> <p>(a) during the current reporting period; or</p> <p>(b) after the end of the reporting period but before the financial statements are authorised for issue.</p> <p>Note: Paragraphs B64 to B66 of IFRS 3, as below, specify the minimum disclosures to satisfy the requirement in IFRS 3.59.</p> <p>The acquirer shall disclose the following information for each business combination that occurs during the reporting period:</p> <p>(a) the name and a description of the acquiree;</p> <p>(b) the acquisition date;</p> <p>(c) the percentage of voting equity instruments acquired;</p> <p>(d) the primary reasons for the business combination and a description of how the acquirer obtained control of the acquire.</p> <p>(e) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.</p> <p>(f) the acquisition date fair value of the total consideration transferred and the acquisition date fair value of each major class of consideration, such as:</p> <p>(i) cash;</p> <p>(ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;</p> <p>(iii) liabilities incurred, for example, a liability for contingent consideration; and</p> <p>(iv) equity instruments of the acquirer, including the number of instruments or interests issued or issuable and the method of determining the fair value of those instruments or interests.</p> <p>(g) for contingent consideration arrangements and indemnification assets:</p> <p>i) the amount recognised as of the acquisition date;</p> <p>(ii) a description of the arrangement and the basis for determining the amount of the payment; and</p> <p>(iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.</p> <p>(h) for acquired receivables:</p> <p>(i) the fair value of the receivables;</p> <p>(ii) the gross contractual amounts receivable; and</p> <p>(iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.</p> <p>The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables.</p>	<p>IAS 34.16(i)</p> <p>IFRS 3.59</p> <p>IFRS 3.B64</p> <p>IFRS 3.B64(a)</p> <p>IFRS 3.B64(b)</p> <p>IFRS 3.B64(c)</p> <p>IFRS 3.B64(d)</p> <p>IFRS 3.B64(e)</p> <p>IFRS 3.B64(f)</p> <p>IFRS 3.B64(g)</p> <p>IFRS 3.B64(h)</p>	

	Reference	Yes/No/N/a
(i) the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.	IFRS 3.B64(i)	
(j) or each contingent liability recognised in accordance with paragraph 23 of IFRS 3, the information required in paragraph 85 of IAS 37. If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:	IFRS 3.B64(j)	
(i) the information required by paragraph 86 of IAS 37; and		
(ii) the reasons why the liability cannot be measured reliably.		
An entity shall disclose the following for each class of provision:	IAS 37.85	
(a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;		
(b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48 [of IAS 37]; and		
(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.		
Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:	IAS 37.86	
(d) an estimate of its financial effect, measured under paragraphs 36–52 [of IAS 37];		
(e) an indication of the uncertainties relating to the amount or timing of any outflow; and		
(f) the possibility of any reimbursement.		
(k) the total amount of goodwill that is expected to be deductible for tax purposes.	IFRS 3.B64(k)	
(l) for transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination in accordance with paragraph 51:	IFRS 3.B64(l)	
(i) a description of each transaction;		
(ii) how the acquirer accounted for each transaction;		
(iii) the amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised; and		
(iv) if the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount.		
(m) the disclosure of separately recognised transactions required by IFRS 3.B67(l) shall include the amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised. The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed.	IFRS 3.B64(m)	
(n) in a bargain purchase (see IFRS 3 paragraphs 34 to 36):	IFRS 3.B64(n)	
(i) the amount of any gain recognised in accordance with paragraph 34 of IFRS 3 and the line item in the statement of comprehensive income in which the gain is recognised; and		
(ii) a description of the reasons why the transaction resulted in a gain.		

		Reference	Yes/No/N/a
	<p>(o) for each business combination in which the acquirer holds less than 100 per cent of the equity instruments in the acquiree at the acquisition date:</p> <ul style="list-style-type: none"> (i) the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount; and (ii) for each non-controlling interest in an acquiree measured at fair value, the valuation techniques and key model inputs used for determining that value. <p>(p) in a business combination achieved in stages:</p> <ul style="list-style-type: none"> (i) the acquisition date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and (ii) the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination (see paragraph 42 of IFRS 3) and the line item in the statement of comprehensive income in which that gain or loss is recognised. <p>(q) the following information:</p> <ul style="list-style-type: none"> (i) the amount of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period; and (ii) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. <p>If disclosure of any of the information required by this subparagraph [IFRS 3.B64(q)] is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable.</p> <p>For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by IFRS 3.B64(e)-(q).</p> <p>If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by paragraph B64 of IFRS 3 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made.</p>	<p>IFRS 3.B64(o)</p> <p>IFRS 3.B64(p)</p> <p>IFRS 3.B64(q)</p> <p>IFRS 3.B65</p> <p>IFRS 3.B65</p>	
4.29	<p>The requirements of paragraph 61 of IFRS 3 (revised 2008) apply only to adjustments to business combinations which were accounted for under that standard. Any adjustments in respect of business combinations which were accounted for under IFRS 3 as issued in 2004 should be accounted for and disclosed under the requirements of that standard (see 4.31 below).</p> <p>The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the current or in previous reporting periods.</p> <p>Note: Paragraph B67 of IFRS 3, as below, specifies the minimum disclosures to satisfy the requirement in IFRS 3.61.</p> <p>The acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:</p> <ul style="list-style-type: none"> (a) if the initial accounting for a business combination is incomplete for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally: <ul style="list-style-type: none"> (i) the reasons why the initial accounting for the business combination is incomplete; (ii) the assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and 	<p>IFRS 3.61</p> <p>IFRS 3.B67</p> <p>IFRS 3.B67(a)</p>	

		Reference	Yes/No/N/a
	<p>(iii) the nature and amount of any measurement period adjustments recognised during the reporting period in accordance with paragraph 49 of IFRS 3.</p> <p>(b) for each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires:</p> <p>(i) any changes in the recognised amounts, including any differences arising upon settlement;</p> <p>(ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes; and</p> <p>(iii) the valuation techniques and key model inputs used to measure contingent consideration.</p> <p>(c) for contingent liabilities recognised in a business combination, the acquirer shall disclose the information required by paragraphs 84 and 85 of IAS 37 for each class of provision.</p> <p>(d) a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:</p> <p>(i) the gross amount and accumulated impairment losses at the beginning of the reporting period;</p> <p>(ii) additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;</p> <p>(iii) adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67 of IFRS 3;</p> <p>(iv) goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale;</p> <p>(v) impairment losses recognised during the reporting period in accordance with IAS 36. (IAS 36 requires disclosure of information about the recoverable amount and impairment of goodwill in addition to this requirement.);</p> <p>(vi) net exchange rate differences arising during the reporting period in accordance with IAS 21;</p> <p>(vii) any other changes in the carrying amount during the reporting period; and</p> <p>(viii) the gross amount and accumulated impairment losses at the end of the reporting period.</p> <p>(e) the amount and an explanation of any gain or loss recognised in the current reporting period that both:</p> <p>(i) relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous period; and</p> <p>(ii) is of such a size, nature or incidence that disclosure is relevant to understanding the combined entity's financial statements.</p>	<p>IFRS 3.B67(b)</p> <p>IFRS 3.B67(c)</p> <p>IFRS 3.B67(d)</p>	
4.30	If the specific disclosures required by IFRS 3 do not meet the objectives set out in paragraphs 59 and 61 of IFRS3, the acquirer shall disclose whatever additional information is necessary to meet those objectives.	IFRS 3.63	
4.31	<p>Any adjustments in respect of business combinations which were accounted for under IFRS 3 as issued in 2004 should be accounted for and disclosed under the requirements of that standard.</p> <p>An acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods.</p>	IFRS 3(2004).72	

		Reference	Yes/No/N/a
	<p>To give effect to the principle in paragraph 72 of IFRS 3(2004), the acquirer shall disclose the following information:</p> <p>(a) the amount and an explanation of any gain or loss recognised in the current period that;</p> <p>(i) relates to the identifiable assets acquired or liabilities assumed in a business combination that was effect in the current or a previous period; and</p> <p>(ii) is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance.</p> <p>(b) if the initial accounting for a business combination that was effected in the immediate 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.</p> <p>(c) the information about error corrections required to be disclosed by IAS 8 for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items, that the acquirer recognises during the current period in accordance with paragraphs 63 and 64 of IFRS 3(2004).</p>	IFRS 3(2004).73	
4.32	If in any situation the information required to be disclosed by this IFRS 3(2004).76 does not satisfy the objectives set out in paragraph 72 of IFRS 3(2004), the entity shall disclose such additional information as is necessary to meet those objections.	IFRS 3(2004).77	
4.33	Changes in contingent liabilities or contingent assets since the last annual balance sheet date should be disclosed.	IAS 34.16(j)	
4.34	The compliance with IAS 34 should be stated.	IAS 34.19	
5	Interim management report	DTR 4.2.3(2)	
5.1	<p>The interim management report must include at a minimum:</p> <p>(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</p> <p>(b) a description of the principal risks and uncertainties for the remaining six months of the financial year.</p> <p>Where the principal risks and uncertainties faced at the time of the last annual report remain valid for the purposes of the Interim Management Report, the FSA has indicated that it is acceptable to:</p> <ul style="list-style-type: none"> state that the principal risks and uncertainties have not changed; provide a summary of those principal risks and uncertainties; and include a cross-reference to where a detailed explanation of the principal risks and uncertainties can be found in the Annual Report. <p>If the risk and uncertainties have changed since the annual report, the entity should describe the new principal risks and uncertainties in the interim management report.</p>	<p>DTR 4.2.7</p> <p>List! Issue No. 18 March 2008</p>	
5.2	<p><i>If the entity has listed shares</i>, the following information must be disclosed in the interim management report, at 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 the first six months of the current financial year.</p>	DTR 4.2.8(1)	

		Reference	Yes/No/N/a
5.3	<p><i>If the entity has listed shares but is not required to prepare consolidated accounts, it must disclose, at a minimum, any transactions which have been entered into with related parties by the entity, if such transactions are material and have not been concluded under normal market conditions.</i></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	Going concern		
	In October 2009, the Financial Reporting Council published 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' ('The 2009 FRC Guidance'), which included guidance in respect of considerations of going concern and related disclosures in the context of half-yearly financial reports.		
6.1	IAS 34 provides that entities may elect to provide less information at half-yearly dates, as compared with their annual financial statements, in the interests of timeliness and cost considerations and to avoid repetition of information previously reported. Instead the focus of half-yearly financial statements is on new activities, events and circumstances which have not previously been reported.	The 2009 FRC guidance paragraph 86	
6.2	Directors will need to exercise judgment in determining the disclosures about going concern and liquidity risk that they should include in a set of half-yearly financial statements. Practical experience suggests that new events and circumstances are likely to arise quite often in businesses facing financial difficulties, for example as borrowings are renegotiated and assets and businesses are sold or closed. In these circumstances, it is likely that half-yearly financial statements will include additional explanation about going concern and liquidity risk. In other cases, a short statement confirming the use of the going concern basis should suffice.	The 2009 FRC guidance paragraph 87	
6.3	Where the period considered by the directors in assessing going concern for a half-yearly period has been limited to a period of less than twelve months from the date of the approval of the half-yearly financial statements, directors should disclose that fact and provide their justification.	The 2009 FRC guidance paragraph 87	
7	Responsibility statements	DTR 4.2.3(3)	
7.1	Responsibility statements must be made by the persons responsible within the entity.	DTR 4.2.10(1)	
7.2	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)	
7.3	<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) <i>if the entity has listed shares</i>, the interim management report includes a fair review of the information required by DTR 4.2.8R.)</p>	DTR 4.2.10(3)	

		Reference	Yes/No/N/a
7.4	<p>A person making a responsibility statement will satisfy the requirement in 7.3(a) above to confirm that the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer (or the undertakings included in the consolidation as a whole) by including a statement that the condensed set of financial statements have been prepared in accordance with:</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, 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)	

Acronyms explained

The following acronyms are used in this publication:

AIC	Association of Investment Companies
AIM	Alternative Investment market
APB	Auditing Practices Board
ASB	Accounting Standards Board
CA85	The Companies Act 1985, as amended
CA2006	The Companies Act 2006, as amended
DTR	Disclosure and Transparency Rules
FRC	Financial Reporting Council
FRRP	Financial Reporting Review Panel
FSA	Financial Services Authority
GAAP	Generally Accepted Accounting Practice
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
IMR	Interim Management Review
IMS	Interim Management Statement
KPI	Key performance indicator
PSM	Professional Securities Market
RIS	Regulated Information Service
SOCI	Statement of comprehensive income
SOCIE	Statement of changes in equity
SORP	Statement of Recommended Practice
UKLA	UK Listing Authority

In addition, the following accounting standards are referred to:

ASB statement	<i>Half-yearly financial reports</i> (as revised in 2007)
IFRS 2	<i>Share-based Payment</i>
IFRS 3(2004)	<i>Business Combinations</i> (as issued in 2004)
IFRS 3(2008)	<i>Business Combinations</i> (as issued in 2008)
IFRS 7	<i>Financial Instruments: Disclosures</i>
IFRS 8	<i>Operating Segments</i>
IAS 1 (revised)	<i>Presentation of Financial Statements</i> (as revised in 2007)
IAS 14	<i>Segment Reporting</i> (superceded by IFRS 8)
IAS 23 (revised)	<i>Borrowing Costs</i> (as revised in 2007)
IAS 27(2005)	<i>Consolidated Separate Financial Statements</i> (as revised in 2005)
IAS 27(2008)	<i>Consolidated Separate Financial Statements</i> (as revised in 2008)
IAS 34	<i>Interim Financial Reporting</i>
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
IAS 38	<i>Intangible Assets</i>
IAS 40	<i>Investment Property</i>

How can we help?

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

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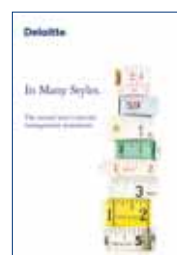
Related publications

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

In Many Styles – The second year’s interim management statements

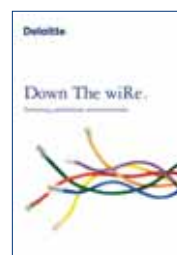
This publication considers how UK listed companies have met the requirements for an interim management statement (IMS) in the second year of compliance with the DTR.

In Many Styles also contains an updated illustrative IMS and an enhanced IMS disclosure checklist detailed all the DTR requirements in this area.



Down The wiRe – Surveying preliminary announcements

Down The wiRe reviews compliance with the dissemination requirements of the DTR as they apply to annual financial reports, surveying the different forms of announcements used by listed companies and what information is included in preliminary announcements.



A telling performance – Surveying narrative reporting in annual reports

This publication follows on from *Write from the start*, the 2008 survey on narrative reporting. The survey analyses the narrative reporting of 130 listed companies, split into two categories, being investment trusts and other companies.

A telling performance includes a review of compliance with the disclosure requirements of the Companies Act 2006, the Listing Rules, the DTR and the Combined Code varied; the extent to which companies have adopted the FRC’s November 2008 guidance on going concern; and the use of the ASB’s Reporting Statement: Operating and Financial Review.



Finishing (in) figures – Surveying financial statements in annual reports

This survey analyses the financial statements of the listed companies surveyed in *A telling performance*. It includes a review of the variety in presentation of the primary statements in listed companies’ financial statements; which critical judgements and key estimations directors consider to be the most significant when preparing their financial statements; and how compliance with disclosure requirements and the accounting policy choices made under IFRSs varied.

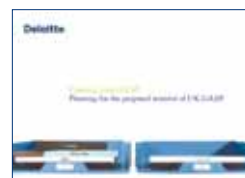
Finishing (in) figures includes detail of some current disclosure requirements and latest developments, as well as various “good practice” examples.



Choosing your GAAP – planning for the proposed removal of UK GAAP

The UK Accounting Standards Board has published a paper proposing to replace full UK GAAP with the IFRS for SMEs.

The Deloitte guide, *Choosing your GAAP*, discusses the planned changes, considers the choices available to UK companies, provides an overview on the accounting and tax impacts and indicates whether any advance actions should be taken.



Notes

Notes

Deloitte refers to one or more of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

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