IFRS Core Tools

Good Group (International) Limited

Unaudited interim condensed consolidated financial statements

30 June 2017

Building a better working world

Contents

Abbreviations and key

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

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 4.6	International Financial Reporting Interpretations Committee Interpretation No. 4, paragraph 6
IAS 39.IG.G.2	International Accounting Standard No. 39 – Guidance on Implementing IAS 39 - Section G: Other, paragraph G2
IAS 39.AG76	International Accounting Standard No. 39 – Appendix A-Application Guidance, paragraph AG76
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
GAAP	Generally Accepted Accounting Principles/Practice
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
SIC	Standing Interpretations Committee

Introduction

This publication contains an illustrative set of interim condensed consolidated financial statements for Good Group (International) Limited and its subsidiaries (the Group) for the six months ended 30 June 2017. These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's annual financial statements as at 31 December 2016. The Group is a fictitious, large publicly listed manufacturing company. The parent company is incorporated in a fictitious country in Europe. The presentation currency of the Group is the euro (€).

Objective

This set of illustrative financial statements is one of many produced by EY to assist you in preparing your own financial statements. It is intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies. Certain disclosures are included in these financial statements for illustrative purposes only, and they may be regarded as items or transactions that are not material for Good Group.

How to use these illustrative financial statements to prepare entity-specific disclosures

Users of this publication are encouraged to prepare entity-specific disclosures, for which these illustrative financial statements may serve as a useful reference. Transactions and arrangements other than those addressed by the Group may require additional disclosures. It should be noted that the illustrative financial statements of the Group are not designed to satisfy any stock market or country-specific regulatory requirements, nor is this publication intended to reflect disclosure requirements that apply mainly to regulated or specialised industries.

Notations shown on the right-hand margin of each page are references to IFRS paragraphs that describe the specific disclosure requirements. Commentary is provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. In case of doubt as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

Improving disclosure effectiveness

Terms such as 'disclosure overload' and 'cutting the clutter' describe an acute problem in financial reporting that has become a priority issue for the International Accounting Standards Board (IASB or Board), local standard setters, and regulatory bodies. The growth and complexity of financial statement disclosure is also drawing significant attention from financial statement preparers, and most importantly, the users of financial statements.

Even though there is no formal definition of 'disclosure overload', from the different discussions and debates among stakeholders, two common themes have emerged, namely: financial statements structure and tailoring, including materiality.

Entities should consider using other alternative structures that they may find more effective in permitting users to obtain the relevant information more easily. This may involve reorganising the notes according to their nature and perceived importance. By structuring the notes according to their nature and perceived importance, users may find it easier to extract the relevant information. In addition, the significant accounting policies could alternatively be placed within the same note as the related qualitative and quantitative disclosures to provide a more holistic discussion to users of the financial statements. An example of such an alternative structure for an annual set of financial statements is applied in *Good Group (International) Limited – An Alternative Format*, which can be a useful tool for entities exploring ways to enhance the effectiveness of their financial statement disclosures. Entities may find that alternative structures provide enhanced disclosure effectiveness in their specific situation. Entities should carefully assess their entity-specific circumstances and the preferences of the primary users before deciding on a particular structure for the notes.

Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure, and may be another cause of the perceived disclosure overload problem. IFRS sets out a set of minimum disclosure requirements which, in practice, are too often complied with without consideration of the information's relevance for the specific entity. That is, if the transaction or item is immaterial to the entity, then it is not relevant to users of financial statements, in which case, IFRS does not require the item to be disclosed. If immaterial information is included in the financial statements, the amount of information may potentially reduce the transparency and usefulness of the financial statements as material, and thus relevant information, loses prominence. Paragraph 23 of IAS 34 requires the materiality of disclosures to be assessed in relation to the respective interim period.

For more guidance on how to improve disclosure effectiveness, please refer to our publication, *Applying IFRS: Enhancing communication effectiveness (February 2017).*

As explained above, the primary purpose of these illustrative interim condensed consolidated financial statements is to illustrate how the most commonly applicable disclosure requirements in IAS 34 can be met. Therefore, they include disclosures that may, in practice, be deemed not material to Good Group. It is essential that entities consider their entity-specific circumstances in determining which disclosures to include. These illustrative interim condensed consolidated financial statements are not intended to act as guidance for making the materiality assessment; they must always be tailored to ensure that an entity's financial statements reflect and portray the entity's specific circumstances and the entity's own materiality considerations. Only then will the financial statements provide decision-useful financial information.

Furthermore, entities should consider the requirements in IAS 34 when determining the materiality of the interim condensed consolidated financial statements for the purposes of deciding how to recognise, measure, classify, or disclose an item. In making assessments of materiality, interim measurements may rely on estimates to a greater extent than measurements of annual financial data. Therefore, materiality judgements at interim dates may differ from those at year-end.

Illustrative financial statements

We provide a number of industry-specific illustrative financial statements and illustrative financial statements addressing specific circumstances that you may consider. The entire series of illustrative financial statements comprises:

- Good Group (International) Limited
- Good Group (International) Limited – *Alternative Format*
- Good Group (International) Limited – *Illustrative interim condensed consolidated financial statements*
- Good First-time Adopter (International) Limited
- Good Investment Fund Limited (Equity)
- Good Investment Fund Limited (Liability)
- Good Real Estate Group (International) Limited
- Good Mining (International) Limited
- Good Petroleum (International) Limited
- Good Bank (International) Limited
- Good Insurance (international) Limited

International Financial Reporting Standards

The abbreviation IFRS, defined in paragraph 5 of the *Preface to International Financial Reporting Standards,* includes "standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations issued under previous Constitutions". This is also noted in paragraph 7 of IAS 1 *Presentation of Financial Statements* and paragraph 5 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Therefore, when financial statements are described as complying with IFRS, it means that they comply with the entire body of pronouncements sanctioned by the IASB. This includes the IAS, IFRS and Interpretations originated by the IFRS Interpretations Committee, or the former SIC.

Paragraph 19 of IAS 34 confirms that an interim financial report must not be described as complying with IFRS unless it complies with all the requirements of IFRS. Thus, in the case of condensed interim financial statements such as these illustrative financial statements, the Group is not claiming compliance with IFRS as such, but rather, with the requirements of IAS 34.

International Accounting Standards Board

The IASB is the independent standard-setting body of the IFRS Foundation (an independent, not-for-profit private sector organisation working in the public interest). The IASB is responsible for the development and publication of IFRS, including the *International Financial Reporting Standard for Small and Medium-sized Entities*, and for approving interpretations of IFRS as developed by the IFRS Interpretations Committee. In fulfilling its standard-setting duties, the IASB follows due process, of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component.

The IFRS Interpretations Committee

The Interpretations Committee is appointed by the IFRS Foundation Trustees to assist the IASB in establishing and improving the quality of financial accounting and reporting standards for the benefit of users, preparers and auditors of financial statements. The Interpretations Committee addresses issues of reasonably widespread importance, rather than issues of concern to only a small group of entities. These include newly identified financial reporting issues that have not already been addressed in IFRS. The Interpretations Committee also advises the IASB on issues to be considered in the annual improvements to IFRS project.

Interim financial reporting

An interim financial report may contain either a complete set of financial statements (as described in IAS 1) or a condensed set of financial statements as described in IAS 34. This publication contains an illustrative set of interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017. These interim condensed consolidated financial statements assume that the Group only publishes half-year interim financial statements. If the Group issued quarterly interim financial statements, the second quarter information would include, in addition to the information included here, statements of profit or loss for the three months ended 30 June 2017 and 2016, irrespective of whether the Group presents a condensed or complete set of interim financial statements.

In these interim condensed consolidated financial statements, the Group presents the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows in the same format as the annual financial statements. An acceptable alternative would be to provide condensed primary statements, including a minimum of each of the headings and subtotals that were included in the most recent annual financial statements (IAS 34.10).

As the Group is not including the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'condensed', as per IAS 34.

Disclosure of significant events and transactions

The disclosure requirements in IAS 34 are less prescriptive than those applicable to complete financial statements, but entities must include explanations of events and transactions that are necessary to provide an understanding of the changes in financial position and performance of the entity since the last annual reporting date (IAS 34.15). In a few cases, the requirements are the same as those for complete financial statements (e.g., full disclosure in respect of business combinations is required under IAS 34.16A(i)).

Examples of situations in which disclosures are required are provided in IAS 34, but the exact content and format of such disclosures must generally be determined by the reporting entity.

Comparative information

Financial statements must include the comparable interim period of the previous financial year for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows. A comparative statement of financial position must be provided as of the end of the preceding annual period. IAS 1 requires that complete financial statements include comparative information for disclosures provided outside the primary financial statements (i.e., in the notes). However, a similar explicit requirement is not applicable to interim condensed financial statements. When quantitative disclosures are provided in the notes, it is common practice to provide the same disclosures for the comparative periods presented in the primary financial statements, in order to explain the performance of the entity. This practice has been applied in these condensed interim financial statements.

Disclosure of required information outside the financial statements

Paragraph 51 of IAS 1 requires each financial statement and the corresponding notes to be clearly identified. Paragraph 50 of IAS 1 requires that the financial statements and the notes are distinguished from other information included in an annual report or similar documents. These requirements are met by including all of the information required by IFRS in a separate document. Paragraph 16A of IAS 34 specifies the information required to be provided in the interim financial statements and explicitly allows some of the required disclosures to be presented elsewhere in the interim financial report.

Paragraph 16A of IAS 34 further clarifies that if disclosures are provided outside the interim financial statements elsewhere in the interim report, a cross-reference from the interim financial statements to the location of this information is required. Furthermore, entities are required to make available the information incorporated by cross-reference on the same terms as the interim financial statements and at the same time. The Group has included all required disclosures in the notes to the interim financial statements; as such, the issue of cross-referencing is not relevant. However, entities that include required disclosures elsewhere in the interim financial report, must ensure that this information is made available to users at the same basis and at the same time as the interim financial statements. We also encourage entities to ensure that the cross-references are clear to users of the interim financial statements, for example, through separately identifiable headings and/or where possible, page number references.

IFRS as at 28 February 2017

As a general rule, these illustrative financial statements do not early-adopt standards or amendments before their effective date.

The standards applied in these interim condensed consolidated financial statements are those in issue as at 28 February 2017 and are effective for annual periods beginning on or after 1 January 2017. Standards and interpretations issued but not yet effective as at 1 January 2017 are not reflected in these interim financial statements. It is important to note that these interim condensed consolidated financial statements require continual updating as standards are issued and/or revised.

Users of this publication are advised to check that there has been no change in the requirements of IFRS between 28 February 2017 and the date on which their financial statements are authorised for issue. Furthermore, if the financial year of an entity is other than the calendar year, new and revised standards applied in these interim condensed consolidated financial statements may not be applicable.

Changes in 2017 edition of the interim condensed financial statements

The 2017 *Good Group (International) Limited Illustrative interim condensed consolidated financial statements* differ from the 2016 edition due to new standards and interpretations becoming effective. The following amendments to standards have been illustrated as if they were applied for the first time in the 2017 interim financial period, resulting in consequential changes to the accounting policies and other note disclosures, where applicable:

- Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*
- Amendments to IFRS 12 *Disclosure of Interests in Other Entities*: *Clarification of the scope of disclosure requirements in IFRS 12* from Annual Improvements Cycle - 2014-2016
- Amendments to IAS 12 *Income Taxes*: *Recognition of Deferred Tax Assets for Unrecognised Losses*

Not all of these amendments impact the Group's interim condensed consolidated financial statements. If an amendment affects the Group, it is described, together with the impact, in Note 2 of these interim condensed consolidated financial statements.

Financial review by management

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although paragraph 13 of IAS 1 gives a brief outline of what might be included in an annual report. The IASB issued an IFRS Practice Statement *Management Commentary* in December 2010, which provides a broad non-binding framework for the presentation of a management commentary that relates to financial statements prepared in accordance with IFRS. If a company decides to follow the guidance in the Practice Statement, management is encouraged to explain the extent to which the Practice Statement has been followed. A statement of compliance with the Practice Statement is only permitted if it is followed in its entirety. Furthermore, the content of a financial review by management is often determined by local market requirements or issues specific to a particular jurisdiction.

No financial review by management has been included for the Group.

Good Group (International) Limited

Unaudited interim condensed consolidated financial statements

30 June 2017

Commentary

Interim financial statements are generally not subject to an audit, as is the case for the annual financial statements. Often interim financial statements are the subject of review. Such review requirements may vary depending on the jurisdiction. It is common practice to state that the interim financial statements have not been audited by marking the title and/or parts of the interim financial statements 'unaudited', as illustrated, although this is not required under IAS 34.

Good Group (International) Limited is a limited company incorporated and domiciled in Euroland and whose shares are publicly traded. Previous editions of these illustrative interim condensed consolidated financial statements included an illustrative report on the review of interim condensed consolidated financial statements prepared in accordance with International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. However, many jurisdictions require reporting under their specific requirements or standards and this publication is not intended to provide guidance on the application of specific requirements of individual jurisdictions. Hence, an illustrative report on the review of interim condensed consolidated financial statements of the Good Group (International) Limited has not been included in this publication.

Interim condensed consolidated statement of profit or loss

for the six months ended 30 June

	Notes	2017	2016	
				IAS 1.49 *IAS 1.10(b)* *IAS 1.10A* *IAS 1.51(c)* *IAS 1 .81A* *IAS 34.10* *IAS 34.20(b)*
		Unaudited		
	Notes	**€000**	**€000**	*IAS 1.51(d),(e)*
Continuing operations				
Sale of goods		79,887	63,999	*IAS 18.35(b)(i)*
Rendering of services		8,578	8,093	*IAS 18.35(b)(ii)*
Rental income		770	715	
Revenue	3	**89,235**	**72,807**	*IAS 1.82(a)*
Cost of sales		(64,628)	(53,596)	*IAS 1.103*
Gross profit		**24,607**	**19,211**	*IAS 1.85, IAS 1.103*
Other operating income		617	1,728	*IAS 1.103*
Selling and distribution expenses		(9,253)	(7,228)	*IAS 1.99, IAS 1.103*
Administrative expenses	6	(11,118)	(9,334)	*IAS 1.99, IAS 1.103*
Other operating expenses	9, 10, 13	(1,497)	(91)	*IAS 1.99, IAS 1.103*
Operating profit		**3,356**	**4,286**	*IAS 1.85, IAS 1.BC55-56*
Finance costs		(1,662)	(436)	*IAS 1.82(b), IFRS 7.20*
Finance income		204	166	*IAS 1.82(a)*
Share of profit of an associate and a joint venture		366	329	*IAS 1.82(c)*
Profit before tax from continuing operations	3	**2,264**	**4,345**	*IAS 1.85*
Income tax expense	7	(389)	(1,194)	*IAS 1.82(d), IAS 12.77*
Profit for the period from continuing operations		**1,875**	**3,151**	*IAS 1.85*
Discontinued operations				
Difference between the carrying amount of assets distributed and the carrying amount of the dividend payable (pre-tax)	5	819	-	*IFRIC 17.15*
Other profit/(loss)		(200)	-	
Profit/(loss) after tax for the period from discontinued operations	5	**619**	**(18)**	*IAS 1.82(ea)* *IFRS 5.33(a)*
Profit for the period		**2,494**	**3,133**	*IAS 1.81A(a)*
Attributable to:				
Equity holders of the parent		2,447	3,072	*IAS 1.81B(a)(ii)*
Non-controlling interests		47	61	*IAS 1.81B(a)(i)*
		2,494	**3,133**	
Earnings per share (EPS):				*IAS 33.66, IAS 34.11*
▸ Basic, profit for the period attributable to ordinary equity holders of the parent		€0.11	€0.15	*IAS 33.69* *IAS 34.11*
▸ Diluted, profit for the period attributable to ordinary equity holders of the parent		€0.10	€0.14	
Earnings per share from continuing operations:				
▸ Basic, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.15	
▸ Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.14	

Commentary

IAS 1.10 suggests titles for the primary financial statements, such as 'statement of profit or loss and other comprehensive income' or 'statement of financial position'. However, entities are permitted to use other titles, such as 'income statement' or 'balance sheet'.

In a condensed interim financial statement, IAS 34 requires, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements. The Group has chosen to include not only this minimum, but all line items included in the 2016 annual financial statements. As the Group is not providing the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'condensed', as per IAS 34.

IAS 1.99 requires expenses to be analysed by the nature of the expense or by their function within the entity, whichever provides information that is reliable and more relevant. In line with its annual financial statements, the Group has presented the analysis of expenses by function. Our publication, *Good Group (International) Limited - Illustrative financial statements for the year ended 31 December 2016* includes an appendix that illustrates a statement of profit or loss presented with an analysis of expenses by nature.

IAS 33 *Earnings per Share*, paragraph 68 requires presentation of basic and diluted amounts per share for discontinued operations either in the statement of profit or loss or in the notes to the financial statements. The Group has elected to show this information with other disclosures required for discontinued operations in Note 5 and to show the earnings per share information for continuing operations in the statement of profit or loss.

The Group presents operating profit in the statement of profit or loss; this is not required by IAS 1. However, in disclosing operating profit, an entity needs to ensure that the amount disclosed is representative of activities that would normally be regarded as 'operating' and that it is relevant to the understanding of the financial statements.

The interim condensed consolidated financial statements have not been audited. To indicate to the users that the financial statements were not audited, the Group is marking each primary financial statements column as 'Unaudited'. While this may be considered best practice, there is no requirement in IFRS to do so.

IAS 1.82(c) requires 'Share of the profit or loss of associates and joint ventures accounted for using the equity method' to be presented in a separate line item on the face of the statement of profit or loss. In complying with this requirement, the Group combines the share of profit or loss from associates and joint ventures in one line item. Alternatively, two separate line items could be presented if it is considered relevant – one for associates and one for joint ventures. If two line items are presented, a total of the two shall also be presented in a separate line item in the statement of profit or loss.

Paragraph 15 of IFRIC 17 *Distributions of Non-cash Assets to Owners* requires an entity to present the difference between the carrying amount of assets distributed and a carrying amount of dividend payable in profit or loss. Paragraph 82(ea) of IAS 1 requires an entity to present in profit or loss a single amount for the total of discontinued operations. The Group decided to present the difference between those two amounts under the caption 'Other profit/(loss).

Interim condensed consolidated statement of comprehensive income

for the six months ended 30 June

	Notes	2017 Unaudited €000	2016 Unaudited €000	
				IAS 1.49 IAS 1.10(b) IAS 1.51(c) IAS 1 .81A IAS 34.10 IAS 34.20(b) IAS 1.90 IAS 1.51(d),(e) IAS 12.61A
Profit for the period		**2,494**	**3,133**	*IAS 1.81A(a)*
Other comprehensive income				*IAS 1.82A*
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Net gain on hedge of net investment		192	90	*IAS 39.102(a)*
Exchange differences on translation of foreign operations		(205)	(96)	*IAS 21.32 IAS 21.52(b)*
Net (loss)/gain on cash flow hedges	8	(238)	28	*IFRS 7.23(c)*
Net (loss)/gain on available-for-sale (AFS) financial assets	8	(166)	40	*IFRS 7.20(a)(ii)*
Share of other comprehensive income of an associate	8	(10)	–	*IAS 1.82A(b)*
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**(427)**	**62**	*IAS 1.82A*
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Remeasurement gains/(losses) on defined benefit plans		(19)	132	*IAS 19.120(c) IAS 19.122*
Revaluation of office properties in Euroland		–	592	*IAS 16.39*
Share of other comprehensive income of an associate	8	10	–	*IAS 1.82A(b)*
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax		**(9)**	**724**	*IAS 1.82A*
Other comprehensive income/(loss), net of tax		**(436)**	**786**	*IAS 1.81A(b)*
Total comprehensive income, net of tax		**2,058**	**3,919**	*IAS 1.81A(c)*
Attributable to:				
Equity holders of the parent		2,011	3,858	*IAS 1.81B(b)(ii)*
Non-controlling interests		47	61	*IAS 1.81B(b)(i)*
		2,058	**3,919**	

Commentary

The Group has elected in its annual financial statements to present two statements, a statement of profit or loss and a statement of comprehensive income, rather than a single statement of profit or loss and other comprehensive income combining the two elements. The selection between these two alternatives is a policy choice. Consistent with its annual financial statements, the Group presents the interim statement of profit or loss and other comprehensive income in two statements.

As the Group presents the components of comprehensive income on a net basis in its annual financial statements, the same presentation applies to its interim financial statements. The Group has elected to provide additional information, not required by IAS 34, in the notes (Note 8) to present the amount of reclassification adjustments and current period gains or losses. Alternatively, if the Group had chosen to change its presentation policy in its annual financial statements going forward, the individual elements could have been presented within the statement of comprehensive income, with the income tax of each component presented within the statement of comprehensive income. Alternatively, this information could have been presented on an aggregated basis, with the income tax effect for each component disclosed in a note to the financial statements at year-end and in the interim financial statements (IAS 1.91 and IAS 1.92).

IAS 1.82A requires that items that will be reclassified subsequently to profit or loss, when specific conditions are met, must be grouped on the face of the statement of comprehensive income. Similarly, items that will not be reclassified must also be grouped. Both IAS 1.82A and the Implementation Guidance further clarify that that entities must present the share of the other comprehensive income items of associates and joint ventures accounted for using the equity method, in aggregate as single line items within the 'to be reclassified' and the 'not to be reclassified' groups. As at 30 June 2017 the Group's associate has available-for sale financial assets and an office building located in Euroland that is accounted for under the revaluation model. Consequently, the Group presents items of other comprehensive income related to the associate in two separate line items in the condensed consolidated statement of comprehensive income.

Interim condensed consolidated statement of financial position

as at

	Notes	30 June 2017 Unaudited €000	31 December 2016 Audited €000	IAS 1.10(a),(f) IAS 1.49 IAS 1.51(c) IAS 34.10 IAS 34.20(a)
Assets				*IAS 1.51(d),(e)*
Non-current assets				*IAS 1.60*
Property, plant and equipment	9	39,056	32,979	*IAS 1.54(a)*
Investment properties		8,951	8,893	*IAS 1.54(b)*
Intangible assets		4,990	6,019	*IAS 1.54(c)*
Investments in an associate and a joint venture		3,553	3,187	*IAS 1.54(e), IAS 28.28*
Non-current financial assets	11	5,596	6,425	*IAS 1.54(d), IFRS 7.8*
Deferred tax assets		657	383	*IAS 1.54(o), IAS 1.56*
		62,803	57,886	
Current assets				*IAS 1.60, IAS 1.66*
Inventories	10	23,554	23,262	*IAS 1.54(g)*
Trade and other receivables		29,792	27,672	*IAS 1.54(h)*
Prepayments		208	244	*IAS 1.55*
Other current financial assets	11	421	551	*IAS 1.54(d), IFRS 7.8*
Cash and short-term deposits	12	14,978	17,112	*IAS 1.54(i)*
		68,953	68,841	
Assets held for distribution	5	–	13,554	*IAS 1.54(j), IFRS 5.38*
		68,953	82,395	
Total assets		**131,756**	**140,281**	
Equity and liabilities				
Equity				
Issued capital		21,888	21,888	*IAS 1.54(r), IAS 1.78(e)*
Share premium		4,780	4,780	
Treasury shares		(508)	(508)	
Other capital reserves		1,036	833	
Retained earnings		35,343	34,803	
Other components of equity		(885)	(474)	
Reserves of a disposal group held for distribution	5	–	46	
Equity attributable to equity holders of the parent		**61,654**	**61,368**	
Non-controlling interests		2,445	2,410	*IAS 1.54(q)*
Total equity		**64,099**	**63,778**	
Non-current liabilities				*IAS 1.60*
Interest-bearing loans and borrowings	11	21,259	20,346	*IAS 1.54(m)*
Other non-current financial liabilities	11	806	806	*IAS 1.54(m), IFRS 7.8*
Provisions	13	1,609	1,950	*IAS 1.54(l)*
Government grants		2,164	3,300	*IAS 20.24*
Deferred revenue		190	196	*IAS 1.55*
Net employee defined benefit liabilities		2,961	3,050	*IAS 1.55, IAS 1.78(d)*
Other liabilities		274	263	*IAS 1.55*
Deferred tax liabilities		3,970	2,931	*IAS 1.54(o), IAS 1.56*
		33,233	32,842	
Current liabilities				*IAS 1.60, IAS 1.69*
Trade and other payables		25,057	19,444	*IAS 1.54(k)*
Interest-bearing loans and borrowings	11	2,381	2,460	*IAS 1.54(m), IFRS 7.8(g)*
Other current financial liabilities	4, 11	2,234	3,040	*IAS 1.54(m), IFRS 7.8*
Government grants		80	149	*IAS 1.55, IAS 20.24*
Deferred revenue		200	220	*IAS 1.55*
Income tax payable		3,789	3,963	*IAS 1.54(n)*
Non-cash distribution liability	17	–	410	
Provisions	13	683	850	*IAS 1.54(l)*
		34,424	30,536	
Liabilities directly associated with the assets held for distribution	5	–	13,125	*IAS 1.54(p), IFRS 5.38*
		34,424	43,661	
Total liabilities		**67,657**	**76,503**	
Total equity and liabilities		**131,756**	**140,281**	

Commentary

IAS 1.54(e) requires investments accounted for using the equity method to be presented as a separate line item in the statement of financial position, if material. In complying with this requirement, the Group has combined the investments in an associate and a joint venture in one line. Alternatively, two separate line items could be presented if it is considered relevant – one for associates and one for joint ventures, together with a total.

Consistent with its annual financial statements, the Group has presented separate classifications on the face of the interim condensed consolidated statement of financial position for current and non-current assets and current and non-current liabilities. IAS 1.60 requires entities to present assets and liabilities in the order of their liquidity when this provides information that is reliable and more relevant.

Under IAS 1.10(f) and IAS 1.40A an entity must present an opening statement of financial position (third balance sheet) when it changes its accounting policies, makes retrospective restatements or reclassifications, and that change has a material effect on the statement of financial position. However, as indicated in IAS 1.40C, the related notes to support the third balance sheet are not required, nor are additional statements of profit or loss and other comprehensive income, changes in equity or cash flows. Unless an entity presents a complete set of financial statements under IAS 34.9, there is no requirement to present a third balance sheet in the interim financial statements. Thus, as the Group applies the condensed format defined in IAS 34.8, there is no requirement to include a third balance sheet even if it had made retrospective restatements in the interim period (see Note 2). Where an entity believes that it is helpful to explain the effect of the retrospective restatements in its interim condensed financial statements, it may voluntarily present an additional third balance sheet.

Good Group (International) Limited has not made any retrospective restatements during the current interim period. However, if it had made retrospective restatements, the condensed consolidated statement of financial position of Good Group (International) Limited for the preceding year (31 December 2016) presented with the interim financial statements (30 June 2017) should reflect the retrospective application of the new accounting principles. Should the amounts differ from the amounts in the 2016 financial statements on which the Group's auditor previously reported, the 31 December 2016 condensed consolidated statement of financial position would be labelled 'Unaudited'. In the case where Good Group had already filed revised prior year audited financial statements with the appropriate regulatory body and the auditor had issued an opinion thereon, it would not be appropriate to label the statement of financial position as 'Unaudited'.

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2017

IAS 1.10(c)
IAS 1.49
IAS 1.51(b)(c)
IAS 34.10
IAS 34.20(c)
IAS 1.106(d)

	Attributed to equity holders of the parent													
	Issued capital	**Share premium**	**Treasury shares**	**Other capital reserves**	**Retained earnings**	**Cash flow hedge reserve**	**Available-for-sale reserve**	**Foreign currency translation reserve**	**Asset revaluation surplus**	**Reserve of disposal group held for distribution**	**Total**	**Non-controlling interests**	**Total equity**	
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	*IAS 1.51(d),(e)*
As at 1 January 2017	**21,888**	**4,780**	**(508)**	**833**	**34,803**	**(405)**	**(86)**	**(495)**	**512**	**46**	**61,368**	**2,410**	**63,778**	
Profit for the period	–	–	–	–	2,447	–	–	–	–	–	2,447	47	2,494	*IAS 1.106(d)(i)*
Other comprehensive income	–	–	–	–	(19)	(238)	(130)	(13)	10	(46)	(436)	–	(436)	*IAS 1.106(d)(ii)*
Total comprehensive income	**–**	**–**	**–**	**–**	**2,428**	**(238)**	**(130)**	**(13)**	**10**	**(46)**	**2,011**	**47**	**2,058**	*IAS 1.106(a)*
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	–	–	–	*IAS 1.96*
Share-based payments (Note 14)	–	–	–	203	–	–	–	–	–	–	203	–	203	*IAS 1.106(d)(iii)* *IFRS 2.50*
Dividends (Note 17)	–	–	–	–	(1,087)	–	–	–	–	–	(1,087)	–	(1,087)	*IAS 1.107*
Non-cash distribution to owners (Note 17)	–	–	–	–	(841)	–	–	–	–	–	(841)	–	(841)	*IFRIC 17.16* *IAS 1.106(d)(iii)*
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	(12)	(12)	*IAS 1.106(d)(iii)*
At 30 June 2017 (unaudited)	**21,888**	**4,780**	**(508)**	**1,036**	**35,343**	**(643)**	**(216)**	**(508)**	**482**	–	**61,654**	**2,445**	**64,099**	

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

IAS 1.51(b),(c)
IAS 1.10(c)
IAS 34.10
IAS 34.20(c)
IAS 1.49
IAS 1.106(d)

	Attributed to equity holders of the parent												
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation reserve	Asset revaluation surplus	Total	Non-controlling interests	Total equity	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	*IAS 1.51(d),(e)*
As at 1 January 2016	**19,388**	**80**	**(654)**	**864**	**28,935**	**(70)**	**2**	**(444)**	**–**	**48,101**	**740**	**48,841**	
Profit for the period	–	–	–	–	3,072	–	–	–	–	3,072	61	3,133	*IAS 1.106(d)(i)*
Other comprehensive income	–	–	–	–	132	28	40	(6)	592	786	–	786	*IAS 1.106(d)(ii)*
Total comprehensive income	**–**	**–**	**–**	**–**	**3,204**	**28**	**40**	**(6)**	**592**	**3,858**	**61**	**3,919**	*IAS 1.106(a)*
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	–	–	*IAS 1.96*
Issue of share capital	2,500	4,703	–	–	–	–	–	–	–	7,203	–	7,203	*IAS 1.106(d)(iii)*
Transaction costs	–	(32)	–	–	–	–	–	–	–	(32)	–	(32)	*IAS 32.39, IAS 1.109*
Share-based payments (Note 14)				150						150		150	*IAS 1.106(d)(iii)* *IFRS 2.50*
Dividends (Note 17)	–	–	–	–	(1,082)	–	–	–	–	(1,082)	–	(1,082)	*IAS 1.107*
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(20)	(20)	*IAS 1.106(d)(iii)*
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,547	1,547	*IAS 1.106(d)(iii)*
At 30 June 2016 (unaudited)	**21,888**	**4,751**	**(654)**	**1,014**	**31,097**	**(42)**	**42**	**(450)**	**552**	**58,198**	**2,328**	**60,526**	

Commentary

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

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

According to IAS 1.106(d), a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing changes resulting from profit or loss, other comprehensive income, and transactions with owners must be presented for each component of equity. The Group provides this reconciliation for total other comprehensive income on a more granular basis, presenting some of the components of other comprehensive income as separate columns. Alternatively, the Group could have presented the total other comprehensive income as one component of equity only.

IAS 1.106A requires an entity to present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. However, IAS 34 does not require this additional information. The Group provides additional information in Note 8 for line items that are significant to the understanding of the financial statements (given the significance of the amounts, it is debatable whether the disclosures provided in Note 8 are required, but for the purpose of these illustrative financial statements, they have been included). For items that are not considered significant, the Group has concluded that such additional information would not be useful.

The shareholders of the Company approved a non-cash distribution in November 2016. For this reason, the full amount of the distribution (i.e., the assets and liabilities to be distributed at fair value) is not yet reflected in the first six months of 2016, and in the first six months of 2017 only the remeasurement effect is presented (refer to Note 5, 17).

Amounts presented as change in Asset revaluation surplus and Available-for-sale reserve include a share of the other comprehensive income of the associate, which relates to the revaluation of an office building in Euroland and the remeasurement of available-for-sale financial assets. While IAS 1 specifically requires that entities must present the share of the other comprehensive income items of their equity method investees, in aggregate, as a single line items within the 'to be reclassified' and the 'not to be reclassified' groups, IAS 28 *Investments in Associates and Joint Ventures,* IAS 1 and IFRS 12 do not provide guidance on the presentation of accumulated shares of other comprehensive income of equity-accounted investees by the investor.
The *Guidance on implementing IAS 1* contains an example in which the accumulated property, plant and equipment revaluation gain is included in the revaluation surplus of the investor. Good Group applies similar presentation of accumulated items of other comprehensive income of its associate. However, as current IFRS does not have specific requirements for this issue, other presentation approaches are also acceptable.

Interim condensed consolidated statement of cash flows

For the six months ended 30 June

	Notes	2017	2016	
		Unaudited		IAS 1.49 IAS 1.51(c) IAS 34.20(d) IAS 1.10(d)
	Notes	€000	€000	IAS 1.51(d),(e)
Operating activities				IAS 7.10, IAS 7.18(b)
Profit before tax from continuing operations		2,264	4,345	
Profit/(loss) before tax from discontinued operations	5	822	(30)	
Profit before tax		3,086	4,315	
Adjustments to reconcile profit before tax to net cash flows:				IAS 7.20(b)
Depreciation and impairment of property, plant and equipment		1,282	1,449	
Amortisation and impairment of intangible assets		1,614	70	
Fair value adjustment of a contingent consideration	11	53	–	
Fair value adjustment of investment properties		58	–	
Share-based payment expense	14	203	150	
Gain on disposal of property, plant and equipment	9	(53)	(5)	
Gain on disposal of discontinued operations	5	(817)	–	
Reversal of restructuring provision	13	(266)	–	
Finance income		(204)	(166)	IAS 7.20(c)
Finance costs		1,662	538	IAS 7.20(c)
Other expense	10	700	567	
Share of net profit of associate and a joint venture		(366)	(329)	
Movements in provisions, pensions and government grants		(1,047)	(354)	
Net foreign exchange differences		303	(283)	
Working capital adjustments:				IAS 7.20(a)
Increase in trade and other receivables and prepayments		(211)	(2,147)	
(Increase)/decrease in inventories		(120)	1,312	
Increase in trade and other payables		5,135	1,797	
		11,012	6,914	
Settlement of contingent consideration of business combination	11	(411)	–	IAS 7.12
Interest received		250	319	IAS 7.31
Interest paid		(596)	(424)	IAS 7.31
Income tax paid		(428)	(846)	IAS 7.35
Net cash flows from operating activities		**9,827**	**5,963**	
Investing activities				IAS 7.10, IAS 7.21
Proceeds from sale of property, plant and equipment	9	301	1,415	IAS 7.16(b)
Purchase of property, plant and equipment	9	(4,087)	(1,320)	IAS 7.16(a)
Acquisition of a subsidiary, net of cash acquired	4	(5,929)	(370)	IAS 7.39
Settlement of contingent consideration of business combination	11	(714)	–	IAS 7.16, IAS 7. 39, IAS 7.12
Cash disposed as a part of discontinued operations	5	(1,294)	–	IAS 7.39
Collection of loan notes	11	1,100	–	IAS 7.16(f)
Currency forward contracts paid		(1,061)	–	IAS 7.16(g)
Loan to an associate		(50)	–	IAS 7.16(e)
Net cash flows used in investing activities		**(11,734)**	**(275)**	
Financing activities				IAS 7.10, IAS 7.21
Proceeds from borrowings	11	1,270	2,271	IAS 7.17(c)
Repayment of borrowings	11	(1,253)	(108)	IAS 7.17(d)
Transaction costs of issue of shares		–	(32)	IAS 7.17(a)
Dividend paid to equity holders of the parent	17	(1,087)	(1,082)	IAS 7.31
Dividend paid to non-controlling interests	17	(12)	(20)	IFRS 12.B10(a)
Net cash flows (used in)/from financing activities		**(1,082)**	**1,029**	
Net (decrease)/increase in cash and cash equivalents		(2,989)	6,717	
Net foreign exchange difference		(373)	266	IAS 7.28
Cash and cash equivalents at 1 January		17,440	8,662	
Cash and cash equivalents at 30 June	12	**14,078**	**15,645**	IAS 7.45

Commentary

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Group presents its cash flows using the indirect method. Our publication, *Good Group (International) Limited – Illustrative financial statements for the year ended 31 December 2016* includes an appendix that illustrates the presentation of the statement of cash flows using the direct method.

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

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

Index to notes to the interim condensed consolidated financial statements

Notes to the interim condensed consolidated financial statements

1. Corporate information

The interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (collectively, the Group) for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 11 August 2017. *IAS 10.17*

Good Group (International) Limited (the Company) is a limited company, incorporated and domiciled in Euroland, whose shares are publicly traded. The registered office is located at Fire House, Ashdown Square in Euroville. The Group is principally engaged in the provision of fire prevention and electronics equipment and services and the management of investment property. *IAS 1.138(a)* *IAS 1.138(b)*

Commentary

There is no explicit requirement in IAS 34 to include corporate information in a condensed set of interim financial statements, as is required in a complete set of financial statements under IAS 1. However, it is good practice to disclose such information to provide users insights into the specifics of the reporting entity and its business.

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

2.1. Basis of preparation

IAS 34.19

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

Commentary

IAS 34.19 clarifies that an interim financial report must not be described as complying with IFRS unless it complies with all the requirements of IFRS. In these interim condensed consolidated financial statements, the Group is not claiming compliance with IFRS in its entirety, but rather with the requirements of IAS 34. If a complete set of interim financial statements was provided complying with all requirements of IFRS, entities may be able to include in their compliance statement, with reference to IFRS as issued by the IASB, in addition to IAS 34.

2.2. New standards, interpretations and amendments adopted by the Group

IAS 34.16A(a)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each amendment is described below:

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

2. Basis of preparation and changes to the Group's accounting policies *cont'd*

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. As the disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group did not provide these disclosures for its interest in Hose Limited, a wholly owned subsidiary that was classified as held for distribution as at 31 December 2016 and whose shares were distributed prior to 30 June 2017 (see Note 5). The Group will disclose the required information in its annual consolidated financial statements for the year ended 31 December 2017.

Commentary

The Group has prepared and presented interim condensed consolidated financial statements. IAS 34.16A(a) requires a 'description of the nature and effect' of changes in accounting policies, but beyond this, no prescriptive requirements apply. In practice, relying on the requirements in IAS 8.28(f) for complete financial statements is common, which is also the approach applied in these financial statements.

Generally, an entity may chose only to comment on those amendments that directly impact the condensed interim financial statements. Alternatively an entity may choose to provide disclosures on amendments to IFRS that have no impact on the condensed interim financial statements, but are expected to impact the annual financial statements.

As none of the amendments that are effective as of 1 January 2017 impact the Group's condensed interim consolidated financial statements and only some will have an impact on its annual financial statements, most of these disclosures are provided only for illustrative purposes.

In some jurisdictions, the adoption of IFRS for reporting purposes may be subject to a specific legal process or endorsement mechanisms (e.g., in the European Union (EU) or Australia). In such jurisdictions, the effective dates may therefore differ from the IASB's effective dates.

IAS 8.30 requires entities to disclose in the complete set of financial statements those standards that have been issued but are not yet effective and to provide known or reasonably estimable information to enable users to assess the possible impact of the application of such IFRSs on an entity's financial statements. There is no similar requirement for the interim condensed financial statements. However, IAS 34 requires updates of relevant information presented and disclosed in the most recent annual financial statements. The International Organisation of Securities Commissions (IOSCO) and enforcement authorities in some jurisdictions (such as the European Securities and Markets Authority (ESMA)) issued recommendations on disclosure of the expected impact of major standards such as IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. These disclosures will be entity-specific, and will also depend on previously disclosed information in the most recent annual financial statements. They are not illustrated in these illustrative interim condensed financial statements.

Notes to the interim condensed consolidated financial statements

3. Segment information

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

Six months ended 30 June 2017	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Revenue							
External customer	70,925	37,395	770	109,090	(19,855)	89,235	*IAS 34.16A(g)(i)*
Inter-segment	–	1,845	–	1,845	(1,845)	–	*IAS 34.16A(g)(ii)*
Total revenue	**70,925**	**39,240**	**770**	**110,935**	**(21,700)**	**89,235**	
Results							
Segment profit	**1,038**	**2,989**	**164**	**4,191**	**(1,927)**	**2,264**	*IAS 34.16A(g)(iii)*

Six months ended 30 June 2016	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Revenue							
External customer	58,629	50,034	715	109,378	(36,571)	72,807	*IAS 34.16A(g)(i)*
Inter-segment	–	4,094	–	4,094	(4,094)	–	*IAS 34.16A(g)(ii)*
Total revenue	**58,629**	**54,128**	**715**	**113,472**	**(40,665)**	**72,807**	
Results							
Segment profit	**3,375**	**1,330**	**176**	**4,881**	**(536)**	**4,345**	*IAS 34.16A(g)(iii)*

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2017 and 31 December 2016, respectively:

	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Assets							
30 June 2017	**58,409**	**50,482**	**16,978**	**125,869**	**5,887**	**131,756**	*IAS 34.16A(g)(iv)*
31 December 2016	**58,696**	**44,814**	**18,467**	**121,977**	**18,304**	**140,281**	
Liabilities							
30 June 2017	**22,887**	**7,002**	**4,234**	**34,123**	**33,534**	**67,657**	*IAS 34.16A(g)(iv)*
31 December 2016	**18,309**	**7,252**	**4,704**	**30,265**	**46,238**	**76,503**	

3. Segment information *cont'd*

Commentary

IAS 34.16A(g)(iv) requires disclosure of total assets and total liabilities where there has been a material change from the total assets and total liabilities disclosed in the last annual consolidated financial statements, if this information is provided to the chief operating decision maker (CODM) on a regular basis. To fulfil this requirement, the Group has disclosed segment assets and liabilities at the end of the current period and at the end of the most recent annual financial year.

The Group has disposed of an entire operating segment in February 2017. IFRS 8 *Operating Segments* does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Group has not disclosed the results within the segment disclosures under IFRS 8. Paragraph 5B of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since IFRS 8 does not refer to discontinued operations, entities are not required to include them as a reportable segment. This would be the case even if the CODM continued to monitor the discontinued operations until disposal. Nevertheless, an entity would not be prohibited from disclosing such information if it wished to do so.

The Group's CODM regularly reviews the segment information related to the joint venture based on its proportionate share of revenue, profits, assets and liabilities to make decisions about resources to be allocated to the segment and assess its performance. However, as required by IFRS 11 *Joint Arrangements*, the Group's interest in the joint venture is accounted for in the interim condensed consolidated financial statements using the equity method. The eliminations arising on account of differences between proportionate consolidation and the equity method are included under 'Adjustments and eliminations'.

Adjustments and eliminations

IFRS 8.28

Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. These are included in adjustments and eliminations in the segment disclosures.

IAS 34.16A(g)(vi)

	For six months ended 30 June	
Reconciliation of profit	**2017**	**2016**
	€000	**€000**
Segment profit	**4,191**	**4,881**
Finance income	204	166
Finance costs	(1,662)	(436)
Net realised gains from available-for-sale financial assets (elimination)	88	–
Inter-segment profit (elimination)	(557)	(266)
Profit before tax and discontinued operations	**2,264**	**4,345**

Seasonality of operations

IAS 34.16A(b)

The electronics segment is a supplier of electronic equipment for defence, aviation, electrical safety markets and consumer electronic equipment for home use. It offers products and services in the areas of electronics, safety, thermal and electrical architecture. Due to the seasonal nature of this segment, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased demand for aviation electronic equipment during the peak holiday season, as well as in December, due to increased demand for electronic equipment from private customers. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

Commentary

The business of the Group is seasonal and, therefore, the interim condensed financial statements include disclosure under IAS 34.16A(b). However, the business is not regarded as highly seasonal. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged in IAS 34.21, is not provided. If the business were regarded as 'highly seasonal', presentation of additional comparative information for the 12 months ended 30 June 2017 and 2016 is recommended.

4. Business combinations

IAS 34.16A(i)

Acquisition of Electra Limited

On 1 June 2017, the Group acquired 100% of the voting shares of Electra Limited (Electra), an unlisted company based in Euroland that specialises in the manufacture of electronic equipment. The Group has acquired Electra because it expands both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Electra for the one month period from the acquisition date.

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

The fair values of the identifiable assets and liabilities of Electra as at the date of acquisition were:

	Fair value recognised on acquisition €000	
		IFRS 3.B64(i), (f)
Assets		
Property, plant and equipment	4,571	
Cash	642	
Trade receivables	1,763	
Inventories	961	
Deferred tax asset	175	
Patents (provisional)*	375	
	8,487	
Liabilities		
Trade payables	(1,246)	
Deferred tax liability	(880)	
	(2,126)	
Total identifiable net assets at fair value	**6,361**	
Goodwill arising on acquisition (provisional)*	210	
Purchase consideration transferred	**6,571**	
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary (included in cash flows from investing activities)	642	*IAS 7.39*
Cash paid	(6,571)	
Net cash flow on acquisition	**(5,929)**	

*Additional legal clarification about the registration of the patents is required to determine the acquisition date fair value of the patents. Thus, the patents may be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 June 2018 (one year after the transaction).

IFRS 3.B67(a)

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	Goodwill €000	
Gross carrying amount		
At 1 January 2017	2,281	*IFRS 3.B67(d)(i)*
Acquisition of a subsidiary	210	*IFRS 3.B67(d)(ii)*
At 30 June 2017	**2,491**	*IFRS 3.B67(d)(viii)*
Accumulated impairment losses		
At 1 January 2017	–	*IFRS 3.B67(d)(i)*
Impairment losses recognised during the reporting period (Note 6)	1,541	*IFRS 3.B67(d)(v)*
At 30 June 2017	**1,541**	*IFRS 3.B67(d)(viii)*
Net book value		
At 1 January 2017	2,281	
At 30 June 2017	950	

4. Business combinations *cont'd*

IAS 34.16A(i)

At the date of the acquisition, the fair value of the trade receivables was €1,763,000. The gross amount of trade receivables is €1,775,000. The difference between the fair value and the gross amount is the result of discounting over the expected timing of the cash collection and an adjustment for counterparty credit risk. At 30 June 2017, none of the trade receivables have been impaired. *IFRS 3.B64(h)*

From the date of acquisition, Electra has contributed €1,151,500 of revenue and €242,000 to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been €110,073,000 and the profit from continuing operations for the period would have been €3,181,000. *IFRS 3.B64(q)(i) IFRS 3.B64(q)(ii)*

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Electra with those of the Group. The goodwill is not deductible for income tax purposes. *IFRS 3.B64(e) IFRS 3.B64(k)*

Transaction costs of €90,000 have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows. *IFRS 3.B64(m)*

Information on prior year acquisition

On 1 May 2016, the Group acquired 80% of the voting shares of Extinguishers Limited, an unlisted company based in Euroland, specialising in the manufacture of fire-retardant fabrics. The consideration paid included an element of contingent consideration. Refer to Note 11 for adjustments to the related liability in the current period.

5. Discontinued operations

IAS 34.16A(i) IFRIC 17.15

On 1 October 2016, the Group publicly announced the decision of its Board of Directors to distribute the shares of Hose Limited, a wholly owned subsidiary, to the shareholders of Good Group (International) Limited (the Company). On 14 November 2016, the shareholders of the Company approved the plan to distribute the shares. At 31 December 2016, Hose Limited was classified as a disposal group held for distribution to equity holders of the parent and as a discontinued operation. The business of Hose Limited represented the entirety of the Group's Rubber Equipment operating segment until 14 November 2016. With Hose Limited being classified as discontinued operations, the Rubber Equipment segment is no longer presented in the segment note. The distribution of the shares of Hose Limited was completed on 28 February 2017. The fair value of the net assets of Hose Limited was assessed to be €1,251,000, resulting in a pre-tax gain of €885,000. The results of Hose limited for the period are presented below:

	For the six months ended 30 June		
	2017*	2016	*IFRS 5.33(b)(i)*
	€000	€000	*IFRS 5.34*
Revenue	3,329	21,548	*IFRS 5.30*
Expenses	(3,285)	(21,535)	*IFRS 5.41*
Operating income	44	13	
Finance costs	(39)	(43)	
Profit/(loss) before tax from discontinued operations	5	(30)	
Tax benefit/(expense):			
Related to current pre-tax profit/(loss)	(2)	12	*IAS 12.81(h)(ii)*
Post-tax profit/(loss) of discontinued operations	**3**	**(18)**	*IFRS 5.33 (a)(i)*
Difference between the carrying amount of assets distributed and the carrying amount of the dividend payable (pre-tax)	819	–	
Reclassification adjustment for discontinued operation reserve included in the statement of profit or loss on distribution	66	–	
Gain on distribution of the discontinued operations	**885**	–	*IFRS 5.33 (b)(iii)*
Attributable tax expense	(269)	–	*IAS 12.81(h)(i)*
Post-tax gain on the distribution of discontinued operations	**616**	–	*IFRS 5.33 (a)(ii)*
Profit/(loss) after tax for the period from discontinued operations	**619**	**(18)**	

*Represents two months of activity prior to the distribution on 28 February 2017.

5. Discontinued operations *cont'd*

IAS 34.16A(i)
IFRIC 17.15

Cash outflow on distribution:		
Cash distributed as a part of discontinued operations	(1,294)	–
Net cash outflow	**(1,294)**	**–**

The net cash flows generated/(incurred) by Hose Limited are, as follows: *IFRS 5.33(c)*

	For the six months ended 30 June	
	2017*	**2016**
	€000	**€000**
Operating	204	(1,055)
Financing	40	35
Net cash inflow/(outflow)	**244**	**(1,020)**

IAS 34.11
IAS 33.68

Earnings/(loss) per share:		
Basic, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)
Diluted, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)

*Represents two months of activity prior to the distribution on 28 February 2017.

As the shares of Hose Limited were distributed prior to 30 June 2017, the assets and liabilities classified as held for distribution as at 31 December 2016 are no longer included in the statement of financial position.

Commentary

Condensed interim reporting under IAS 34 is based on the most recent annual financial statements. Providing the disclosures required by the relevant standards (in this case, IFRS 5) in the condensed interim financial statements, in response to transactions and events occurring after the period end of the most recent annual financial statements, is consistent with that premise. However, IAS 34.15 does not require interim condensed consolidated financial statements to contain all of the disclosures required by an applicable standard. For example, in the above distribution, the Group distributed shares in Hose Limited to the equity holders of the parent. The distribution liability was measured at the fair value of the net assets of Hose Limited until the date of distribution. If complete consolidated financial statements are prepared for an interim period, or in the case of financial instruments (covered in IAS 34.16A(j)), the disclosures under IFRS 13 would have been required. However, as the Group prepares and presents interim condensed consolidated financial statements, all disclosures required under IFRS 13 are not required to be provided, unless covered by IAS 34.16A(j) or IAS 34.15-15C.

IFRIC 17 Distributions of Non-cash Assets to Owners requires an entity to measure the distribution liability at the end of the period at the fair value of the net assets held for distribution. The changes in the fair value of the liability are recognised directly in equity. On 14 November 2016, the distribution liability was recorded at the fair value of the net assets to be distributed. At the end of the reporting period, 31 December 2016, the Group analysed the fair value of the liability and determined that it had not changed. If the fair value of the net assets had changed, the Group would have remeasured the liability and recognised the change directly in equity. From 1 January 2017 to the date of disposal, 28 February 2017, the fair value of the liability increased by €841,000, which is recognised in equity (see Note 17).

The Group elected to present earnings per share (EPS) from discontinued operations in the notes. Alternatively, it could have presented those figures in the interim condensed consolidated statement of profit or loss.

The discontinued operations only had operating and financing cash flows for the first two months of 2017 and have presented these cash flows separately in the table above.

6. Impairment testing of goodwill and intangible assets with indefinite lives

The Group performed its annual impairment test in December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2016. *IAS 34.15B(b)* *IAS 36.134(c)*

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2017, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill. In addition, the overall decline in construction and development activities around the world, as well as ongoing economic uncertainty, have led to a decreased demand in the fire prevention equipment and electronics units. As a result, management performed an impairment test as at 30 June 2017 for the electronics and fire prevention equipment segments, which are the cash generating units with goodwill. The investment property segment did not have any goodwill. *IAS 36.130(a),(d)* *IAS 36.130(e)*

6. Impairment testing of goodwill and intangible assets with indefinite lives *cont'd*

Electronics cash-generating unit

The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.6% (31 December 2016: 15.5%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.5% growth rate (31 December 2016: 3.0%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2016. As a result of the updated analysis, management did not identify an impairment for this cash-generating unit to which goodwill of €260,000 is allocated.

IAS 36.134(d)(iii)
IAS 36.134(d)(iv)
IAS 36.134(d)(v)
IAS 36.130(g)

Fire prevention equipment cash-generating unit

The Group used the cash-generating unit's value-in-use to determine the recoverable amount of €59,099,000. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.5% (31 December 2016: 14.4%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.6% growth rate (31 December 2016: 4.1%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2016.

IAS 36.130 (e)
IAS 36.134(d)(iii)
IAS 36.134(d)(iv)
IAS 36.134(d)(v)
IAS 36.126(a)
IAS 36.130(g)

As a result of this analysis, management recognised an impairment charge of €1,541,000 against goodwill previously carried at €2,231,000. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

IAS 36.130(b),(d)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the electronics equipment unit, there are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

IAS 36.134(f)
IAS 36.134(f)(i)

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

Growth rate assumptions — Rates are based on published industry research. These have been updated for the current economic outlook. The revised growth rate of 2.6% reflects the effect of a significant industry patent that was acquired during the year ended 31 December 2016. However, given the economic uncertainty, reductions to growth estimates may be necessary in the future.

Discount rate — The discount rate has been adjusted to reflect the current market assessment of the risks specific to the fire prevention equipment unit, and was estimated based on the weighted average cost of capital for the Group. This rate was further adjusted to reflect the market assessment of risks specific to the fire prevention equipment unit for which future estimates of cash flows have not been adjusted. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

Commentary

IAS 34 does not require specific disclosure in the event of impairment, or specific disclosure of headroom in the event of reasonably possible impairments (as in IAS 36.134(f)). Under IAS 34.15B(b), the recognition of a loss from impairments and the reversal of such impairments is required to be disclosed 'if they are significant for the understanding of the financial position and the performance of the entity'. The content and format of such disclosures are not specified.

For instance, for impairment in the fire prevention equipment cash generating unit, the Group has chosen to provide disclosures generally in accordance with IAS 36. Additional sensitivity disclosures have not been provided by the Group since the estimated recoverable amount, after recognition of the impairment loss in the current period, is equal to the carrying value so any adverse change in assumptions could result in an impairment loss.

If no impairment charge was recognised for a cash-generating unit, but it is believed that a reasonably possible change in the key assumptions may lead to an impairment, then, in our view, additional sensitivity disclosures under IAS 36 should be provided, even though IAS 34 does not require these disclosures, as it would be considered useful information.

Furthermore, considering the decline in the relevant markets and the current economic uncertainties, the Group has found it useful to provide additional information about the impairment tests performed for the electronics cash generating unit. These disclosures are based on the requirement in IAS 36.134 applicable in the case of complete interim financial statements.

Notes to the interim condensed consolidated financial statements

7. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of profit or loss are: *IAS 34.B12*

IAS 34.16A(c)

	For the six months ended 30 June	
	2017	2016
	€000	€000
Income taxes		
Current income tax expense	249	934
Deferred income tax expense relating to origination and reversal of temporary differences	140	260
Income tax expense recognised in statement of profit or loss	**389**	**1,194**

Commentary

IAS 34.16A(c) requires the Group to disclose the nature and amount of items affecting net income that are unusual because of their nature, size or incidence. As a result, the Group has disclosed the major components of its income tax expense as this provides useful information to understand the amount reported in the interim condensed consolidated statement of profit or loss.

8. Components of other comprehensive income

	For the six months ended 30 June		
	2017	2016	
	€000	€000	
Cash flow hedges:			
Gains/(losses) arising during the period			*IFRS 7.23(c)*
Currency forward contracts	(6)	60	
Commodity futures contract	(330)	–	
Reclassification adjustments for gains included in the statement of profit or loss	(4)	(20)	*IAS 1.92 IFRS 7.23(d)*
	(340)	**40**	
Available-for-sale financial assets:			
Gains/(losses) arising during the period	(214)	57	*IFRS 7.20(a)(ii)*
Share of other comprehensive income of an associate	(10)	–	
Reclassification adjustment for discontinued operation reserve included in the statement of profit or loss on distribution	(66)		
Reclassification adjustments for impairments included in the statement of profit or loss	42	–	*IAS 1.92 IFRS 7.20 (a)(ii)*
	(248)	**57**	

8. Components of other comprehensive income *cont'd*

Deferred tax related to items recognised in OCI during the period:	For the six months ended 30 June 2017 €000	2016 €000	
			IAS 1.90
Cash flow hedges:			
Gains/(losses) arising during the year	101	(18)	IFRS 7.23(c)
Reclassification adjustments for gains included in the statement of profit or loss	1	6	IAS 1.92 IFRS 7.23(d)
	102	**(12)**	
Available-for-sale financial assets:			
Gains/(losses) arising during the year	78	(14)	IFRS 7.20(a)(ii)
Reclassification adjustment for discontinued operation reserve included in the statement of profit or loss on distribution	20	-	
Reclassification adjustments for losses included in the statement of profit or loss	(26)	(3)	IAS 1.92 IFRS 7.20 (a)(ii)
	72	**(17)**	
Deferred tax credited/(charged) to OCI	**174**	**(29)**	

Commentary

Condensed interim reporting under IAS 34 is intended to provide an update on the most recent annual financial statements. The provision of disclosures required by the relevant standards (in this case, IAS 1) in the condensed interim financial statements in response to transactions and events occurring after the most recent annual financial statements, is consistent with that premise. An analysis of the items in other comprehensive income does not always need to be provided; the decision must be assessed on a case-by-case basis. The need for the inclusion of such disclosures in interim financial statements is debatable. They have, nevertheless, been included here for illustrative purpose.

The purpose of Note 8 is to provide an analysis of items presented net in other comprehensive income in the statement of comprehensive income. This analysis does not apply to the other items of other comprehensive income, as they are either not reclassified to profit or loss or reclassification adjustments did not occur during the period. The Group decided to present the movements on a pre-tax basis with related tax effects in a separate table to enhance readability. Other forms of presentation of the gross movements and related tax effects would be acceptable.

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired assets with a cost of €2,587,000 (the six months ended 30 June 2016: €1,320,000), excluding property, plant and equipment acquired through a business combination (see Note 4) and property under construction. *IAS 34.15B(d)*

The Group also commenced construction of a new corporate headquarters in February 2017. This project is expected to be completed in February 2018 and the carrying amount at 30 June 2017 was €1,500,000 (31 December 2016: €Nil). The amount of borrowing costs capitalised during the six months ended 30 June 2017 was approximately €151,000 (31 December 2016: €Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 11%, which is the effective interest rate of the specific borrowing. *IAS 23.26(a) IAS 23.26(b)*

Assets (other than those classified as held for distribution) with a net book value of €248,000 were disposed of by the Group during the six months ended 30 June 2017 (31 December 2016: €1,410,000), resulting in a net gain on disposal of €53,000 (31 December 2016: €5,000).

See Note 15 for capital commitments.

Commentary

In accordance with IAS 34.15B(d), the Group has disclosed the acquisitions and disposals of property, plant and equipment made during the interim period, as they are significant to an understanding of the changes in financial position and financial performance during the interim period.

Notes to the interim condensed consolidated financial statements

10. Inventories

During the six months ended 30 June 2017, the Group wrote down €700,000 (the six months ended 30 June 2016: €567,000) of inventories that had been damaged by flooding. This expense is included in other operating expenses in the statement of profit or loss. The financial loss resulting from the flooding is likely to be covered by the Group's insurance policy. However, as at 30 June 2017, investigations of the insurance company were still ongoing. Consequently, it is not certain that the Group will receive the proceeds under the insurance policy. *IAS 34.15B(a)* *IAS 37.33*

Commentary

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

11. Financial assets and financial liabilities

Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2017 and 31 December 2016: *IAS 34.16A(c)*

IFRS 7.6
IFRS 7.8

	30 June 2017	31 December 2016
	€000	€000
Financial assets at amortised cost:		
Trade and other receivables	29,792	27,672
Loans		
Loan notes	2,524	3,674
Loan to an associate	253	200
Loan to directors	10	13
Available-for-sale investments:		
Unquoted equity shares	938	1,038
Quoted equity shares	265	337
Quoted debt securities	524	612
Derivatives not designated as hedging instruments:		
Foreign exchange forward contracts	1,100	640
Embedded derivatives	161	210
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	242	252
Total	**35,809**	**34,648**
Total current	**30,213**	**28,223**
Total non-current	**5,596**	**6,425**

Set out below is an overview of financial liabilities held by the Group as at 30 June 2017 and 31 December 2016:

	30 June 2017	31 December 2016
	€000	€000
Derivatives not designated as hedging instruments:		
Foreign exchange forward contracts	1,073	720
Embedded derivatives	764	782
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	194	170
Commodity futures contract	913	–
Commodity forward contract	–	980
Interest rate swaps	–	35

11. Financial assets and financial liabilities *cont'd*

	30 June 2017	31 December 2016
	€000	**€000**
Financial liabilities at fair value through profit or loss:		
Contingent consideration	–	1,072
Financial liabilities at amortised cost:		
Trade and other payables	25,057	19,444
Financial guarantee contracts	–	87
Other long-term payable	96	–
Non-current interest bearing loans and borrowings		
Obligations under finance leases and hire purchase contracts	1,518	905
8% debentures	3,274	3,374
8.25% secured loan of USD3,600,000	2,146	2,246
Secured bank loan	4,379	3,479
Other non-current loans		
€2,750,000 bank loan	2,386	2,486
€2,200,000 bank loan	1,978	2,078
Loan from a third-party investor in Fire Equipment Test Lab Limited	2,900	3,000
Convertible preference shares	2,678	2,778
Current interest bearing loans and borrowings		
Obligations under finance leases and hire purchase contracts	89	83
Bank overdrafts	900	966
Other current loans		
€1,500,000 bank loan	1,392	1,411
Total	**51,737**	**46,096**
Total current	**29,672**	**24,944**
Total non-current	**22,065**	**21,152**

Available-for-sale financial investments

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. See other required fair value disclosures above.

IAS 39.58
IAS 39.61
IAS 39.67
IAS 39.68

The Group identified an impairment of €42,000 on quoted debt securities, which was reclassified from other comprehensive income to finance costs in the statement of profit or loss (Note 8).

IAS 39.67
IAS 34.15B(b)

Commentary

The Group determined financial instruments, in general, and the Group's risk management activities, in particular, as relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in the interim condensed consolidated financial statements, as per IAS 34.16A(c), to provide an overview of the financial instruments held by the Group.

11. Financial assets and financial liabilities *cont'd*

Contingent consideration

As part of the purchase agreement with the previous owners of Extinguishers Limited, dated 1 May 2016 (see Note 4), a portion of the consideration was determined to be contingent, based on the performance of the acquired entity. There will be additional cash payments to the previous owner of Extinguishers Limited of: *IFRS 13.93(h)(ii)*

a) €675,000, if the entity generates up to €1,000,000 of profit before tax in the 12-month period following the acquisition date

Or

b) €1,125,000, if the entity generates €1,500,000 or more of profit before tax in the 12-month period following the acquisition date

Significant unobservable valuation inputs are provided below: *IFRS 13.93(d)*

Assumed probability-adjusted profit before tax of Extinguishers Limited	€1,000,000 - €1,500,000
Discount rate	14%
Discount for own non-performance risk	0.05%

An increase (decrease) in the profit before tax of Extinguishers Limited would result in significantly higher (lower) fair value of the contingent consideration liability, while an increase (decrease) in the discount rate and own non-performance risk would result in a significantly lower (higher) fair value of the liability. *IFRS 13.93(h)(i)*

As at 31 December 2016, the key performance indicators of Extinguishers Limited showed that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration determined at 31 December 2016 reflected this development, amongst other factors and a fair value adjustment was recognised through profit or loss. At 30 April 2017, a total of €1,125,000 was paid out under this arrangement. A reconciliation of the fair value of the contingent consideration liability is provided below:

	€000	
Initial fair value of the contingent consideration at acquisition date	714	*IFRS 13.93(e)*
Unrealised fair value changes recognised in profit or loss during year ended 31 December 2016	358	*IFRS 13.93(f)*
Financial liability for the contingent consideration as at 31 December 2016	1,072	
Fair value adjustment as at 30 April 2017	53	
Total consideration paid	**1,125**	*IAS 34.16A(i)*

Adjustments to the contingent liability from acquisition on 1 May 2016 to the date it was settled on 30 April 2017 were recognised in the statement of profit or loss. The initial fair value of the consideration of €714,000 was included in cash flows from investing activities, the remainder, €411,000, has been recognised in cash flows from operating activities. The fair value is determined using the discounted cash flow (DCF) method. The fair value of the contingent consideration liability increased due to improved performance of Extinguishers Limited compared to the initial forecast.

Commentary

As required by IAS 34.16A(i), the Group has made disclosures about the contingent consideration liability incurred on the business combination in 2016. IAS 34.16A(j), amended as a result of IFRS 13, requires the Group to provide specific fair value disclosures outlined in IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 for financial instruments. Under IFRS 13.93(h)(ii), for recurring fair value measurement of financial assets and financial liabilities at Level 3 of the hierarchy, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity is required to state that fact and disclose the effect of the changes. The entity is also required to state how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in OCI, total equity. In case of the contingent consideration liability of the Group, the changes in unobservable inputs other than those disclosed in the note above, were assessed to be insignificant. The Group has not provided the fair value disclosures at 30 June 2017 as the contingent consideration liability was settled during the period.

IAS 7 states that expenditures that result in recognising an asset in the statement of financial position are eligible for classification as investing activities. IAS 7 suggests that cash payments for any contingent consideration in excess of the amount recorded on the acquisition date may not be classified in investing activities, since that incremental amount was not necessary to obtain control and, thus, was not recognised as an asset. Hence, the Group has split the settlement of the contingent consideration. Payment of the acquisition date fair value is classified as a cash flow from investing activities, while any payment above this amount has been classified as a cash flow from operating activities, since the additional payment was dependent on meeting performance targets.

11. Financial assets and financial liabilities *cont'd*

Risk management activities

Cash flow hedges for currency risks

During the period, the Group designated foreign currency forward contracts as hedges of highly probable purchases of fixed assets in US dollars (USD) and British pounds sterling (GBP) from suppliers in the United States and the United Kingdom, respectively. The forecast purchases are expected to occur in October and December 2017.

IAS 34.16A(c)

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contract have fully cash-collateralised the foreign currency forward contracts, and, therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and the Group's own credit risk). Consequently, the hedges were assessed to be highly effective.

As at 30 June 2017, an unrealised gain of €12,000 relating to the USD forward contracts and an unrealised loss of €18,000 related to the GBP forward contracts are included in other comprehensive income.

Cash flow hedges for copper price risks

In January 2017, the Group entered into a firm commitment to purchase copper in September 2017. In order to reduce the exposure to fluctuations in the copper price, the Group also entered into an exchange-traded copper futures contract. The futures contract is designated in a cash flow hedge of the firm commitment.

The copper futures contract is based on the price of a copper benchmark quality that is different from the copper quality the Group is committed to purchase (i.e., there is basis risk). Consequently, ineffectiveness arises in this hedging relationship. As of 30 June 2017, the fair value of the copper futures contract was €913,000, while the cumulative change in the fair value of the firm commitment from inception amounted to €956,000. As the fair value of the copper futures contract exceeded the cumulative change in the fair value of the firm commitment, the Group recorded a loss for the period of €330,000 in other comprehensive income while ineffectiveness of €43,000 remains unrecognised. The ineffectiveness is due to the basis risk between the copper futures contract and the firm commitment, as well as the change in the Group's own credit risk.

Hedge of net investments in foreign operations

Included in loans at 30 June 2017 was a borrowing of US$3,600,000, which is designated as a hedge of the net investments in the United States subsidiaries, Wireworks Inc. and Sprinklers Inc., which have the USD as their functional currency. During the six-month period ended 30 June 2017, an after tax gain of €192,000 on the translation of this borrowing was transferred to other comprehensive income to offset the losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the period ended 30 June 2017.

Commentary

The Group determined the risk management activities as relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in interim financial statements, as per IAS 34.16A(c). These disclosures will vary depending on the nature of the entity.

Other risk management activities

As a result of its international activities, the Group is exposed to foreign currency risk on part of its sales and purchases. In order to reduce this risk, the Group regularly determines its net exposure to the primary currencies (USD, GBP and Canadian dollar (CAD)) based on its predicted sales and purchases over the next 18 months. The Group then enters into foreign currency forward contracts to hedge those exposures.

For operational reasons, the Group decided not to designate the foreign currency forward contracts as hedge accounting relationships. Consequently, all changes in the fair values of such foreign currency forward contracts are recognised in the statement of profit or loss.

The six-month period ended 30 June 2017 experienced volatility in the euro exchange rates against the USD and the GBP, resulting in losses on related foreign currency forward contracts recorded in finance costs. These losses are, to some extent, compensated by higher revenues and lower cost of sales.

11. Financial assets and financial liabilities *cont'd*

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2017 and 31 December 2016: *IAS 34.16A(j)*

	30 June 2017		31 December 2016		
	Carrying amount	Fair value	Carrying amount	Fair value	*IFRS 7.25*
	€000	€000	€000	€000	*IFRS 7.26*
Financial assets:					
Loans	2,787	2,524	3,887	3,741	
Available-for-sale financial assets	1,727	1,727	1,987	1,987	
Foreign exchange forward contracts in cash flow hedges	242	242	252	252	
Foreign exchange forward contracts	1,100	1,100	640	640	
Embedded derivatives	161	161	210	210	
Total	**6,017**	**5,754**	**6,976**	**6,830**	
Financial liabilities:					
Interest bearing loans and borrowings					
Obligations under finance leases and hire purchase contracts	1,607	1,317	988	1,063	
Floating rate borrowings	13,181	13,131	12,666	12,616	
Fixed rate borrowings	6,174	5,924	6,374	6,371	
Convertible preference shares	2,678	2,568	2,778	2,766	
Financial guarantees contracts	–	–	87	87	
Contingent consideration	–	–	1,072	1,072	
Other long-term payable	96	94	–	–	
Derivatives in effective hedges	1,107	1,107	1,185	1,185	
Derivatives not designated as hedges					
Embedded commodity derivatives	–	–	782	782	
Embedded foreign exchange derivatives	764	764	–	–	
Interest rate swaps	–	–	35	35	
Foreign exchange forward contracts	1,073	1,073	685	685	
Total	**26,680**	**25,978**	**26,652**	**26,662**	

Commentary

IAS 34.16A(j) requires the Group to disclose information about the fair values for each class of financial assets and financial liabilities as set out in IFRS 7.25, 26, 28 and 30 in a way that permits it to be compared with its carrying amount. As per IFRS 7.29, fair value disclosures are not required when the carrying amount is a reasonable approximation of fair value (e.g., short-term trade receivables and payables) or for a contract containing discretionary participation features (as described in IFRS 4 *Insurance Contracts*) if the fair value of those features cannot be measured reliably.

The Group does not provide the disclosures required by IFRS 7.28 as the fair values of all the financial assets and financial liabilities recognised during the period were not different from the transaction prices at the date of initial recognition.

The Group does not hold any equity instruments measured at cost (which would be permitted) if their fair value cannot otherwise be measured reliably. Accordingly, the Group does not provide the disclosures required by IFRS 7.30.

11. Financial assets and financial liabilities *cont'd*

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2017 and 31 December 2016:

IFRS 13.93(a),(b)
IFRS 13.94

		Fair value measurement using		
As at 30 June 2017:	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:	**€000**	**€000**	**€000**	**€000**
Derivative financial assets				
Foreign exchange forward contracts – USD	742	–	742	–
Foreign exchange forward contracts – GBP	600	–	600	–
Embedded foreign exchange derivatives – CAD	161	–	–	161
Available-for-sale financial assets				
Quoted equity shares				
Power sector	215	215	–	–
Telecommunication sector	50	50	–	–
Unquoted equity shares				
Power sector	625	–	–	625
Electronics sector	313	–	–	313
Quoted debt securities				
Euroland government bonds	269	269	–	–
Corporate bonds – consumer products sector	95	95	–	–
Corporate bonds – technology sector	160	160	–	–
Financial liabilities measured at fair value:				
Derivative financial liabilities				
Foreign exchange forward contracts – GBP	1,267	–	1,267	–
Embedded foreign exchange derivatives – USD	764	–	–	764
Commodity futures contract	913	913	–	–
As at 31 December 2016:				
Financial assets measured at fair value:				
Derivative financial assets				
Foreign exchange forward contracts – USD	492	–	492	–
Foreign exchange forward contracts – GBP	400	–	400	–
Embedded foreign exchange derivatives – CAD	210	–	–	210
Available-for-sale financial assets				
Quoted equity shares				
Power sector	219	219	–	–
Telecommunication sector	118	118	–	–
Unquoted equity shares				
Power sector	675	–	–	675
Electronics sector	363	–	–	363
Quoted debt securities				
Euroland government bonds	368	368	–	–
Corporate bonds – consumer products sector	92	92	–	–
Corporate bonds – technology sector	152	152	–	–
Financial liabilities measured at fair value:				
Derivative financial liabilities				
Interest rate swaps	35	–	35	–
Foreign exchange forward contracts – GBP	800	–	800	–
Foreign exchange forward contracts – USD	90	–	90	–
Embedded commodity derivatives (brass)	600	–	–	600
Embedded commodity derivatives (chrome)	182	–	–	182
Commodity derivative	980	–	980	–
Contingent consideration	1,072	–	–	1,072

11. Financial assets and financial liabilities *cont'd*

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy: *IFRS 13.93(e)*

Unquoted equity shares	Power	Electronics	Total
	€000	€000	€000
As at 1 January 2016	**390**	**508**	**898**
Remeasurement recognised in OCI	150	(175)	**(25)**
Purchases	233	588	**821**
Reclassified in assets held for distribution	–	(508)	**(508)**
Sales	(98)	(50)	**(148)**
As at 31 December 2016	**675**	**363**	**1,038**
Remeasurement recognised in OCI	(125)	(135)	**(260)**
Purchases	145	180	**325**
Sales	(20)	(45)	**(65)**
Net unrealised loss recognised in statement of profit or loss	(50)	(50)	**(100)**
As at 30 June 2017	**625**	**313**	**938**

	Embedded foreign exchange derivative		Embedded commodity derivative	
	Asset	Liability	Liability	
	CAD	USD	Brass	Chrome
	€000	€000	€000	€000
As at 1 January 2016	**–**	**–**	**–**	**–**
Remeasurement recognised in OCI	–	–	–	–
Purchases	–	–	–	–
Reclassified in assets held for distribution	–	–	–	–
Sales	(553)	–	(9)	(10)
Net unrealised loss recognised in statement of profit or loss	763	–	609	192
As at 31 December 2016	**210**	**–**	**600**	**182**
Remeasurement recognised in OCI	–	–		
Purchases	–	55		
Sales	(166)	(83)	(57)	(16)
Net unrealised loss recognised in statement of profit or loss	117	792	(543)	(166)
As at 30 June 2017	**161**	**764**	**–**	**–**

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2017. The fair value decrease on financial instruments categorised within Level 3 of €66,000 (31 December 2016: €38,000), was recorded in the statement of profit or loss.

IAS 34.15B(k)
IFRS 13.91(b)
IFRS 13.93(c),(f)
IFRS 13.93(e)(ii)
IFRS 13.93(e)(iv)

Fair value hierarchy *IAS 34.16A(j)*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows: *IFRS 13.93(b),*

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

11. Financial assets and financial liabilities *cont'd*

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. *IFRS 13.95*

Commentary

IFRS 13.93(b) requires an entity to disclose the level of the fair value hierarchy within which the fair value measurements are categorised, i.e., Level 1, 2 or 3. Specific facts and circumstances should be assessed for each individual class of asset and liability in determining the appropriate categorisation.

Valuation processes *IAS 34.16A(j)*

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. *IFRS 13.93(g)*

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the business divisions. Once submitted, fair value estimates are also reviewed and challenged by Chief Financial officer (CFO).

The CFO validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The CFO also challenges the model calibration on at least an annual basis or when significant events in the relevant markets occur. The CFO is responsible for ensuring that the final reported fair value figures are in compliance with IFRS and proposes adjustments when needed. When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the CFO is also responsible for:

- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

Valuation techniques and specific considerations for Level 3 inputs are further explained below.

Commentary

IFRS 13.93(g) requires an entity to disclose for recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

11. Financial assets and financial liabilities cont'd

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13.91(a)
IFRS 13.93(d)

The following methods and assumptions were used to estimate the fair values:

- Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for the significant unobservable inputs and determines their impact on the total fair value.
- Fair value of the unquoted ordinary shares has been estimated using a discounted cash flows (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- Fair value of remaining available-for-sale financial assets is derived from quoted market prices in active markets.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs; they are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby mitigating both the counterparty and the Group's non-performance risk.
- Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts bifurcated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralised, the Group also takes into account the counterparties' credit risk (for the embedded derivative assets) or the Group's non-performance risk (for the embedded derivative liabilities) and adjusts the fair value for the credit valuation adjustment and debit value adjustment respectively, by assessing for the maximum credit exposure and probabilities of default. As at 30 June 2017 and 31 December 2016, the fair value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

11. Financial assets and financial liabilities *cont'd*

IFRS 13.93(d)
IFRS 13.93(h)(i)
IFRS 13.93(h)(ii)

Description of significant unobservable inputs to valuation

As at 30 June 2017:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to fair value**
AFS financial assets in unquoted equity shares – power sector	DCF method	Long-term growth rate for cash flows for subsequent years	3.1% - 5.2% (4.2%)	5% increase (decrease) in the growth rate would result in increase (decrease) in fair value by €15,000
		Long-term operating margin	5.0% - 12.1% (8.3%)	15% increase (decrease) in the margin would result in increase (decrease) in fair value by €20,000
		WACC	11.2% - 14.3% (12.6%)	1% increase (decrease) in the WACC would result in decrease (increase) in fair value by €12,000
		Discount for lack of marketability	5.1% - 15.6% (12.1%)	Increase (decrease) in the discount would decrease (increase) the fair value.
AFS financial assets in unquoted equity shares – electronics sector	DCF method	Long-term growth rate for cash flows for subsequent years	4.4% - 6.1% (5.3%)	3% increase (decrease) in the growth rate would result in increase (decrease) in fair value by €21,000
		Long-term operating margin	10.0% - 16.1% (14.3%)	5% increase (decrease) in the margin would result in increase (decrease) in fair value by €11,000
		WACC	12.1% - 16.7% (13.2%)	1% increase (decrease) in the WACC would result in decrease (increase) in fair value by €23,000
		Discount for lack of marketability	5.1% - 20.2% (16.3%)	Increase (decrease) in the discount would decrease (increase) the fair value.
Embedded derivative assets	Forward pricing model	Discount on counterparty credit risk	0.02% - 0.05% (0.04%)	Increase (decrease) in the discount would decrease (increase) the fair value.
Embedded derivative liabilities	Forward pricing model	Discount on non-performance risk	0.01% - 0.05% (0.03%)	Increase (decrease) in the discount would decrease (increase) the fair value.

11. Financial assets and financial liabilities *cont'd*

Description of significant unobservable inputs to valuation *continued*

As at 31 December 2016:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
AFS financial assets in unquoted equity shares – power sector	DCF method	Long-term growth rate for cash flows for subsequent years	3.1% - 5.2% (4.2%)	5% increase (decrease) in the growth rate would result in increase (decrease) in fair value by €17,000
		Long-term operating margin	5.0% - 12.1% (8.3%)	15% increase (decrease) in the margin would result in increase (decrease) in fair value by €21,000
		WACC	11.2% - 14.3% (12.6%)	1% increase (decrease) in the WACC would result in decrease (increase) in fair value by €10,000
		Discount for lack of marketability	5.1% - 15.6% (12.1%)	Increase (decrease) in the discount would decrease (increase) the fair value.
AFS financial assets in unquoted equity shares – electronics sector	DCF method	Long-term growth rate for cash flows for subsequent years	4.4% - 6.1% (5.3%)	3% increase (decrease) in the growth rate would result in increase (decrease) in fair value by €23,000
		Long-term operating margin	10.0% - 16.1% (14.3%)	5% increase (decrease) in the margin would result in increase (decrease) in fair value by €12,000
		WACC	12.1% - 16.7% (13.2%)	1% increase (decrease) in the WACC would result in decrease (increase) in fair value by €21,000
		Discount for lack of marketability	5.1% - 20.2% (16.3%)	Increase (decrease) in the discount would decrease (increase) the fair value.
Embedded derivative assets	Forward pricing model	Discount on counterparty credit risk	0.02% - 0.05% (0.04%)	Increase (decrease) in the discount would decrease (increase) the fair value.
Embedded derivative liabilities	Forward pricing model	Discount on non-performance risk	0.01% - 0.05% (0.03%)	Increase (decrease) in the discount would decrease (increase) the fair value.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

In case of AFS financial assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

11. Financial assets and financial liabilities *cont'd*

Commentary

IAS 34.16A(j) requires the Group to provide specific fair value disclosures, as specified in IFRS 7 and IFRS 13 for financial instruments.

IFRS 13.93(e) requires separate disclosure of the following additional items in the reconciliation of opening and closing balances of assets and liabilities categorised within Level 3 of the fair value hierarchy:

- i) Total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised
- ii) Purchases
- iii) Sales
- iv) Issues
- v) Settlements
- vi) Transfers into Level 3 with the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred
- vii) Transfers out of Level 3, with the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred

Apart from the reconciling items described in the above note, the Group did not have any of the above reconciling items during the period.

IFRS 13.93(c) and IFRS 13.95 require an entity to disclose its accounting policy for determining when transfers between levels of the fair value hierarchy occur. In a complete set of financial statements, such a disclosure would generally be included in the Group's accounting policy notes. The Group elected to disclose its policy in this note to the interim financial statements.

The Group has not elected to apply the portfolio exemption under IFRS 13.48. If an entity makes an accounting policy decision to use the exception, this fact is required be disclosed per IFRS 13.96.

IFRS 13.98 requires, for liabilities with an inseparable credit enhancement, disclosure of the existence of such a credit enhancement and whether it is reflected in the fair value measurement of the related liability. At 30 June 2017 and 31 December 2016, the Group did not have any liabilities with inseparable credit enhancements.

IFRS 13.99 requires an entity to present the quantitative disclosures of IFRS 13 to be included in a tabular format, unless another format is more appropriate. The Group included the quantitative disclosures in tabular format above.

Generally, when disclosure of certain transactions or events is not specifically required by IAS 34, the specific transactions or events need to be disclosed in the interim financial statements only in accordance with the principle in paragraph IAS 34.15.

IFRS 7.13A-13F require disclosures that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. As a result of the reference to 'interim periods', the IASB issued amendments to IFRS 7 in order to clarify that the disclosures under IFRS7.13A-13F are not required in the condensed interim financial statements in both the first year of application or in any subsequent years, unless their inclusion would be required under IAS 34.

Therefore, entities would need to carefully analyse whether they have master netting arrangements or similar agreements in place that may be significant for an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. In particular, trade receivables and payables subject to some form of a netting arrangement (normally where an entity's customer is also a supplier, and vice versa) could fall within the scope of these disclosure requirements.

The disclosure requirements for the offsetting of financial assets and financial liabilities apply not only to all recognised financial instruments that are set off in accordance with IAS 32.42, but also to all recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.42.

The Group does not set off financial assets with financial liabilities, nor has it entered into a master netting arrangement or similar agreement. Consequently, these disclosures are not provided.

12. Cash and short-term deposits

IAS 34.16A(c)

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

IAS 7.45

	For the six months ended 30 June	
	2017	**2016**
	€000	**€000**
Cash at bank and in hand	11,482	12,112
Short-term deposits	3,496	3,500
Total cash and short-term deposits	**14,978**	**15,612**
Bank overdraft	(900)	(1,117)
Cash at bank and in hand attributable to discontinued operations	–	1,150
Total cash and cash equivalents	**14,078**	**15,645**

Commentary

The interim condensed consolidated financial statements are based on the most recent annual financial statements. The provision of the disclosures required by the relevant standards (in this case, IAS 7) in the interim condensed consolidated financial statements in response to transactions and events occurring after the end of the most recent annual financial statements, is consistent with that premise.

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

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

13. Reversal of restructuring provision

As at 31 December 2016, a restructuring provision of €466,000 had been recognised for the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2017 were charged against the provision and the remaining unused amount of €266,000 was reversed and is included within other operating expenses in the statement of profit or loss where the creation of the provision was initially recorded. The reversal arises from contract termination costs being lower than expected.

IAS 34.15B(c)

14. Share-based payments

In March 2017, 450,000 share options were granted to senior executives under the Senior Executive Plan (SEP). The exercise price of the options of €3.45 was equal to the market price of the shares on the date of grant. The options vest if the Group's basic EPS increases by 10% within three years from the date of grant and the senior executive is still employed on such date. If this increase is not met, the options lapse. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is five years. There is no cash settlement of the options. The fair value of options granted during the six months ended 30 June 2017 was estimated on the date of grant using the following assumptions:

IAS 34.16A(c)

Dividend yield (%)	3.55
Expected volatility (%)	15.50
Risk-free interest rate (%)	5.15
Expected life of share options (years)	3.75
Weighted average share price (€)	3.45

The weighted average fair value of the options granted during the six month period was €1.35 (year ended 31 December 2016: €1.32).

For the six months ended 30 June 2017, the Group has recognised €203,000 of share-based payment expense in the statement of profit or loss (30 June 2016: €150,000).

Commentary

In accordance with IAS 34.16A(c), the Group has disclosed the number of share options granted to senior executives in the period to 30 June 2017 together with the terms of the options, as this is considered to be a significant event impacting the results for the period and gives an understanding of the impact for future periods.

15. Commitments and contingencies

Legal claims contingency

In March 2017, an overseas customer commenced a legal action against the Group in respect of equipment sold that is claimed to be defective. Should the action against the Group be successful, the estimated loss is €850,000. A trial date has been scheduled for 4 September 2017. The Group has been advised by its legal advisers that it is possible, but not probable, that the customer will succeed. Accordingly, no provision for any liability has been made in these financial statements. *IAS 34.15B(m)*

Capital commitments

At 30 June 2017, the Group had capital commitments of €1,610,000 (31 December 2016: €2,310,000) principally relating to the completion of the operating facilities of Sprinklers Inc. and capital commitments of €300,000 (31 December 2016: €310,000) in relation to the trade purchase commitments by the joint venture in which the Group holds an interest. *IAS 34.15B(e)*

16. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2017 and 2016, as well as balances with related parties as at 30 June 2017 and 31 December 2016: *IAS 34.15B(j)*

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		€000	€000	€000	€000
Entity with significant influence over the Group:					
International Fires P.L.C.	2017	3,382	–	412	–
	2016	3,620	–	320	–
Associate:					
Power Works Limited	2017	1,380	–	865	–
	2016	1,458	–	980	–
Joint venture in which the parent is a venturer:					
Showers Limited	2017	–	327	–	75
	2016	–	285	–	20
Key management personnel of the Group:					
Other directors' interests	2017	132	270	6	18
	2016	–	220	15	7

For loans to directors, see Note 11. The following table provides the interest received during the six months ended 30 June 2017 and 2016, as well as the loans outstanding from related parties as at 30 June 2017 and 31 December 2016:

Loans to related parties		Interest received	Amounts owed by related parties
Associate:		€000	€000
Power Works Limited	2017	27	431
	2016	10	200
Key management personnel of the Group			
Directors' loans	2017	1	6
	2016	1	13

17. Distributions made and proposed

IAS 34.16A(h)
IAS 34.16A(f)

	For the six months ended 30 June	
Cash dividends to the equity holders of the parent:	**2017**	**2016**
	€000	**€000**
Dividends on ordinary shares declared and paid:		
Final dividend for 2016: 5.01 cents per share (2015: 5.66 cents per share)	1,087	1,082
Proposed dividends on ordinary shares:		
First dividend for 2017: 4 cents per share (2016: 4.66 cents per share)	1,004	890

The proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 30 June 2017. The 2017 proposed dividend was approved on 1 August 2017.

Non-cash distribution to the equity holders of the parent:

On 14 November 2016, the shareholders of the Company approved the plan to distribute the shares of Hose Limited. On 28 February 2017, the Group completed the distribution of the shares of Hose Limited (refer to Note 5).

IFRIC 17.16

	2017	**2016**
	€000	**€000**
Non-cash distribution liability:		
As at 1 January	**410**	–
Fair value adjustment as at 28 February 2017	841	–
Net assets distributed during the period*	(1,251)	–
As at 30 June	–	–

*Fair value of the assets at the date of distribution.

	For the six months ended 30 June	
Changes in retained earnings:	**2017**	**2016**
	€000	**€000**
Cash dividend	1,087	1,082
Fair value adjustment for non-cash distribution	841	–
Total	**1,928**	**1,082**

One of the Group's subsidiaries, Extinguishers Limited, issued cash dividends during the six months ended 30 June 2017 and 2016. The amount paid/received within the Group was eliminated on consolidation and the amounts paid to non-controlling interests were €12,000 and €20,000, respectively.

Commentary

The fair value movement in the non-cash dividends, €841,000, is due to the re-measurement of the assets and liabilities of the discontinued operation, discussed in Note 5.

IFRIC 17.14-15 requires that when the dividend payable is settled, any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

18. Events after the reporting period

IAS 34.16A(h)

On 15 July 2017, a customer commenced an action against the Group in respect of inventory that it claims to be defective. The estimated payout is €537,000 should the action be successful. However, a trial date has not yet been set. The Group has been advised by its legal counsel that at the date of authorisation of these interim financial statements, it is not practicable to determine the likelihood of the outcome of the action or state the timing of the payment, if any.

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A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting, to key business decisions you make. We have developed extensive global resources — people and knowledge — to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide.

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