



Alerte de votre conseiller – États financiers consolidés intermédiaires types 2018

Juin 2018

Vue d'ensemble

L'équipe des IFRS de Grant Thornton International a publié la version 2018 des états financiers consolidés intermédiaires types (*IFRS Example Interim Consolidated Financial Statements*), disponible en anglais seulement, qui a fait l'objet d'une révision et d'une mise à jour visant à illustrer les modifications apportées à IAS 34 *Information financière intermédiaire* (IAS 34) et aux autres IFRS, qui sont en vigueur pour les exercices clos le 31 décembre 2018. Ils reflètent, en particulier, l'adoption d'IFRS 9 *Instruments financiers* et d'IFRS 15 *Produits des activités ordinaires tirés de contrats conclus avec des clients*, qui sont en vigueur pour les exercices ouverts à compter du 1^{er} janvier 2018.

États financiers consolidés intermédiaires – Sommaire

Les états financiers consolidés intermédiaires types illustrent des états intermédiaires résumés pour un semestre comptable ouvert le 1^{er} janvier 2018. Les états financiers consolidés intermédiaires types sont basés sur les activités et sur les résultats de la société Illustrative Corporation et de ses filiales (le « groupe »). Le groupe est une société fictive de services-conseils, d'autres services et de vente au détail qui prépare ses états financiers en IFRS depuis plusieurs années et produit des rapports intermédiaires semestriels conformément à IAS 34 au 30 juin 2018.

Lorsqu'elles appliquent IAS 34, les entités ont le choix de préparer un jeu d'états financiers intermédiaires résumés ou un jeu complet d'états financiers en IFRS. Comme mentionné précédemment, la présente publication illustre un jeu d'états financiers intermédiaires résumés, préparé selon les exigences d'IAS 34.8. Dans les cas où les entités choisissent de présenter un jeu complet d'états financiers dans leur rapport financier intermédiaire, la forme et le contenu de ces états financiers devront respecter les exigences d'IAS 1 relatives à un jeu complet d'états financiers (IAS 34.9).

Il est important de se rappeler que l'objectif de la préparation d'états financiers intermédiaires types est d'illustrer l'une des méthodes possibles de présentation de l'information financière intermédiaire pour une entité concluant des transactions considérées comme typiques de divers secteurs non spécialisés. Les états financiers ci-joints sont présentés à titre illustratif uniquement et ne doivent pas être considérés comme étant exhaustifs.

Ressources

La publication *IFRS Example Interim Consolidated Financial Statements 2018* est jointe à la présente publication *Alerte de votre conseiller*.

À propos de Raymond Chabot Grant Thornton

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Veillez noter que la présente publication n'a fait l'objet d'aucune modification par rapport à sa version originale (version anglaise uniquement).

IFRS Example Interim Consolidated Financial Statements 2018

with guidance notes



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Important Disclaimer:

This document has been developed as an information resource. It is intended as a guide only and the application of its contents to specific situations will depend on the particular circumstances involved. While every care is taken in its presentation, personnel who use this document to assist in evaluating compliance with International Financial Reporting Standards should have sufficient training and experience to do so. No person should act specifically on the basis of the material contained herein without considering and taking professional advice.

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Introduction

IFRS Example Interim Consolidated Financial Statements 2018

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) is challenging. Each year, new Standards and amendments are published by the International Accounting Standards Board (IASB) with the potential to significantly impact the presentation of a complete set of financial statements.

The member firms of Grant Thornton International Ltd ('GTIL') have extensive expertise in the application of IFRS. GTIL, through its IFRS Team, develops general guidance that supports its member firms' commitment to high quality, consistent application of IFRS and is therefore pleased to share these insights by publishing 'IFRS Example Interim Consolidated Financial Statements 2018' ('Interim Financial Statements').

The Interim Financial Statements illustrate a six month accounting period beginning on 1 January 2018. They are based on the activities and results of Illustrative Corporation Ltd and its subsidiaries ('the Group') – a fictional consulting, service and retail entity that has been preparing IFRS financial statements for several years. The Group produces half-yearly interim financial reports in accordance with IAS 34 'Interim Financial Reporting' at 30 June 2018.

The Interim Financial Statements have been reviewed and updated to reflect changes in IAS 34 and in other IFRS that are effective for the year ending **31 December 2018**.

About us

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 50,000 Grant Thornton people, across over 135 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

Condensed set of Interim Financial Statements

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

Local reporting requirements

The requirements for interim reports vary significantly between jurisdictions. Entities that apply IAS 34 may also be subject to requirements imposed by law or by a stock exchange. Such local requirements usually impose interim reporting deadlines and may require disclosure of specified information. This may be presented either in the financial statements or in an accompanying narrative report, eg financial and other highlights, chairman's statement, operating and financial review and specific qualitative and quantitative disclosures (collectively referred to as 'management commentary').

The IASB's Practice Statement 'Management Commentary – A framework for presentation' provides a broad framework of principles, qualitative characteristics and recommended contents for high quality management commentary. Although the Practice Statement is not mandatory, it may be used by regulators and others to benchmark the quality of the information presented and so its guidance should be considered.

Management commentary and other regulatory requirements are not included in these Interim Financial Statements.

Using this publication

The form and content of Interim Financial Statements will of course depend on the activities and transactions of the reporting entity in concern. The objective in preparing these Interim Financial Statements is to illustrate one possible approach to interim reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and therefore cannot be regarded as comprehensive. For example, IAS 34 requires that the Interim Financial Statements should explain significant events and transactions that have occurred in the interim period. The required disclosures will therefore depend on these specific circumstances and entities will need to exercise judgement in deciding how to meet the requirements of IAS 34.15. The Interim Financial Statements should be amended, amplified or abbreviated according to the importance of the area to the financial statements as a whole. Also, these Interim Financial Statements should not be used as a disclosure checklist to meet the requirements of IAS 34. Facts and circumstances will vary between entities and each entity should assess individually which information to disclose in their Interim Financial Statements.

Grant Thornton International Ltd

June 2018

'These Interim Financial Statements should not be used as a disclosure checklist to meet the requirements of IAS 34. Facts and circumstances will vary between entities and each entity should assess individually which information to disclose in their Interim Financial Statements.'

IFRS Example Interim Consolidated Financial Statements

Illustrative Corporation Group
30 June 2018



Consolidated statement of financial position

Paragraph 8 of IAS 34 requires that condensed Interim Financial Statements contain at a minimum:

- a condensed statement of financial position
- a condensed statement or condensed statements of profit or loss and other comprehensive income
- a condensed statement of changes in equity
- a condensed statement of cash flows
- selected explanatory notes.

According to IAS 34.20, the Interim Financial Statements (condensed or complete) shall include:

- a statement of financial position as at the end of the current interim period and a comparative statement of financial position as at the end of the immediately preceding financial year either:
 - two separate statements, being a statement of profit or loss and a statement of other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparatives for the comparable interim periods (ie comparable interim period and financial year to date) or
 - a single statement of profit or loss and other comprehensive income for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim periods (ie comparable interim period and financial year to date)

- a statement of changes in equity showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year and
- a statement of cash flows for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

Presentation of the interim statement of profit or loss and other comprehensive income either as a single statement or two separate statements should follow the presentation in the annual financial statements (IAS 34.8A). The Group presents a separate profit or loss statement and a separate statement of other comprehensive income in its other financial statements. In addition, the Group's profit or loss statement illustrates the 'nature of expense' format. Accordingly, these Interim Financial Statements follow the same approach.

The alternative methods of presenting a single statement of profit or loss and other comprehensive income and of presenting a profit or loss statement illustrating the 'function of expense format' are included as appendices to the 'IFRS Example Consolidated Financial Statements 2017'¹.

IAS 1 'Presentation of Financial Statements' requires an additional statement of financial position at the start of the preceding period in certain circumstances (IAS 1.40A). IAS 34 does not require, and therefore these Interim Financial Statements do not include, such a statement of financial position.

Entities wishing to follow best practice may include a statement/statements of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows for the immediately preceding financial year. These Interim Financial Statements reflect this practice, with three periods for each of these statements and associated notes.

	Interim period	Last year end	Comparative interim period
Statement of financial position	Yes	Yes	Good practice
Statement of profit or loss and other comprehensive income	Yes (current and year-to-date)	Good practice	Yes (current and year-to-date)
Statement of changes in equity	Yes (year-to-date)	Good practice	Yes (year-to-date)
Statement of cash flows	Yes (year-to-date)	Good practice	Yes (year-to-date)

¹ In December 2017, the Grant Thornton International Ltd IFRS Team published 'IFRS Example Consolidated Financial Statements 2017', providing an example of a full set of annual IFRS financial statements.

Consolidated statement of financial position

for the period ended 30 June 2018
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	30 Jun 2018	30 Jun 2017	31 Dec 2017
Assets				
Non-current				
IAS 1.60 IAS 1.66-67				
IAS 1.55	11	7,397	5,880	5,041
IAS 1.54(c)	12	25,950	19,973	17,424
IAS 1.54(a)	13	26,043	23,400	22,199
IAS 1.54(e)		925	777	860
IAS 1.54(b)		12,732	12,487	12,662
IAS 1.55	8	82	80	163
IAS 1.54(c)	21	3,796	3,525	3,765
		76,925	66,122	62,114
Current				
IAS 1.60 IAS 1.66				
IAS 1.54(g)		32,400	29,605	18,298
IAS 1.55	8	203	211	406
IAS 1.54(h)		28,746	22,572	33,059
IAS 1.54(d) IAS 1.55	21	598	554	582
IAS 1.54(d)	21	689	651	655
IAS 1.54(i)		42,539	9,797	34,729
		105,175	63,390	87,729
IFRS 5.38 IAS 1.54(j)	14	-	3,236	103
		105,175	66,626	87,832
IAS 1.55		182,100	132,748	149,946

Guidance note:

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

IAS 1.54 provides a list of the minimum items to be presented in the statement of financial position. Where relevant, references to IAS 1 and other IFRS requirements are included on the left-hand side of the statement of financial position. There may be situations where additional line items, headings and subtotals may also need to be included.

IAS 1.55 requires an entity to present additional items (including the disaggregation of the line items listed in IAS 1.54) in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

IAS 1.55A requires additional subtotals presented in accordance with IAS 1.55 to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS for the statement of financial position.

Consolidated statement of financial position

for the period ended 30 June 2018

(expressed in thousands of Euroland currency units, except per share amounts)

	Notes	30 Jun 2018	30 Jun 2017	31 Dec 2017	
Equity and liabilities					
Equity					
Equity attributable to owners of the parent:					
IAS 1.54(r)	Share capital	16	15,820	12,270	13,770
IAS 1.78(e)	Share premium		40,045	4,465	19,645
IAS 1.78(e)	Other components of equity	18	755	342	2,381
IAS 1.54(r)	Retained earnings		60,657	42,196	50,631
	Equity attributable to owners of the parent		117,277	59,273	86,427
IAS 1.54(q)	Non-controlling interest		780	648	713
IAS 1.55	Total equity		118,057	59,921	87,140
Liabilities					
Non-current					
IAS 1.60	Pension and other employee obligations		12,331	11,956	10,386
IAS 1.69					
IAS 1.54(m)	Borrowings	21	19,768	21,125	21,000
IAS 1.54(k)	Trade and other payables		5,142	4,806	4,060
IAS 1.54(o)	Deferred tax liabilities		1,359	880	1,903
IAS 1.56					
IAS 1.55	Other liabilities		1,854	2,057	2,020
	Non-current liabilities		40,454	40,824	39,369
Current					
IAS 1.60	Provisions	19	615	2,280	1,215
IAS 1.69					
IAS 1.55	Pension and other employee obligations		1,625	1,398	1,467
IAS 1.54(m)	Borrowings	21	3,986	4,655	4,815
IAS 1.54(k)	Trade and other payables		10,466	18,759	9,009
IAS 1.54(n)	Current tax liabilities		3,012	814	4,173
IAS 1.54(m)	Derivative financial instruments	21	598	554	-
IAS 1.55	Contract and other liabilities		3,287	3,160	2,758
			23,589	31,620	23,437
IFRS 5.38	Liabilities included in disposal group classified as held for sale	14	-	383	-
IAS 1.54(p)					
	Current liabilities		23,589	32,003	23,437
IAS 1.55	Total liabilities		64,043	72,827	62,806
IAS 1.55	Total equity and liabilities		182,100	132,748	149,946

Consolidated statement of profit or loss

for the period ended 30 June 2018

(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017	
IAS 1.82(a)	Revenue	8, 9	116,846	88,863	205,793
IAS 1.85	Other income		202	185	427
IAS 1.85	Changes in inventories		(5,066)	(3,248)	(7,923)
IAS 1.85	Costs of material		(21,872)	(16,808)	(42,535)
IAS 1.85	Employee benefits expense		(61,232)	(51,042)	(113,809)
IAS 1.85	Change in fair value of investment property		55	125	310
IAS 1.85	Depreciation, amortisation and impairment of non-financial assets		(3,904)	(3,143)	(7,932)
IAS 1.82(ba)	Impairment of financial assets		(319)	-	-
IAS 1.85	Other expenses		(4,560)	(5,798)	(12,732)
	Operating profit		20,150	9,134	21,810
IAS 1.82(c)	Share of profit from equity accounted investments		50	84	391
IAS 1.82(b)	Finance costs		(413)	(393)	(1,490)
IAS 1.85	Finance income		1,188	465	994
IAS 1.85	Other financial items		669	339	943
	Profit before tax		21,644	9,629	22,437
IAS 1.82(d)	Tax expense		(5,059)	(2,370)	(6,794)
	Profit for the period from continuing operations		16,585	7,259	15,643
IAS 1.82(ea)	Profit/(Loss) for the period from discontinued operations	14	96	8	(9)
IAS 1.81A(a)	Profit for the period		16,681	7,267	15,634
	Profit for the period attributable to:				
IAS 1.81B(a)(i)	Non-controlling interest		67	56	121
IAS 1.81B(a)(ii)	Owners of the parent		16,614	7,211	15,513
			16,681	7,262	15,634
	Earnings per share	15	CU	CU	CU
IAS 33.67A	Basic earnings (loss) per share				
IAS 33.66	- From continuing operations		0.94	0.45	1.24
IAS 33.68A	- From discontinued operations		0.01	-	-
IAS 33.66	Total		0.95	0.45	1.24
IAS 33.67A	Diluted earnings (loss) per share				
IAS 33.66	- From continuing operations		0.94	0.45	1.24
IAS 33.68A	- From discontinued operations		0.01	-	-
IAS 33.66	Total		0.95	0.45	1.24

Guidance note

IAS 34.10 requires interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Consistent with the Group's annual financial statements, a separate statement of profit or loss and a separate statement of other comprehensive income are presented in these Interim Financial Statements.

IAS 1.82(a)-(ea) provides a list of the minimum items to be presented in the profit or loss section (when an entity presents a single statement of comprehensive income) or in the statement of profit or loss (when an entity presents separate statements of profit or loss and of other comprehensive income, as in these Interim Financial Statements).

There may be situations where additional line items, headings and subtotals need to be included. IAS 1.85 requires an entity to present such additional items (including the disaggregation of the line items listed in IAS 1.82) in the statement of profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1.85A requires any additional subtotals presented to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS for the statement(s) presenting profit or loss and other comprehensive income.

IAS 1 allows an entity to use either the 'nature of expense' or the 'function of expense' format, whichever is reliable and more relevant (IAS 1.99). These Interim Financial Statements provide an example of the 'nature of expense' format.

IAS 34.11 requires the presentation of both basic and diluted earnings per share in the statement that presents the components of profit or loss when the entity is within the scope of IAS 33 'Earnings per Share'. Where an entity presents a separate statement of profit or loss and a separate statement of other comprehensive income, the basic and diluted earnings per share (EPS) figures should be presented in the statement of profit or loss (IAS 34.11A).

IAS 33 requires basic and diluted EPS disclosures in the annual financial statements for continuing operations and total operations, in the statement of profit and loss. EPS for discontinued operations are required to be shown either in the statement of profit or loss or in the notes (IAS 33.68).

IAS 34 does not specifically require disclosure of separate EPS figures for continuing and discontinued operations in the Interim Financial Statements. In our opinion, the minimum requirement is to disclose basic and diluted EPS for total operations. These Interim Financial Statements also include separate EPS figures for continuing and discontinued operations as a matter of good practice and for consistency with the annual financial statements. In our opinion, when such separate EPS figures are shown in the statement of profit or loss, EPS for total operations should also be shown in this statement.

Consolidated statement of other comprehensive income

for the period ended 30 June 2018
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
IAS 1.81A(a)	Profit for the period	16,585	7,267	15,634
	Other comprehensive income:			
IAS 1.82A(a)(i)	Items that will not be reclassified subsequently to profit or loss			
IAS 16.77(f)	Revaluation of land	-	-	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	(2,201)	1,485	3,830
IAS 1.90 IAS 1.91(b)	Income tax relating to items not reclassified	531	(575)	(1,240)
IAS 1.82A(a)(ii)	Items that will be reclassified subsequently to profit or loss			
	Cash flow hedging			
IFRS 7.23(c)	- current period gains (losses)	215	287	367
IAS 1.92 IFRS 7.23(d)	- reclassification to profit or loss	157	178	260
	Financial instruments at fair value through other comprehensive income			
IFRS 7.20(a)(ii)	- current period gains (losses)	35	(22)	113
IFRS 7.20(a)(ii) IAS 1.92	- reclassification to profit or loss	24	(32)	(50)
	Changes in liabilities at FVTPL due to 'own credit risk'	48	24	32
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	(414)	(664)
IAS 1.82A(b)	Share of other comprehensive income of equity accounted investments	15	26	5
IAS 1.92	- reclassification to profit or loss	-	-	(3)
IAS 1.90 IAS 1.91(b)	Income tax relating to items that will be reclassified	125	101	144
IAS 1.81A(b)	Other comprehensive income for the period, net of tax	(1,626)	1,058	3,097
IAS 1.81A(c)	Total comprehensive income for the period	14,959	8,325	18,731
	Total comprehensive income for the period attributable to:			
IAS 1.81B(b)(i)	Non-controlling interest	67	56	121
IAS 1.81B(b)(ii)	Owners of the parent	14,892	8,269	18,610
		14,959	8,325	18,731

Guidance note

When an entity presents a separate statement of comprehensive income, IAS 1.82A requires an entity to present line items of other comprehensive income in the period, classified by nature and grouped into those that, in accordance with other IFRS:

- a) will not be reclassified subsequently to profit or loss; and
- b) will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.82A further requires the presentation of line items for the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other IFRS:

- a) will not be reclassified subsequently to profit or loss; and
- b) will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.87 precludes an entity from presenting any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes.

According to IAS 1.90, an entity discloses the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes. In accordance with IAS 1.91(b), the Group, in its annual financial statements, presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income. The tax effects of each component of other comprehensive income are disclosed in the notes to the annual financial statements. When an entity selects alternative (b) of IAS 1.91, it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss and those that will not be reclassified subsequently to the profit or loss.

Consolidated statement of changes in equity

for the period ended 30 June 2018

(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
IAS 1.106(d)	Balance at 1 January 2018	13,770	19,645	2,381	50,631	86,427	713	87,140
	Adjustment from adoption of IFRS 9 and IFRS 15	-	-	-	(1)	(1)	-	(1)
	Adjusted balance at 1 January 2018	13,770	19,645	2,381	50,630	86,426	713	87,139
	Dividends	-	-	-	(6,855)	(6,855)	-	(6,855)
	Issue of share capital on exercise of employee share options	350	1,750	-	-	2,100	-	2,100
	Employee share-based compensation	-	-	-	268	268	-	268
	Issue of share capital	1,700	18,650	-	-	20,350	-	20,350
IAS 1.106(d)(iii)	Transactions with owners	2,050	20,400	-	(6,587)	15,863	-	15,863
IAS 1.106(d)(i)	Profit for the period	-	-	-	16,614	16,614	67	15,150
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	(1,626)	-	(1,626)	-	(1,626)
IAS 1.106(a)	Total comprehensive income for the period	-	-	(1,626)	16,614	14,988	67	15,055
	Balance at 30 June 2018	15,820	40,045	755	60,657	117,277	780	118,057
IAS 1.106(d)	Balance at 1 January 2017	12,000	3,050	(716)	37,820	52,514	592	52,746
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital on exercise of employee share options	270	1,415	-	-	1,685	-	1,685
	Employee share-based compensation	-	-	-	165	165	-	165
IAS 1.106(d)(iii)	Transactions with owners	270	1,415	-	(2,835)	(1,150)	-	(1,150)
IAS 1.106(d)(i)	Profit for the period	-	-	-	7,211	7,211	56	5,574
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	1,058	-	1,058	-	1,058
IAS 1.106(a)	Total comprehensive income for the period	-	-	1,058	7,211	7,006	56	7,062
	Balance at 30 June 2017	12,270	4,465	342	42,196	59,273	648	59,921

The initial application of IFRS 9 and IFRS 15 has led to an adjustment of retained earnings of CU319 and CU267 respectively.

Guidance note

IAS 34.10 requires the interim statement to include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements while IAS 1.106 provides a list of the required items to be presented in the statement of changes in equity.

Entities have a choice to present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements (IAS 1.106(d)(ii) and IAS 1.106A). This Publication presents the reconciliations for each component of other comprehensive income in the notes to the financial statements. This reduces duplicated disclosures and presents more clearly the overall changes in equity.

Consolidated statement of changes in equity

for the period ended 30 June 2018

(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
IAS 1.106(d)	Balance at 1 January 2017	12,000	3,050	(716)	37,820	52,154	592	52,746
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital on exercise of employee share options	270	1,415	-	-	1,685	-	1,685
	Employee share-based compensation	-	-	-	298	298	-	298
	Issue of share capital	1,500	15,180	-	-	16,680	-	16,680
IAS 1.106(d)(iii)	Transactions with owners	1,770	16,595	-	(2,702)	15,663	-	15,663
IAS 1.106(d)(i)	Profit for the period	-	-	-	15,513	15,513	121	15,634
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	-	-	3,097	-	3,097	-	3,097
IAS 1.106(a)	Total comprehensive income for the year	-	-	3,097	15,513	18,610	121	18,731
	Balance at 31 December 2017	13,770	19,645	2,381	50,631	86,427	713	87,140

The initial application of IFRS 9 and IFRS 15 has led to an adjustment of retained earnings of CU319 and CU267 respectively.

Consolidated statement of cash flows

for the period ended 30 June 2018
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
IAS 7.10	Operating activities			
		21,644	9,629	22,437
		3,584	3,291	7,937
		(995)	(616)	(1,186)
		(384)	12,003	(9,342)
		-	-	(33)
	6	(304)	-	-
IAS 7.35		(5,602)	(577)	(6,149)
		14,881	20,344	25,962
IFRS 5.33(c)		-	18	(22)
		14,881	20,362	25,940
IAS 7.10	Investing activities			
	13	(47)	(26)	(76)
		128	11	86
	12	(2,470)	(2,805)	(3,746)
		-	-	809
	6	(18,176)	(15,714)	(15,491)
IAS 7.39		-	-	3,117
		199	-	-
		105	135	228
		465	352	745
		48	40	69
IAS 7.31		-	-	(244)
		(19,748)	(18,007)	(14,503)
IAS 7.10	Financing activities			
		-	1,441	1,441
		(2,543)	(3,478)	(3,778)
		22,450	1,685	18,365
IAS 7.31		(473)	(400)	(1,015)
IAS 7.31	17	(6,855)	(3,000)	(3,000)
		12,579	(3,752)	12,013
IAS 7.45	Net change in cash and cash equivalents			
		7,712	(1,397)	23,450
		34,729	11,219	11,219
IAS 7.28		98	(25)	60
IAS 7.45	Cash and cash equivalents, end of period			
		42,539	9,797	34,729

Guidance note

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

Notes to the IFRS Example Interim Consolidated Financial Statements

Illustrative Corporation Group
For the period ended 30 June 2018
(expressed in thousands of Euroland currency units,
except per share amounts)

Guidance note

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

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

In addition, IAS 34.15 requires disclosure of events and transactions that are significant to an understanding of the changes in the financial position and performance of an entity since the end of the last annual reporting period. The guidance includes some examples of events and transactions which may require disclosure, if significant (IAS 34.15B).

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

The notes to the Interim Financial Statements follow the format of the disclosures in the Group's annual financial statements in so far as these disclosures are required by IAS 34.

1. Nature of operations

The principal activities of Illustrative Corporation Ltd and subsidiaries (the Group) include selling of telecommunications hardware and software, related after-sales service, consulting, and the construction of telecommunications systems. These activities are grouped into the following service lines:

- **retail** – focusing on the sale of the Group’s proprietary hardware and software products and related customisation and integration services
- **after-sales service** – providing fixed-price maintenance of extended warranty agreements to the Group’s retail customers
- **consulting and outsourcing** – advising companies on telecommunications systems strategies and IT security, and providing IT outsourcing services including payroll and accounts payable transaction processing
- **construction** – providing customers with complete telecommunications systems solutions from design to development and installation.

Guidance note: The notes to the Interim Financial Statements only include disclosures relevant to the fictitious entity Illustrative Corporation Ltd and subsidiaries. IFRS may require different or additional disclosures in other situations. Disclosures should always be tailored to reflect an entity’s specific facts and circumstances.

2. General information, basis of preparation and statement of compliance with IFRS

IAS 34.3
IAS 34.19

The Interim Financial Statements are for the six months ended 30 June 2018 and are presented in currency units (CU), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

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

The Interim Financial Statements have been approved for issue by the Board of Directors on 14 August 2018.

Guidance note: Other general information required in the local jurisdiction may be included here, for example, if the Interim Financial Statements are unaudited.

3. New Standards adopted as at 1 January 2018

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of IFRS 15 has mainly affected the following areas:

- IT services set-up costs
- loss contracts.

IT services set-up costs

In preparing to perform under an IT outsourcing contract the Group incurs initial set-up costs replicating client databases and establishing communication linkages with the customer's information systems. On average, these costs represent between 1% and 2% of the total labour and materials costs incurred.

As these costs arise from activities that the Group must undertake to fulfil a contract but do not themselves transfer a good or service to a customer, IFRS 15 does not consider them to be performance obligations. Accordingly, these costs are excluded from the measure of performance under the contract. Instead, such costs are evaluated for possible capitalisation using the specific criteria supplied in the Standard. If capitalised, the resulting asset is subsequently amortised on a straight-line basis over the estimated period of benefit which includes both the existing contract and any reasonably anticipated renewals based on the company's historical experience with similar arrangements. Under IAS 18, these costs had been included in the measure of performance under the contract.

This change of accounting for set-up costs had no impact on the total amount of services revenue recognised under each contract, although the date upon which services revenue is first recognised has been delayed by an average of 6 to 8 days. The total adjustment to the opening balance of retained earnings arising from the initial application of IFRS 15 to set-up costs is CU267.

Loss contracts

IFRS 15 does not include any guidance on how to account for loss contracts. Accordingly, such contracts are accounted for using the guidance in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Under IAS 37, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there are some instances where loss provisions recognised in the past have not been recognised under IFRS 15 because the contract as a whole is profitable. In addition, when two or more contracts entered into at or near the same time are required to be combined for accounting purposes, IFRS 15 requires the Group to perform the assessment of whether the contract is onerous at the level of the combined contracts. The Group also notes that the amount of loss accrued in respect of a loss contract under IAS 11 takes into account an appropriate allocation of construction overheads. This contrasts with IAS 37 where loss accruals may be lower as they are based on the identification of 'unavoidable costs'.

As at 1 January 2018, the Group has identified only two loss provisions totalling CU 225. These provisions have been remeasured under IAS 37 at CU185.

Contracts with multiple performance obligations

Many of the Group's contracts comprise a variety of performance obligations including, but not limited to, hardware, software, elements of design and customisation, after-sales services, and installation. Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (ie the Group does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group in any year.

Guidance note: IAS 34 requires entities to explain significant events and transactions that have occurred in the interim period. The information to be provided will therefore depend on entity-specific circumstances and not all entities may need to provide the detailed disclosures described by IFRS 15.C8 (shown here) in their interim financial statements. As these Example Interim Consolidated Financial Statements are provided for illustrative purposes only, we have included these disclosures. Other entities will need to exercise their judgement in deciding how to best meet the requirements of IAS 34. We also encourage publicly-listed entities to enquire with their local regulatory authority to ascertain whether jurisdiction-specific requirements might apply.

IFRS 9 'Financial Instruments'

IFRS 9.7.2.15

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9.7.2.22
IFRS 9.7.2.24

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The Group applies the new hedge accounting requirements prospectively and all hedges qualify for being regarded as continuing hedging relationships.

The adoption of IFRS 9 has impacted the following areas:

- the classification and measurement of the Group's financial assets. Management holds most financial assets to hold and collect the associated cash flows. The majority of investments previously classified as held-to-maturity (HTM) investments continue to be accounted for at amortised cost. However, a number of investments previously classified as available-for-sale (AFS) investments and some other financial assets are now measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest (SPPI)
- the impairment of financial assets applying the expected credit loss model. This affects the Group's trade receivables and investments in debt-type assets previously classified as HTM or AFS (unless classified as at fair value through profit or loss). For contract assets arising from IFRS 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component
- the measurement of equity investments at cost less impairment. All such investments are measured at fair value with changes in fair value presented in profit or loss. The Group did not elect to irrevocably designate the Group's investment in XY Ltd at the date of transition which the Group intends to hold beyond 1 January 2018 at fair value with changes presented in other comprehensive income

Notes to the interim consolidated financial statements

For the period ended 30 June 2018 (expressed in thousands of Euroland currency units, except per share amounts)

- the recognition of gains and losses arising from the Group's from own credit risk. The Group continues to elect the fair value option for certain financial liabilities which means that fair value movements from changes in the Group's own credit risk are presented in other comprehensive income rather than profit or loss.

The adoption of IFRS 9 led to a decrease in trade and other receivables of CU281, a decrease of non-current financial assets of CU38 and a decrease of retained earnings amounting to CU319.

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2018 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Guidance note: Other Standards and amendments that are effective for the first time in 2018 (for entities with a 31 December 2018 year-end) and could be applicable to the Group are:

- Annual Improvements to IFRS 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- Transfers of Investment Property (Amendments to IAS 40)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'.

These amendments do not have a significant impact on these Interim Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Interim Financial Statements they will impact some entities. Entities should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

4. Significant accounting policies

IAS 34.28
IAS 34.16A(a)

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2017, except for the effects of applying IFRS 15 and IFRS 9.

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

4.1 Revenue

IAS 1.117(b)

Guidance note: Revenue is one of the most important line items for most entities, and therefore a policy is almost always disclosed. Entities with multiple revenue streams should always remember to address each significant revenue stream separately.

IFRS 15.110	<p>Revenue arises mainly from the sale of telecommunications hardware and software, after-sales maintenance and extended warranty services, consulting and IT services, and contracts for the construction of telecommunication systems.</p> <p>To determine whether to recognise revenue, the Group follows a 5-step process:</p>
IFRS 15.9-12	1 Identifying the contract with a customer
IFRS 15.22	2 Identifying the performance obligations
IFRS 15.47	3 Determining the transaction price
IFRS 15.73	4 Allocating the transaction price to the performance obligations
IFRS 15.31	5 Recognising revenue when/as performance obligation(s) are satisfied.
IFRS 15.46	
IFRS 15.74	<p>The Group often enters into transactions involving a range of the Group's products and services, for example for the delivery of telecommunications hardware, software and related after-sales service. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.</p> <p>Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.</p>
IFRS 15.47	
IFRS 15.106	<p>The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.</p>
IFRS 15.107	
IFRS 15.108	
	<p>Hardware and software</p>
IFRS 15.31	<p>Revenue from the sale of hardware and software for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.</p>
IFRS 15.119(a)	
IFRS 15.35(c)	<p>For stand-alone sales of telecommunications hardware and/or software that are neither customised by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. When such items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognised over time as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion. As costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance, the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.</p> <p>For sales of software that are neither customised by the Group nor subject to significant integration services, the licence period commences upon delivery. For sales of software subject to significant customisation or integration services, the licence period begins upon commencement of the related services.</p>
IFRS 15.B40	
IFRS 15.74	
IFRS 15.119(e)	<p>The Group's retail division operates a customer loyalty incentive programme. For each CU100 spent, customers obtain one loyalty point which they can redeem to receive discounts on future purchases. Loyalty points are considered to be a separate performance obligation as they provide customers with a material right they would not have received otherwise. Unused points will expire if not used within two years. The Group allocates the transaction price between the material right and other performance obligations identified in a contract on a relative stand-alone selling price basis. Revenue from the material right is recognised on the earlier of the date the points are redeemed by the customer and the date on which they expire.</p>

Notes to the interim consolidated financial statements

For the period ended 30 June 2018 (expressed in thousands of Euroland currency units, except per share amounts)

The Group provides a basic 1-year product warranty on its telecommunications hardware whether sold on a stand-alone basis or as part of an integrated telecommunications system. Under the terms of this warranty customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under IAS 37.

After-Sales Services

IFRS 15.35(a)
IFRS 15.124(a)

The Group enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and three years in length. Customers are required to pay in advance for each twelve-month service period and the relevant payment due dates are specified in each contract.

IFRS 15.124(b)
IFRS 15.35(a)
IFRS 15.124(a)

- **Maintenance contracts** – The Group enters into agreements with its customers to perform regularly scheduled maintenance services on telecommunications hardware purchased from the Group. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract. This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified by management in advance as part of its published maintenance program, and (b) the Group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

IFRS 15.124(b)

- **Extended warranty program** – The Group enters into agreements with purchasers of its telecommunications hardware to perform necessary repairs falling outside the Group's standard warranty period. As this service involves an indeterminate number of acts, the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the term of the contract. This method best depicts the transfer of services to the customer as (a) the company's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

IFRS 15.B28
IFRS 15.B29

Guidance note: The Group provides both standard-type warranties accounted for under IAS 37 and extended-type warranties treated as separate performance obligations under IFRS 15. When determining the nature of warranty-related promises, an entity considers:

- whether the customer has the option to separately purchase the warranty
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Consulting and IT Services

IFRS 15.35(a)
IFRS 15.124(a)
IFRS 15.107

The Group provides consulting services relating to the design of telecommunications systems strategies and IT security. Revenue from these services is recognised on a time-and-materials basis as the services are provided. Customers are invoiced weekly as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due.

The Group also provides IT outsourcing services including payroll and accounts payable transaction processing to customers in exchange for a fixed monthly fee. Revenue is recognised on a straight-line basis over the term of each contract. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Construction of telecommunication systems

IFRS 15.35(b)
IFRS 15.74

The Group enters into contracts for the design, development and installation of telecommunication systems in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. When a contract also includes promises to perform after-sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of its relative stand-alone selling price.

IFRS 15.39
IFRS 15.41
IFRS 15.124(a)
IFRS 15.125(b)

To depict the progress by which the Group transfers control of the systems to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by comparing actual hours spent to date with the total estimated hours required to design, develop, and install each system. The hours-to-hours basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total number of hours required to perform, arising from its significant historical experience constructing similar systems.

IFRS 15.106
IFRS 15.63

In addition to the fixed fee, some contracts include bonus payments which the Group can earn by completing a project in advance of a targeted delivery date. At inception of each contract the Group begins by estimating the amount of the bonus to be received using the "most likely amount" approach. This amount is then included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the bonus is resolved. In making this assessment the Group considers its historical record of performance on similar contracts, whether the Group has access to the labour and materials resources needed to exceed the agreed-upon completion date, and the potential impact of other reasonably foreseen constraints.

IFRS 15.91
IFRS 15.94

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position under other liabilities.

The construction of telecommunication systems normally takes 10–12 months from commencement of design through to completion of installation. As the period of time between customer payment and performance will always be one year or less, the Group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

In obtaining these contracts, the Group incurs a number of incremental costs, such as commissions paid to sales staff. As the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15.94 and expenses them as they are incurred.

4.2 Financial Instruments**Recognition and derecognition**

IFRS 7.21
IFRS 9.3.1.1

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

IFRS 9.3.2.3
IFRS 9.3.3.1

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

IFRS 9.5.1.1
IFRS 9.5.1.3

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Notes to the interim consolidated financial statements

For the period ended 30 June 2018 (expressed in thousands of Euroland currency units, except per share amounts)

IFRS 9.5.2.1 Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

IFRS 9.4.1.1 The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

IFRS 7.20(a) All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

IFRS 9.4.1.2 Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

IFRS 9.4.1.4 Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

IFRS 9.4.1.4 This category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in XY Ltd at FVOCI. The equity investment in XY Ltd was measured at cost less any impairment charges under IAS 39, as it was deemed that its fair value could not be estimated reliably.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

IFRS 9.4.1.2A The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures, that were previously classified as 'available-for-sale' under IAS 39.

Impairment of financial assets

IFRS 9.5.1

IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Guidance note: Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Trade and other receivables and contract assetsIFRS 9.5.15
IFRS 9.B5.5.35

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Financial assets at fair value through other comprehensive incomeIFRS 9.5.7
IFRS 9.5.3

The Group recognises 12-month expected credit losses for financial assets at FVOCI. As most of these instruments have an outstanding credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument.

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IFRS 9B5.5.15
IFRS 9B5.5.16

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

IFRS 9B5.5.17

In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime ECL.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

IFRS 95.1.1
IFRS 94.2.2

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

IFRS 95.3.1
IFRS 94.2.1
IFRS 95.3.2

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

IFRS 94.2.2
IFRS 7B5(a)

The Group has designated some financial liabilities at FVTPL to reduce significant measurement inconsistencies between investment properties in the United States and related US-dollar bank loans with fixed interest rates. These investment properties are measured using the fair value model, with changes in the fair value recognised in profit or loss. The fair value of loans used to finance these assets correlates significantly with the valuation of the investment properties held by the Group, because both measures are highly reactive to the market interest rate for 30-year government bonds. The loans are managed and evaluated on a fair value basis through a quarterly management review in comparison with the investment property valuations. Therefore, the Group designates such fixed interest rate loans as at FVTPL if they are secured by specific investment property assets that are held by the Group. This accounting policy reduces significantly what would otherwise be an accounting mismatch.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

IFRS 9.7.2.22	<p>The Group applies the new hedge accounting requirements in IFRS 9 prospectively. All hedging relationships that were hedging relationships under IAS 39 at the 31 December 2017 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2018 and are therefore regarded as continuing hedging relationships.</p>
IFRS 9.6.4.1	<p>Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:</p> <ul style="list-style-type: none">• there is an economic relationship between the hedged item and the hedging instrument• the effect of credit risk does not dominate the value changes that result from that economic relationship• the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.
IFRS 7.21A	<p>For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency.</p> <p>All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.</p>
IFRS 9.6.5.11	<p>To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.</p>
IFRS 9.6.5.11(d)	<p>At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.</p>
IFRS 9.6.5.12	<p>If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.</p>

5. Estimates

IAS 34.41
IAS 34.16A(d)

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

IAS 34.28
IAS 34.B12

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2017. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period and the newly applied IFRS 9 and IFRS 15.

Recognition of service and construction contract revenues

As revenue from after-sales maintenance agreements and construction contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. For after-sales maintenance agreements this requires an estimate of the quantity of the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue for construction contracts also requires significant judgment in determining the estimated number of hours required to complete the promised work when applying an hours-to-hours method.

Measurement of expected credit losses

Credit losses are the difference between all contractual cash flows the Group is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Group's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

6. Significant events and transactions

IAS 34.15
IAS 34.15C

Management believes that the Group is well positioned to cope with a downturn in the economy. Factors contributing to the Group's strong position are:

- no significant decline in order intake was experienced on larger projects. Further, the Group has several long-term contracts with a number of its customers
- the Group does not expect to need additional borrowing facilities in the next 12 months as a result of its significant financial resources, existing facilities and strong liquidity reserves. The Group has significant headroom to comply with its debt covenants
- the Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2018 is considered to be good.

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

7. Investments accounted for using the equity method

IAS 34.16A(i)
IFRS 3.B64(a)-(d)

On 5 April 2018, the Group acquired 100% of the issued share capital and voting rights of Sysmagic Limited (Sysmagic), a company based in the United Kingdom that operates within the service segment. The objective of the acquisition is to further increase the Group's market share in providing customised IT and telecommunication systems services.

The details of the business combination are as follows:

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

Consideration transferred

IFRS 3.B64(m) Acquisition-related costs amounting to CU 304,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

Identifiable net assets

IFRS 3.B67(a) The fair values of the identifiable intangible assets have been determined provisionally at 30 June 2018, because the acquisition was completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation.

IFRS 3.B64(h)(i-iii) The fair value of the trade and other receivables acquired as part of the business combination amounted to CU 4,449,000 with a gross contractual amount of CU 4,569,000. As of the acquisition date, the Group's best estimate of the contractual cash flows not expected to be collected amounted to CU 120,000.

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Goodwill

IFRS 3.B64(e)
IAS 36.133
IFRS 3.B64(k)

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Sysmagic which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to cash-generating units at 30 June 2018 and is attributable to the service segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

Sysmagic's contribution to the Group results

IFRS 3.B64(q)(i-ii)

From the date of the acquisition to 30 June 2018, Sysmagic contributed CU 12,232,000 and CU 1,954,000 to the Group's revenues and profits, respectively. Had the acquisition occurred on 1 January 2018, the Group's revenue for the period to 30 June 2018 would have been CU 128,386,000 and the Group's profit for the period would have been CU 15,726,000.

8. Revenue

IFRS 15.116

For the first six months of 2018, revenue includes CU 1,359 (six months 2017: CU 1,267) from the contract liability balance at the beginning of the period, and CU 67 (six months 2017: CU 63) from performance obligations satisfied (or partially satisfied) in previous periods due to changes in transaction price.

Guidance note: IAS 34 requires entities to explain the significant events and transactions that have occurred in the interim period. The information to be provided will therefore depend on entity-specific circumstances and not all entities may need to provide the detailed disclosures described by IFRS 15 (shown here) in their interim financial statements. As these Example Interim Consolidated Financial Statements are provided for illustrative purposes only, we have included these disclosures. Other entities will need to exercise their judgement in deciding how to best meet the requirements of IAS 34.

As the Group does not enter into contracts with its customers where, once performance has occurred, the Group's right to consideration is dependent on anything other than the passage of time, the Group does not presently have any contract assets.

For purposes of these Interim Financial Statements, it is assumed that changes to the Group's contract liabilities (ie deferred revenue) are attributable solely to the satisfaction of performance obligations. For other entities, where contract liability balances are affected by other significant factors, IFRS 15.118 requires these changes to be explained. For example, changes due to business combinations or a change in the time frame required for a performance obligation to be satisfied.

The Group's revenue disaggregated by primary geographical markets is as follows:

IFRS 15.115	Six months to 30 June 2018				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	46,324	17,256	29,439	2,286	95,305
United Kingdom	4,911	1,907	3,605	184	10,607
USA	4,527	1,814	3,172	130	9,643
Other countries	454	458	360	19	1,291
Total	56,216	21,435	36,576	2,619	116,846

IFRS 15.115	Six months to 30 June 2017				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	37,721	6,433	23,195	1,263	68,612
United Kingdom	5,065	692	3,884	388	10,029
USA	4,519	618	2,896	369	8,402
Other countries	538	89	1,154	39	1,820
Total	47,843	7,832	31,129	2,059	88,863

IFRS 15.115	Year to 31 December 2017				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	88,648	14,512	57,678	4,009	164,847
United Kingdom	11,081	1,814	7,210	368	20,473
USA	9,973	1,633	6,489	331	18,426
Other countries	1,108	181	721	37	2,047
Total	110,810	18,140	72,098	4,745	205,793

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

IFRS 15.115	Six months to 30 June 2018				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	13,003	3,960	7,931	516	25,410
Services transferred over time	43,213	17,475	28,645	2,103	91,436
Total	56,216	21,435	36,576	2,619	116,846

IFRS 15.115	Six months to 30 June 2017				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	11,236	1,062	6,524	594	19,416
Services transferred over time	36,607	6,770	24,605	1,465	69,477
Total	47,843	7,832	31,129	2,059	88,863

IFRS 15.115	Year to 31 December 2017				
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	25,610	4,023	15,806	1,024	46,463
Services transferred over time	85,200	14,117	56,292	3,721	159,330
Total	110,810	18,140	72,098	4,745	205,793

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IFRS 15.120 The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2018:

	2018	2019	Total
Revenue expected to be recognised	765	878	1,643

Prepayments and other assets contain both deferred IT set-up costs and prepayment. IT set-up costs comprise between 1% and 2% of the total labour and materials costs incurred.

	30 Jun 2018	30 Jun 2017	31 Dec 2017
Current			
Deferred customer set-up costs	54	53	109
Prepayments	149	158	297
Other current assets	203	211	406
Non-current			
Deferred customer set-up costs	82	80	163
Total	285	291	569

9. Segment reporting

IAS 34.16A(g) The Group has three operating segments: consulting, service and retail. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment reporting results.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

In addition, two minor operating segments are combined below under other segments. The main sources of revenue for this segment is the sale and disposal of used IT equipment that the Group collects from its customers.

IAS 34.16A(g)(v) During the six month period to 30 June 2018, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

IAS 34.16A(g)(i-iv) The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

	Six months to 30 June 2018					
	Consulting	Service	Retail	Other	Total	
Revenue						
IFRS 8.23(a)	From external customers	56,216	21,435	36,576	2,619	116,846
	Discontinued operations	-	-	-	-	-
IFRS 8.23(b)	From other segments	346	-	-	-	346
	Segment revenues	56,562	21,435	36,576	2,619	117,192
IFRS 8.23	Segment operating profit	16,978	2,827	2,175	112	22,092
IFRS 8.23	Segment assets	73,720	28,109	47,965	3,033	152,827
IFRS 8.23	Segment liabilities	27,518	10,493	17,904	1,132	57,047

		Six months to 30 June 2017				
		Consulting	Service	Retail	Other	Total
Revenue						
IFRS 8.23(a)	From external customers	47,843	7,832	31,129	2,059	88,863
	Discontinued operations	-	-	7,352	-	7,352
IFRS 8.23(b)	From other segments	145	-	-	-	145
	Segment revenues	47,988	7,832	38,481	2,059	96,360
IFRS 8.23	Segment operating profit	10,176	(280)	1,337	(24)	11,209
IFRS 8.23	Segment assets	60,076	9,835	39,088	2,211	111,210
IFRS 8.23	Segment liabilities	34,329	5,620	22,336	1,264	63,549

		Year to 31 December 2017				
		Consulting	Service	Retail	Other	Total
Revenue						
IFRS 8.23(a)	From external customers	110,810	18,140	72,098	4,745	205,793
	Discontinued operations	-	-	9,803	-	9,803
IFRS 8.23(b)	From other segments	231	-	-	-	231
	Segment revenues	111,041	18,140	81,901	4,745	215,827
IFRS 8.23	Segment operating profit	20,152	1,250	6,835	100	28,337
IFRS 8.23	Segment assets	68,103	11,149	44,311	2,507	126,070
IFRS 8.23	Segment liabilities	34,329	5,620	22,336	1,264	63,549

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

		6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
IAS 1.51(c)	Profit or loss			
IAS 1.51(d-e)	Total reportable segment operating profit	21,980	11,233	28,237
IFRS 8.28(b)	Other segment profit	112	(24)	100
	Rental income from investment property	550	498	1,066
	Change in fair value of investment property	55	125	310
	Share-based payment expenses	(268)	(165)	(298)
	Post-employment benefit expenses	(3,150)	(2,850)	(6,099)
	Research and development costs	(986)	(1,250)	(1,690)
	Other income not allocated	502	180	618
	Other expenses not allocated	(97)	(165)	(303)
	Operating profit of discontinued operations	-	(54)	(73)
	Elimination of intersegment profits	(80)	(87)	(58)
	Group operating profit	18,618	7,441	21,810
	Share of profits from equity accounted investments	50	84	135
	Finance costs	(413)	(393)	(1,490)
	Finance income	1,188	465	994
	Other financial items	669	339	943
	Group profit before tax	20,112	7,936	22,392

10. Seasonal fluctuations

IAS 34.16A(b)

The demand for maintenance and installation of IT and telecommunication systems and equipment (part of the consulting and service segments) is subject to seasonal fluctuations. Historically, peak demand is in the second half of each year. Revenues for maintenance and installation for the six months ended 30 June 2018 represented 66% (six months period to 30 June 2017: 43%) of the annual level of these revenues for the year ended 31 December 2017.

The percentage of the first six months revenues in 2018 is higher than 2017 due to the effect of an additional three months revenues contributed by a new subsidiary acquired in 2018 (see Note 6). Excluding these items, the revenues for the six months ended 30 June 2018 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 31 December 2017.

11. Goodwill

Guidance note: In addition to the requirement of IAS 34.16A(c) to disclose the nature and amount of items affecting assets that are unusual because of their nature, size or incidence, this disclosure is also part of the required disclosure under IFRS 3 'Business Combinations' for the business combination that occurred in the current interim period.

IAS 34.16A(c)

The following table shows the movements in goodwill:

		6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
	Gross carrying amount			
IFRS 3.B67(d)(i)	Balance at beginning of period	6,030	3,727	3,727
IFRS 3.B67(d)(ii)	Acquired through business combination	2,502	2,438	2,438
IFRS 3.B67(d)(vi)	Net exchange difference	(146)	(95)	(135)
IFRS 3.B67(d)(viii)	Balance at end of the period	8,386	6,070	6,030
	Accumulated impairment			
IFRS 3.B67(d)(i)	Balance at beginning of period	(989)	(190)	(190)
IFRS 3.B67(d)(v)	Impairment loss recognised	-	-	(799)
IFRS 3.B67(d)(vi)	New exchange difference	-	-	-
IFRS 3.B67(d)(viii)	Balance at end of the period	(989)	(190)	(989)
	Carrying amount at end of the period	7,397	5,880	5,041

12. Other intangible assets

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

IAS 34.15

The following tables show the movements in intangible assets:

	Acquired software licenses	Internally developed software	Brand names	Customer lists	Total	
IAS 38.118	Gross carrying amount					
IAS 38.118(c)	Balance at 1 January 2018	16,469	18,046	975	1,761	37,251
IAS 38.118(e)(i)	Addition, separately acquired	320	-	-	-	320
IAS 38.118(e)(i)	Addition, internally developed	-	2,150	-	-	2,150
IAS 38.118(e)(i)	Acquisition through business combination	5,850	-	1,250	1,485	8,585
IAS 38.118(e)(ii)	Disposals	-	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(75)	(65)	-	-	(140)
IAS 38.118(c)	Balance at 30 June 2018	22,564	20,131	2,225	3,246	48,166
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2018	(7,739)	(11,602)	(287)	(199)	(19,827)
IAS 38.118(e)(vi)	Amortisation	(1,283)	(764)	(115)	(129)	(2,291)
IAS 38.118(e)(iv)	Impairment losses	-	-	-	-	-
IAS 38.118(e)(ii)	Disposals	-	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(52)	(46)	-	-	(98)
IAS 38.118(c)	Balance at 30 June 2018	(9,074)	(12,412)	(402)	(328)	(22,216)
	Carrying amount 30 June 2018	13,490	7,719	1,823	2,918	25,950
	Gross carrying amount					
IAS 38.118	Balance at 1 January 2017	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Addition, separately acquired	120	-	-	-	120
IAS 38.118(e)(i)	Addition, internally developed	-	2,685	-	-	2,685
IAS 38.118(e)(i)	Acquisition through business combination	3,653	-	215	1,387	5,255
IAS 38.118(e)(ii)	Disposals	-	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(51)	(38)	-	-	(89)
IAS 38.118(c)	Balance at 30 June 2017	17,330	17,441	975	1,761	37,507
	Amortisation and impairment					
IAS 38.118(c)	Balance at 1 January 2017	(6,063)	(9,381)	(162)	(89)	(15,695)
IAS 38.118(e)(vi)	Amortisation	(1,017)	(645)	(63)	(55)	(1,780)
IAS 38.118(e)(iv)	Impairment losses	-	-	-	-	-
IAS 38.118(e)(ii)	Disposals	-	-	-	-	-
IAS 38.118(e)(vii)	Net exchange differences	(34)	(25)	-	-	(59)
IAS 38.118(c)	Balance at 30 June 2017	(7,114)	(10,051)	(225)	(144)	(17,534)
	Carrying amount 30 June 2017	10,216	7,390	750	1,617	19,973

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	Acquired software licenses	Internally developed software	Brand names	Customer lists	Total
IAS 38.118	Gross carrying amount				
IAS 38.118(c)	Balance at 1 January 2017				
IAS 38.118(e)(i)	13,608	14,794	760	374	29,536
IAS 38.118(e)(i)	Addition, separately acquired				
IAS 38.118(e)(i)	440	-	-	-	440
IAS 38.118(e)(i)	Addition, internally developed				
IAS 38.118(e)(i)	-	3,306	-	-	3,306
IAS 38.118(e)(i)	Acquisition through business combination				
IAS 38.118(e)(ii)	3,653	-	215	1,387	5,255
IAS 38.118(e)(ii)	Disposals				
IAS 38.118(e)(vii)	(1,159)	-	-	-	(1,159)
IAS 38.118(c)	Net exchange differences				
IAS 38.118(c)	(73)	(54)	-	-	(127)
IAS 38.118(c)	16,469	18,046	975	1,761	37,251
	Balance at 31 December 2017				
	16,469	18,046	975	1,761	37,251
	Amortisation and impairment				
IAS 38.118(c)	Balance at 1 January 2017				
IAS 38.118(e)(vi)	(6,063)	(9,381)	(162)	(89)	(15,695)
IAS 38.118(e)(iv)	Amortisation				
IAS 38.118(e)(ii)	(1,978)	(1,315)	(125)	(110)	(3,528)
IAS 38.118(e)(vii)	Impairment losses				
IAS 38.118(c)	-	(870)	-	-	(870)
IAS 38.118(e)(ii)	Disposals				
IAS 38.118(e)(vii)	350	-	-	-	350
IAS 38.118(c)	Net exchange differences				
IAS 38.118(c)	(48)	(36)	-	-	(84)
IAS 38.118(c)	(7,739)	(11,602)	(287)	(199)	(19,827)
IAS 38.118(c)	(7,739)	(11,602)	(287)	(199)	(19,827)
	8,730	6,444	688	1,562	17,424
	Carrying amount 31 December 2017				
	8,730	6,444	688	1,562	17,424

13. Property, plant and equipment

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

IAS 34.15B(d) The following tables show the movements in property, plant and equipment:

	Land	Buildings	IT equipment	Other equipment	Total
IAS 16.78(a)	Gross carrying amount				
IAS 16.73(d)	Balance at 1 January 2018				
IAS 16.73(e)(i)	8,709	20,177	7,806	2,630	39,322
IAS 16.73(e)(iii)	Additions				
IAS 16.73(e)(ii)	-	-	35	12	47
IAS 16.73(e)(iv)	Acquisition through business combination				
IAS 16.73(e)(viii)	-	2,435	2,527	856	5,818
IAS 16.73(d)	Disposals				
IAS 16.73(e)(vii)	-	-	-	(456)	(456)
IAS 16.73(e)(vi)	Revaluation increase				
IAS 16.73(e)(v)	-	-	-	-	-
IAS 16.73(e)(viii)	Net exchange differences				
IAS 16.73(d)	(15)	(65)	(62)	(46)	(188)
IAS 16.73(d)	8,694	22,547	10,306	2,996	44,543
IAS 16.73(d)	8,694	22,547	10,306	2,996	44,543
	Amortisation and impairment				
IAS 16.73(d)	Balance at 1 January 2018				
IAS 16.73(e)(ii)	-	(13,213)	(2,446)	(1,464)	(17,123)
IAS 16.73(e)(viii)	Disposals				
IAS 16.73(e)(vii)	-	-	-	385	385
IAS 16.73(e)(vi)	Net exchange differences				
IAS 16.73(e)(v)	-	(46)	(55)	(48)	(149)
IAS 16.73(d)	Depreciation				
IAS 16.73(d)	-	(710)	(602)	(301)	(1,613)
IAS 16.73(d)	-	(13,969)	(3,103)	(1,428)	(18,500)
IAS 16.73(d)	-	(13,969)	(3,103)	(1,428)	(18,500)
	8,694	8,578	7,203	1,568	26,043
	Carrying amount 30 June 2018				
	8,694	8,578	7,203	1,568	26,043

IAS 16.78(a)		Land	Buildings	IT equipment	Other equipment	Total
	Gross carrying amount					
IAS 16.73(d)	Balance at 1 January 2017	7,697	19,362	5,579	2,319	34,957
IAS 16.73(e)(i)	Additions	-	26	-	-	26
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	-	(156)	-	-	(156)
IAS 16.73(e)(iv)	Revaluation increase	-	-	-	-	-
IAS 16.73(e)(viii)	Net exchange differences	(15)	(57)	(55)	(38)	(165)
IAS 16.73(d)	Balance at 30 June 2017	8,412	20,396	7,830	2,646	39,284
	Amortisation and impairment					
IAS 16.73(d)	Balance at 1 January 2017	-	(12,159)	(1,503)	(898)	(14,560)
IAS 16.73(e)(ii)	Disposals	-	145	-	-	145
IAS 16.73(e)(viii)	Net exchange differences	-	(38)	(37)	(26)	(101)
IAS 16.73(e)(vii)	Depreciation	-	(661)	(446)	(261)	(1,368)
IAS 16.73(d)	Balance at 30 June 2017	-	(12,713)	(1,986)	(1,185)	(15,884)
	Carrying amount 30 June 2017	8,412	7,683	5,844	1,461	23,400
IAS 16.78(a)		Land	Buildings	IT equipment	Other equipment	Total
	Gross carrying amount					
IAS 16.73(d)	Balance at 1 January 2017	7,697	19,362	5,579	2,319	34,957
IAS 16.73(e)(i)	Additions	-	76	-	-	76
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	-	(401)	-	-	(401)
IAS 16.73(e)(iv)	Revaluation increase	303	-	-	-	303
IAS 16.73(e)(viii)	Net exchange differences	(21)	(81)	(79)	(54)	(235)
IAS 16.73(d)	Balance at 31 December 2017	8,709	20,177	7,806	2,630	39,322
	Amortisation and impairment					
IAS 16.73(d)	Balance at 1 January 2017	-	(12,159)	(1,503)	(898)	(14,560)
IAS 16.73(e)(ii)	Disposals	-	315	-	-	315
IAS 16.73(e)(viii)	Net exchange differences	-	(54)	(53)	(36)	(143)
IAS 16.73(e)(vii)	Depreciation	-	(1,315)	(890)	(530)	(2,735)
IAS 16.73(d)	Balance at 31 December 2017	-	(13,213)	(2,446)	(1,464)	(17,123)
	Carrying amount 31 December 2017	8,709	6,964	5,360	1,166	22,199

14. Disposal groups classified as held for sale and discontinued operations

IAS 34.16A(i) The amounts presented in the statement of profit or loss under discontinued operations relate to Highstreet Ltd. Most of its assets were sold on 30 September 2017. The remaining storage facility was sold in February 2018 and a gain of CU 96,000 is presented as discontinued operations for the period ended 30 June 2018.

15. Earnings per share

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

IAS 33.70(a) Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Illustrative Corporation) as the numerator, ie no adjustments to profits were necessary during the six month periods to 30 June 2018 and 30 June 2017 or the year ended 31 December 2017.

IAS 33.70(b) The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Amounts in thousand shares:	30 Jun 2018	30 Jun 2017	31 Dec 2017
Weighted average number of shares used in basic earnings per share	14,970	12,270	12,520
Shares deemed to be issued for no consideration in respect of share-based payments	14	16	17
Weighted average number of shares used in diluted earnings per share	14,984	12,286	12,537

16. Share capital

IAS 34.16A(e) During the six month period to 30 June 2018, 350,000 shares were issued to satisfy share options previously granted under the Group's employee share option scheme. During this period, the weighted average share price at the date of exercise was CU 11.97 (six month period to 30 June 2017: CU 10.50; December 2017: CU 11.19).

Illustrative Corporation also issued 1,700,000 shares on 1 April 2018 for cash, corresponding to 13.9% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of Illustrative Corporation.

	Amounts in thousand shares:	30 Jun 2018	30 Jun 2017	31 Dec 2017
IAS 1.79(a)(iv)	Shares issued and fully paid:			
IAS 1.79(a)(ii)	- Beginning of the period	13,770	12,000	12,000
	- Issued on exercise of employee share options	350	270	270
	- Share issue, private placement	1,700	-	1,500
	Shares issued and fully paid	15,820	12,270	13,770
	Shares authorised for share-based payments	600	600	600
IAS 1.79(a)(i)	Total shares authorised at the end of the period	16,420	12,870	14,370

17. Dividends

IAS 34.16A(f) During the six month period to 30 June 2018 Illustrative Corporation paid dividends of CU 6,855,000 to its equity shareholders (six month period to 30 June 2017: CU 3,000,000; December 2017: CU 3,000,000). This represents a payment of CU 0.50 per share (six month period to 30 June 2017: CU 0.25; December 2017: CU 0.25). No dividends were paid on new shares issued in 2017 pursuant to the Group's share-based payment scheme.

18. Other components of equity

Guidance note: This type of disclosure is not specifically required by IAS 34. However, in these Interim Financial Statements, this information is considered necessary due to the change in the presentation of the reconciliations of each item of comprehensive income.

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

	Translation reserve	Revaluation reserve	Financial assets at FVOCI	Cash-flow hedges	Net defined benefit plan	Total	
	Balance at 1 January 2018	(847)	901	39	469	1,819	2,381
IAS 19.120(c)	Remeasurement of net defined benefit liability	-	-	-	-	(2,201)	(2,201)
	Cash flow hedges						
IFRS 7.23(c)	- current period gains	-	-	-	215	-	215
IFRS 7.23(d) IAS 1.92	- reclassification to profit or loss	-	-	-	157	-	157
	Financial assets at FVOCI						
IFRS 7.20(a)(ii)	- current period gains	-	-	35	-	-	35
IFRS 7.20(a)(ii) IAS 1.92	- reclassification to profit or loss	-	-	24	-	-	24
IAS 21.52(b)	Exchange differences on translating foreign operations	(575)	-	-	-	-	(575)
	Equity accounted investments	-	-	-	15	-	15
IAS 12.81(ab) IAS 1.90	Tax benefit	173	-	-	-	531	704
	Other comprehensive income for the period (all attributable to the parent)	(402)	-	59	387	(1,670)	(1,626)
	Balance at 30 June 2018	(1,249)	901	98	856	149	755

19. Provisions

IAS 34.15B(c)

A restructuring provision was recognised by the Group in its annual financial statements as at 31 December 2017 in relation to the 'Phoenix Programme', amounting to CU 1,215,000. The estimate of the restructuring provision was reduced by CU 600,000 at 30 June 2018 due to a positive outcome of claims brought against the Group by former employees. The Group's management still expects to settle the remaining termination remuneration in 2018, predominantly through out of court settlements.

20. Contingent liabilities

IAS 34.15B(m)

During the prior year, various warranty and legal claims were brought against the Group. At 31 December 2017, management considered these claims to be unjustified and no provision had been recognised. During the current period, the counterparties withdrew their claims against the Group.

21. Financial assets and financial liabilities

Note 4.2 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2018	Amortised cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Financial assets					
Bonds	2,851	-	-	-	2,851
Other investments	-	433	512	-	945
Other long-term financial assets	2,851	433	512	-	3,796
Other short-term financial assets	-	689	-	-	689
Derivative financial instruments	-	115	-	483	598
Trade and other receivables	26,210	-	-	-	26,210
Cash and cash equivalents	42,545	-	-	-	42,545
Total assets	71,606	1,237	512	783	73,838

30 June 2018	Derivatives (FV) used for hedging	Designated at FVTPL	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities					
Non-current borrowings	-	6,468	-	13,300	19,768
Current borrowings	-	250	-	3,736	3,986
Trade and other payables	-	-	-	15,608	15,608
Contingent consideration	-	-	630	-	630
Derivative financial instruments	598	-	-	-	598
Total liabilities	598	6,718	630	32,644	40,590

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30 June 2017	Amortised cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Financial assets					
Bonds	2,637	-	-	-	2,637
Other investments	-	433	455	-	888
Other long-term financial assets	2,637	433	455	-	3,525
Other short-term financial assets	-	651	-	-	651
Derivative financial instruments	-	120	-	434	554
Trade and other receivables	19,870	-	-	-	19,870
Cash and cash equivalents	9,797	-	-	-	9,797
Total assets	32,304	1,204	455	434	34,397

30 June 2017	Derivatives (FV) used for hedging	Designated at FVTPL	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities					
Non-current borrowings	-	7,825	-	13,300	21,125
Current borrowings	-	255	-	4,400	4,655
Trade and other payables	-	-	-	23,565	23,565
Contingent consideration	-	-	605	-	605
Derivative financial instruments	554	-	-	-	554
Total liabilities	554	8,080	605	41,265	50,504

31 December 2017	Amortised cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Financial assets					
Bonds	2,814	-	-	-	2,814
Other investments	-	433	518	-	951
Other long-term financial assets	2,814	433	518	-	3,765
Other short-term financial assets	-	655	-	-	655
Derivative financial instruments	-	115	-	467	582
Trade and other receivables	30,945	-	-	-	30,945
Cash and cash equivalents	34,729	-	-	-	34,729
Total assets	68,488	1,203	518	467	70,676

31 December 2017	Derivatives (FV) used for hedging	Designated at FVTPL	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
Financial liabilities					
Non-current borrowings	-	7,700	-	13,300	21,000
Current borrowings	-	250	-	4,565	4,815
Trade and other payables	-	-	-	13,069	13,069
Contingent consideration	-	-	620	-	620
Total liabilities	-	7,950	620	30,934	39,504

22. Fair value measurement of financial instruments

Guidance note: IAS 34 requires that Interim Financial Statements include certain of the disclosures about fair value of financial instruments set out in IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures'. These disclosures include the classification of fair values within a three-level hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability.

IAS 34.16A(j)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018, 30 June 2017 and 31 December 2017.

	30 June 2018	Level 1	Level 2	Level 3	Total
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities and debentures	518	-	-	518
	Money market funds	689	-	-	689
	US-dollar forward contracts – cash flow hedge	-	483	-	483
	Other forward exchange contracts – held-for-trading	-	115	-	115
	Total assets	1,207	598	-	1,805
	Financial liabilities				
	US-dollar loans	-	(7,650)	-	(7,650)
	Contingent consideration	-	-	(630)	(630)
	Total liabilities	-	(7,650)	(630)	(8,280)
	Net fair value	1,207	(7,052)	(630)	(6,475)
	30 June 2017	Level 1	Level 2	Level 3	Total
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities and debentures	455	-	-	455
	Money market funds	651	-	-	651
	US-dollar forward contracts – cash flow hedge	-	434	-	434
	Other forward exchange contracts – held-for-trading	-	120	-	120
	Total assets	1,106	554	-	1,660
	Financial liabilities				
	US-dollar loans	-	(8,025)	-	(8,025)
	Contingent consideration	-	-	(605)	(605)
	Total liabilities	-	(8,025)	(605)	(8,630)
	Net fair value	1,106	(7,471)	(605)	(6,970)

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	31 December 2017	Level 1	Level 2	Level 3	Total
IFRS 13.93(a)-(b)	Financial assets				
IFRS 13.94	Listed securities and debentures	518	-	-	518
	Money market funds	655	-	-	655
	US-dollar forward contracts – cash flow hedge	-	467	-	467
	Other forward exchange contracts – held-for-trading	-	115	-	115
	Total assets	1,173	582	-	1,755
	Financial liabilities				
	US-dollar loans	-	(7,950)	-	(7,950)
	Contingent consideration	-	-	(620)	(620)
	Total liabilities	-	(7,950)	(620)	(8,570)
	Net fair value	1,173	(7,368)	(620)	(6,815)

IFRS 13.93(c) There were no transfers between Level 1 and Level 2 during the six month period to 30 June 2018 or the year to 31 December 2017.

Measurement of fair value

IFRS 13.93(d)
IFRS 13.93(g) The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every six months, in line with the Group's reporting dates. The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

US-dollar loans (Level 2)

The fair values of the US-dollar loans are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation at 30 June 2018, 30 June 2017 and 31 December 2017 is 3.9%, 4.2% and 3.9%, respectively.

Contingent consideration (Level 3)

IFRS 13.93(d)
IFRS 13.93(g) The fair value of the contingent consideration, related to the acquisition of a subsidiary in 2017, is estimated using a present value technique which discounts the management's estimate of the probability that the contract's target level will be achieved.

The probability-weighted cash outflows before discounting are CU 655,000 at 30 June 2018, 30 June 2017 and 31 December 2017. It reflects a management's estimate of a 50% probability that the contract's target level will be achieved.

The discount rate used at 30 June 2018, 30 June 2017 and 31 December 2017 is 4.4%, 4.6% and 4.4%, respectively. These discount rates are based on the Group's estimated incremental borrowing rate for unsecured liabilities at each reporting date, and therefore reflect the Group's credit position.

The significant input for the fair value estimate is the management's estimate of the probability that the contract's target level will be achieved. The following table provides information about the sensitivity of the fair value measurement to changes in that input:

Estimate of input	Change in input	Sensitivity of the fair value measurement to input		
		6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
50%	An increase to 60% increases fair value by	125	125	125
50%	A decrease to 40% decreases fair value by	125	125	125

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
IFRS 13.93(e)			
Balance, beginning of period	(620)	-	-
Issued in relation to business combination	-	(600)	(600)
IFRS 13.93(e)(iii) IFRS 13.93(e)(i) IFRS 13.93(f)			
Net loss recognised in profit or loss (within finance costs)	(10)	(5)	(20)
Balance at end of the period	(630)	(605)	(620)

IFRS 13.93(f) The net loss on Level 3 instruments is analysed into realised and unrealised amounts below:

	6 months to 30 Jun 2018	6 months to 30 Jun 2017	Year to 31 Dec 2017
Realised	-	-	-
Unrealised	(10)	(5)	(20)

IFRS 7.25
IFRS 7.26 The estimated fair values of classes of other financial instruments measured at amortised cost at 30 June 2018, 30 June 2017 and 31 December 2017 are:

	30 June 2018		30 June 2017		31 December 2017	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets						
Bonds:						
- Zero coupon bonds	1,180	1,100	1,140	1,120	1,190	1,110
- US straight bonds	1,710	1,751	1,800	1,517	1,705	1,704
Total^a	2,890	2,851	2,940	2,637	2,895	2,814
Financial liabilities						
Non-current borrowings:						
- Non-convertible bond	7,800	7,858	7,920	8,480	8,259	8,300
- Subordinated shareholder loan	3,475	4,500	5,050	5,100	4,975	5,000
Total^b	11,275	12,358	12,970	13,580	13,234	13,300
Current borrowings^c	3,746	3,746	4,175	4,175	4,565	4,565

^a These financial assets are included in "Other long-term financial assets". The line item also includes listed securities and debentures which are carried at fair value at 30 June 2018, 30 June 2017 and 31 December 2017 of CU 1,018, CU 672 and CU 951 (see above), respectively.

^b These financial liabilities are included in "Borrowings". The line item also includes US-dollar loans which carried at fair value at 30 June 2018, 30 June 2017 and 31 December 2017 of CU 7,410, CU 7,545 and CU 7,700 (see above), respectively.

^c These financial liabilities are included in "Borrowings". The line item also includes US-dollar loans which carried at fair value at 30 June 2018, 30 June 2017 and 31 December 2017 of CU 240, CU 480 and CU 250 (see above), respectively.

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- IFRS 7.29 The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:
- trade and other receivables
 - cash and cash equivalents
 - trade and other payables.

23. Events after the reporting date

Guidance note: IAS 34.16A(h) requires disclosure of events after the interim period that have not been reflected in the Interim Financial Statements. IAS 34 does not specify the level of detail required. This example illustrates the disclosures required by IFRS 3 for combinations arising after the reporting date. Other approaches may also be acceptable.

- IAS 34.16A(h)
IFRS 3.B66
IFRS 3.B64(a-d) On 29 July 2018 the Group acquired 100% of the issued share capital of Servers.com Limited (Servers.com), a company based in Euroland. The objective of the acquisition is to expand the operations of the Group's retail segment.

- IFRS 3.B64(f)(i, iii, iv)
IFRS 3.B64(g)(ii) The acquisition was settled in cash and by issuing 500,000 shares of Illustrative Corporation. The purchase agreement also provides for an additional consideration of CU 1,500,000 payable if the average profits of Servers.com for 2018 and 2019 exceeds a target level agreed by both parties. Any additional consideration will be paid on 30 July 2020.

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

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

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

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

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

- IFRS 3.B66 The Group is in the process of determining the fair values of the acquired assets and assumed liabilities of Servers.com. The valuation is expected to be completed before year-end.

Notes to the interim consolidated financial statements

For the period ended 30 June 2018 (expressed in thousands of Euroland currency units, except per share amounts)



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