



Grant Thornton

# Example Interim Consolidated Financial Statements

International Financial Reporting Standards (IFRS)

Grant Thornton CLEARR Example  
Ltd

For the half-year ended 31 December 2011



The BMD Group (BMD) is one of Australia's largest privately owned construction, consulting and urban development organisations. Through a relationship established in 2003, Grant Thornton Australia has provided audit and tax services to the group and has seen the business grow its revenue from \$100m to close to \$1b.

"The team show genuine interest in our business and industry sector. The directors and senior managers at Grant Thornton are always available to discuss areas of concern and respond promptly when contacted with well researched responses to our queries," said Craig Mortensen, Chief Financial Officer of the BMD Group.

"Regular business updates from Grant Thornton have been invaluable. They have allowed us to plan for changes and adapt our business model to mitigate any adverse impacts. Our Grant Thornton team regularly identifies issues, such as the accounting of treatment of certain transactions during the acquisition or divestment process, that could be addressed immediately rather than waiting to deal with them as part of the year-end audit. This approach expedites the end of year process and provides the Board with confidence in the reported results prior to audit sign-off."

### **Craig Mortensen**

Chief Financial Officer  
BMD Group

(Pictured with Dan Carroll, Partner, Audit & Assurance)





# Introduction

## **Example Interim Consolidated Financial Statements 2011**

The preparation of financial statements in accordance with Australian Accounting Standards (AASBs) [Australian Equivalents to International Financial Reporting Standards (AIFRS)] has been challenging over the last reporting season with the implementation of new disclosure requirements in respect of business combinations, segment reporting and the presentation of the primary statements within the financial report. The upcoming reporting season sees a period of consolidation and refinement, as there are minimal changes to the financial reporting requirements. However, preparers need to be wary of the next oncoming wave of changes currently unfolding in the next couple of years with the completion of the various convergence projects between the International Accounting Standards Board (IASB)/Financial Accounting Standards Board (FASB), especially in the areas of financial instruments, revenue and leasing.

Grant Thornton Australia is pleased to publish *Example Interim Consolidated Financial Statements 2011*, which is based on the recent Grant Thornton International publication, however has been tailored to suit the Australian ASX listed financial reporting and regulatory environment. This publication is intended to illustrate the 'look and feel' of AIFRS interim financial statements and to provide a realistic example of their presentation.

*Example Interim Consolidated Financial Statements 2011* is based on the activities and results of Grant Thornton CLEARR Example Ltd and subsidiaries (the Group) - a fictional ASX listed IT entity that has been preparing AIFRS financial statements for several years. The Publication illustrates condensed interim consolidated financial statements for a six month accounting period beginning on 1 July 2011. The Group produces half-yearly interim financial reports in accordance with AASB 134 *Interim Financial Reporting* (AASB 134) at 31 December 2011. The form and content of AIFRS interim financial statements depend of course on the activities and transactions of each reporting entity. Our objective in preparing *Example Interim Consolidated Financial Statements 2011* 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 cannot therefore be regarded as comprehensive. For example, AASB 134 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 the specific circumstances. The interim financial statements should be amended, amplified or abbreviated according to the importance of the area to the financial statements as a whole. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

*Example Interim Consolidated Financial Statements 2011* has been reviewed and updated to reflect changes in AASBs that are effective for the half year ending 31 December 2011. Specifically, this publication reflects amendments to AASB 134 and AASB 101 *Presentation of Financial Statements* (AASB 101), both included in *Improvements to IFRSs 2010* (this refers to Australian Amending

Pronouncements AASB 2010-04 and 2010-05) and take effect for annual periods beginning on or after 1 January 2011. However, no account has been taken of any new developments published after **31 August 2011**. The Grant Thornton website contains any updates that are relevant for 31 December 2011 financial statements including our December 2011 'Updated Accounting Standards issued by the IASB/AASB but not yet applicable'.

Should preparers like to discuss recent developments and how these may impact upon your business, please contact your local Grant Thornton Australia contact, or the National Audit Support (NAS) team on [nationalaudit.support@au.gt.com](mailto:nationalaudit.support@au.gt.com). There are also various publications (TA and EI Alerts) on our website [www.grantthornton.com.au](http://www.grantthornton.com.au) which provide an overview of these developments.

### **Condensed set of interim financial statements**

An entity complying with AASB 134 has a choice of preparing a condensed set of interim financial statements or a full set of IFRS financial statements. This publication illustrates a condensed set of interim financial statements based on the requirements of AASB 134.8. Where a full set of financial statements are presented in the interim financial report, the form and content of those financial statements is required to conform to the requirements of AASB 101 for a complete set of financial statements (AASB 134.9)

### **Using this publication**

In some areas alternative presentation and disclosure approaches are also illustrated in the Appendices of our Example Consolidated financial statements for listed entities. This is located at [www.grantthornton.com.au](http://www.grantthornton.com.au) under News & Publications/IFRS & Technical Resources/Example Financial Statements.

For further guidance on the Standards and Interpretations applied, reference is made to Australian Accounting Standards and Interpretations sources throughout the document on the left hand side of each page.

The use of this publication is **not** a substitute for the use of a comprehensive and up to date disclosure checklist to ensure completeness of the disclosures in AIFRS interim financial statements.

### **Andrew Archer**

National Head of Audit & Assurance  
Grant Thornton Australia Ltd  
November 2011

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# Director's Report

CA 302(a) The Directors of Grant Thornton CLEARR Example Ltd ('Grant Thornton CLEARR') present their Report together with the financial statements of the consolidated entity, being Grant Thornton CLEARR ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2011 and the Independent Review Report thereon.

CA 306(1)(b)

## **Director details**

The following persons were directors of Grant Thornton CLEARR during or since the end of the financial year.

- Mr Blake Smith
- Ms Beth King
- Mr Simon Murphy
- Mrs Alison French
- Mr William Middleton (appointed 28 September 2011)

CA 306 (1)(a)

## **Review of operations and financial results**

The operating result of the Group has increased to \$13.9m (2010: \$5.5m); this is mainly due to the cost control measures implemented during the period which have allowed increased revenue with a lower proportionate cost base.

Earnings per share have increased during the period to \$0.93 (2010: \$0.45) which has allowed a dividend to be declared.

Additional capital raising activities were undertaken during the period which raised \$20.3m and allowed the Group to fund the Sysmagic Limited (Sysmagic) acquisition via a cash settlement as well as positioning the Group in a strong cash position for 2011 / 2012 to allow for future acquisitions, if appropriate opportunities arise.

This acquisition that has occurred during the period is in line with the Group's strategy to increase online sales capacity.

Goodwill of \$2.5m arising on acquisition of Sysmagic (as described in Note 6) is primarily related to the substantial skill and expertise of Sysmagic's workforce and expected cost synergies.

## Director's Report

CA 306(1A)	A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors report.
ASIC CO 98/100	<b>Rounding of amounts</b> Grant Thornton CLEARR is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.
CA 306(3)(a)	Signed in accordance with a resolution of the directors.
CA 306(3)(c)	Blake Smith Director
CA 306(3)(b)	28 February 2012



# Auditor's Independence Declaration

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## **To the Directors of Grant Thornton CLEARR Example Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Grant Thornton CLEARR Example Ltd for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A Archer  
Director – Audit & Assurance

Sydney, 28 February 2012

## Guidance Note: Statement of Financial Position

As set out in paragraph 8, AASB 134 *Interim Financial Reporting* requires that condensed interim financial statements contain as a minimum:

- A condensed statement of financial position;
- A condensed statement of comprehensive income, presented either as a condensed single statement or a condensed separate income statement and a condensed statement of comprehensive income;
- A condensed statement of changes in equity;
- A condensed statement of cash flows; and
- Selected explanatory notes.

According to AASB 134.20, 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 an income statement and statement of comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparatives for the comparable interim period (i.e. comparable interim period and financial year to date); or
  - a single statement of comprehensive income for the current interim period, and cumulatively for the current financial year to date, with comparatives for the comparable interim period (i.e. 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 comprehensive income either as a single statement or two separate statements should follow the presentation in the annual financial statements (AASB 134.8A). The Group presents a single consolidated statement of comprehensive income in its annual financial statements. In addition, the Group's consolidated statement of comprehensive income illustrates an example of the 'nature of expense format.' Accordingly, these *Example Interim Financial Statements 2011* follow the same approach. The alternative methods of presenting two separate statements being an income statement and a statement of comprehensive income and presenting an income statement illustrating the 'function of expense format' are included as appendices to the *Example Consolidated Financial Statements 2011*<sup>1</sup>.

AASB 101 *Presentation of Financial Statements* requires an additional statement of financial position at the start of the comparative period in certain circumstances (AASB 101.39). AASB 134 does not require, and therefore these *Example Interim Financial Statements 2011* do not include, such a statement of financial position.

<sup>1</sup> In August 2011, the Grant Thornton National Audit Support Team published the *Example Consolidated Financial Statements 2011*, providing an example of a full set of annual AIFRS financial statements. These are located at [www.granthornton.com.au](http://www.granthornton.com.au) under Publications & News/IFRS & Technical Resources/Example financial statements.

## Guidance Note: Statement of Financial Position (cont.)

Entities wishing to follow best practice may include an income statement and/or a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the immediately preceding financial year. This example reflects this practice, with three periods for each primary statement and associated notes.

### Summary of requirements (AASB 134.A2)

	Interim period	Last year end	Comparative interim period
Statement of financial position	Yes	Yes	Good practice
Statement of 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)

AASB 134.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements.

AASB 101.54 provides a list of the minimum items to be presented on the face of the statement of financial position. Where relevant, references to AASB 101 and other IFRS requirements are included on the left hand side of the consolidated statement of financial position. There may be situations where additional line items, headings and subtotals may also need to be included. AASB 101.55 requires an entity to present additional items on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

# Consolidated statement of financial position

As at 31 December 2011

	Notes	31 December 2011 \$'000	30 June 2011 \$'000
AASB 101.51(c)	<b>Assets</b>		
AASB 101.51(d-e)			
AASB 101.66	<b>Current</b>		
AASB 101.54(g)	Inventories	32,586	18,548
AASB 101.54(h)	Trade and other receivables	28,746	33,629
AASB 101.55	Derivative financial instruments	598	582
AASB 101.54(d)	Other short-term financial assets	689	655
AASB 101.54(i)	Cash and cash equivalents	42,539	34,789
AASB 101.60	Current assets	<u>105,158</u>	<u>88,203</u>
AASB 101.54(j)	Assets and disposal group classified as held for sale		
	12	-	103
AASB 101.66	<b>Non-current</b>		
AASB 101.57	Goodwill	9	7,397
AASB 101.54(c)	Other intangible assets	10	25,950
AASB 101.54(a)	Property, plant and equipment	11	26,281
AASB 101.54(e)	Investments accounted for using the equity method		475
AASB 128.38			430
AASB 101.54(b)	Investment property	12,732	12,662
AASB 101.54(d)	Other long-term financial assets	3,802	3,765
AASB 101.60	Non-current assets	<u>76,637</u>	<u>61,761</u>
AASB 101.55	<b>Total assets</b>	<u>181,795</u>	<u>150,067</u>

The accompanying notes form part of these financial statements.

# Consolidated statement of financial position (cont.)

As at 31 December 2011

AASB 101.57	Notes	31 December 2011 \$'000	30 June 2011 \$'000
AASB 101.51(c)			
	<b>Liabilities</b>		
AASB 101.60, AASB 101.69	<b>Current</b>		
AASB 101.54(l)	Provisions	615	1,215
AASB 101.55	Pension and other employee obligations	1,625	1,467
AASB 101.54(k)	Trade and other payables	10,466	9,059
AASB 101.54(m)	Borrowings	3,986	4,815
AASB 101.54(n)	Current tax liabilities	3,325	3,102
AASB 101.55	Other liabilities	3,286	2,758
	Current liabilities	23,303	22,416
AASB 101.54(p)	Liabilities included in disposal group held for sale	-	-
AASB 101.60, AASB 101.69	<b>Non-current</b>		
AASB 101.55	Pension and other employee obligations	11,788	11,224
AASB 101.54(m)	Borrowings	19,768	21,000
AASB 101.54(k)	Trade and other payables	5,142	4,096
AASB 101.55	Other liabilities	1,854	2,020
AASB 101.54(o), 101.56	Deferred tax liabilities	6,241	5,397
	Non-current liabilities	44,793	43,737
AASB 101.55	<b>Total liabilities</b>	68,096	66,153
	<b>Net assets</b>	113,699	83,914
	<b>Equity</b>		
	Equity attributable to owners of the parent:		
AASB 101.54(r)	Share capital	55,865	33,415
AASB 101.55	Other components of equity	650	621
AASB 101.54(r)	Share option reserve	1,031	764
AASB 101.54(r)	Retained earnings	55,373	48,401
		112,919	83,201
AASB 101.54(q)	Non-controlling interest	780	713
	<b>Total equity</b>	113,699	83,914

The accompanying notes form part of these financial statements.

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## Guidance note: Consolidated statement of comprehensive income

The statement of comprehensive income has been prepared in accordance with AASB 101 *Presentation of Financial Statements (Revised 2007)*, which introduced the concept of a statement of comprehensive income. The statement of comprehensive income may be presented in one of the following ways:

- In a **single** statement of comprehensive income; or
- In **two** statements: a statement displaying components of profit or loss (separate income statement) and a statement of comprehensive income.

The example financial statements illustrate a statement of comprehensive income in a **single** statement. A two statement presentation is shown in the Appendices of the *Example Consolidated Financial Statements 2011*<sup>1</sup>.

AASB 101.82(a)-(i) provides a list of the minimum items to be presented on the face of the statement of comprehensive income. Where relevant, references to AASB 101 and other AASB requirements are included on the left hand side of the consolidated statement of comprehensive income. There may be situations where additional line items, headings and subtotals need to be included. AASB 101.85 requires an entity to present such additional items on the face of the statement of comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

AASB 101 allows an entity to use either the 'nature of expense' or 'function of expense' format, whichever is reliable and more relevant (AASB 101.99). This publication provides an example of the 'nature of expense' format.

AASB 134.11 requires the presentation of both basic and diluted earnings per share on the face of the statement that presents the components of profit or loss. Where an entity presents a separate income statement and statement of comprehensive income, the basic and diluted earnings per share figures should be presented on the face of the income statement (AASB 134.11A).

AASB 134 does not specifically require earnings per share figures separately for continuing, discontinued and total operations. AASB 133 *Earnings per Share* requires the annual financial statements to show, on the face of the statement of comprehensive income, the basic and diluted earnings per share for continuing operations and the total from continuing and discontinued operations (AASB 133.66). The figure for discontinued operations is required to be shown, in the annual financial statements, either on the face of the statement of comprehensive income or in the notes to those financial statements (AASB 133.68).

AASB 134 does not specify which figures should be reported. However in our opinion it should be the earnings per share figures for total operations (as a minimum). Where the directors decide to show earnings per share from continuing or discontinued operations on the face of the statement of comprehensive income, in our opinion the earnings per share figures for total operations should also be shown on the face of the statement of comprehensive income.

According to AASB 101.90, an entity discloses the amount of income tax relating to each component of other comprehensive income, either on the face of the statement of comprehensive income or in the notes. In accordance with AASB 101.91(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. This Publication follows the same format.

<sup>1</sup> In August 2011, the Grant Thornton National Audit Support Team published the *Example Consolidated Financial Statements 2011*, providing an example of a full set of annual AIFRS financial statements. These are located at [www.granthornton.com.au](http://www.granthornton.com.au) under Publications & News/IFRS & Technical Resources/Example financial statements.

# Consolidated statement of comprehensive income

For the half-year ended 31 December 2011

AASB 101.51(c)	Notes	31 December 2011 \$'000	31 December 2010 \$'000
AASB 101.51(d-e)			
AASB 101.82(a) Revenue	8	116,846	89,063
AASB 101.85 Other income		202	185
AASB 101.85 Changes in inventories		(5,066)	(3,148)
AASB 101.85 Costs of material		(23,403)	(18,638)
AASB 101.85 Employee benefits expense		(61,532)	(51,076)
AASB 101.85 Change in fair value of investment property		55	125
AASB 101.85 Depreciation, amortisation and impairment of non-financial assets		(3,906)	(3,158)
AASB 101.85 Other expenses		(4,879)	(5,848)
<b>Operating profit</b>		<b>18,317</b>	<b>7,505</b>
AASB 101.82(c) Share of profit from equity accounted investments		45	29
AASB 101.82(b) Finance costs		(1,547)	(1,585)
AASB 101.85 Finance income		1,050	465
AASB 101.85 Other financial items		1,878	1,583
<b>Profit before tax</b>		<b>19,743</b>	<b>7,997</b>
AASB 101.82(d) Tax expense		(5,945)	(2,458)
<b>Profit for the period from continuing operations</b>	12	<b>13,798</b>	<b>5,539</b>
AASB 101.82(e) Profit (loss) from the period from discontinued operations	12	96	8
AASB 101.82(f) <b>Profit for the period</b>		<b>13,894</b>	<b>5,547</b>
AASB 101.82(g) <b>Other comprehensive income:</b>			
Cash flow hedging			
AASB 7.23(c-d) -current year gains (losses)		215	287
AASB 101.92 - reclassification to profit or loss		157	178
Available-for-sale financial assets			
AASB 7.20(a)(ii) - current year gains (losses)		35	(22)
AASB 1.92 - reclassification to profit or loss		24	(32)
AASB 121.52(b) Exchange differences on translating foreign operations		(575)	(414)
AASB 101.90 Income tax relating to components of other comprehensive income	16	173	125
<b>Other comprehensive income for the period, net of tax</b>	16	<b>29</b>	<b>122</b>
AASB 101.82(i) <b>Total comprehensive income for the period</b>		<b>13,923</b>	<b>5,669</b>



## Consolidated statement of comprehensive income

AASB 101.51(c)	Notes	31 December 2011	31 December 2010
AASB 101.51(d-e)		\$000	\$000
<b>Profit for the period attributable to:</b>			
AASB 101.83(a)(i)	Non-controlling interest	67	57
AASB 101.83(a)(ii)	Owners of the parent	13,827	5,490
		<u>13,894</u>	<u>5,547</u>
<b>Total comprehensive income for the period attributable to:</b>			
AASB 101.83(b)(i)	Non-controlling interest	67	57
AASB 101.83(b)(ii)	Owners of the parent	13,856	5,612
		<u>13,923</u>	<u>5,669</u>
AASB 134.11, 11A	<b>Earnings per share</b>		
AASB 133.67A			
AASB 133.66	<b>Basic earnings per share</b>		
AASB 133.68	Earnings from continuing operations	0.92	0.45
AASB 133.66	Earnings from discontinued operations	0.01	-
	Total	<u>0.93</u>	<u>0.45</u>
AASB 133.68A	<b>Diluted earnings per share</b>		
AASB 133.66	Earnings from continuing operations	0.92	0.45
AASB 133.68	Earnings from discontinued operations	0.01	-
AASB 133.66	Total	<u>0.93</u>	<u>0.45</u>

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## Guidance Note: Consolidated Statement of changes in equity

AASB 134.10 requires the interim statement to include, as a minimum, each of the headings and subtotals that were included in the most recent annual financial statements.

AASB 101.106 provides a list of the required items to be presented on the face of the statement of changes in equity. Where relevant, references to AASB 101 and other AASB requirements are included on the left hand side of the consolidated statement of changes in equity.

AASB 101.106 was amended by the *Improvements to AASBs 2010*, which clarified that entities have a choice to present the required reconciliations for each component of other comprehensive income either (1) in the statement of changes in equity or (2) in the notes to the financial statements (AASB 101.106(d)(ii) and AASB 101.106A).

Consequently, these example interim financial statements now present 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. This change in presentation is discussed in Note 3 of the example interim financial statements.

## Consolidated statement of changes in equity

		Share capital	Share Option Reserve	Other components of equity	Retained earnings	Total attributable to owners of parent	Non- controlling interest	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AASB 101.51(d-e) AASB 101.106(d)	<b>Balance at 1 July 2011</b>	33,415	764	621	48,401	83,201	713	83,914
	Dividends	-		-	(6,855)	(6,855)	-	(6,855)
	Issue of share capital under share-based employment scheme	2,100	-	-	-	2,100	-	2,100
	Employee share-based payment options	-	267	-	-	267	-	267
	Issue of share capital	20,350	-	-	-	20,350	-	20,350
AASB 101.106(d)(iii)	Transactions with owners	22,450	267	-	(6,855)	15,862	-	15,862
AASB 101.106(d)(i)	Profit for the period	-	-	-	13,827	13,827	67	13,894
AASB 101.106(d)(ii)	Other comprehensive income	-	-	29	-	29	-	29
AASB 101.106(a)	Total comprehensive income for the period	-	-	29	13,827	13,856	67	13,923
AASB 101.106(d)	<b>Balance at 31 December 2011</b>	55,865	1,031	650	55,373	112,919	780	113,699

The accompanying notes form part of these financial statements.

## Consolidated statement of changes in equity

		Share capital	Share Option Reserve	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AASB 101.51(d-e)								
AASB 101.106(d)	<b>Balance at 1 July 2010</b>	15,050	466	205	36,075	51,796	592	52,388
	Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital under share-based employment scheme	1,685	-	-	-	1,685	-	1,685
	Employee share-based payment options	-	165	-	-	165	-	165
AASB 101.106(d)(iii)	Transactions with owners	1,685	165	-	(3,000)	(1,150)	-	(1,150)
AASB 101.106(d)(i)	Profit for the period	-	-	-	5,490	5,490	57	5,547
AASB 101.106(d)(ii)	Other comprehensive income	-	-	122	-	122	-	122
AASB 101.106(a)	Total comprehensive income for the period	-	-	122	5,490	5,612	57	5,669
AASB 101.106(d)	<b>Balance at 31 December 2010</b>	16,735	631	327	38,565	56,258	649	56,907

The accompanying notes form part of these financial statements.

## Comments: Statement of cash flows

### **Guidance note: Consolidated statement of cash flows**

AASB 134.10 requires the interim statement to include, as 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 consolidated statement of cash flows is prepared using the direct method in accordance with AASB 107.18(a). The statement of cash flows can also be prepared using the indirect method (AASB 107.18(b)). This alternative method is included in the appendices to the *Example Consolidated Financial Statements 2011*.

Where relevant, references to AASB 107 and other AASBs requirements are included on the left hand side of the consolidated statement of cash flows.

# Consolidated statement of cash flows

For the half-year ended 31 December 2011

AASB 101.51(c)	Notes	31 December 2011 \$000	31 December 2010 \$000
AASB 101.51(d-e) AASB 107.10	<b>Operating activities</b>		
	Receipts from customers	121,729	84,365
	Payments to suppliers and employees	(101,002)	(63,424)
AASB 107.35	Taxes paid	(5,602)	(577)
	Net cash from continuing operations	15,125	20,364
	Net cash from discontinued operations	-	18
	Net cash from operating activities	15,125	20,382
AASB 107.10	<b>Investing activities</b>		
	Purchase of property, plant and equipment	(47)	(26)
	Proceeds from disposals of property, plant and equipment	128	11
	Purchase of other intangible assets	(2,470)	(2,805)
AASB 107.39	Acquisition of subsidiaries, net of cash	(18,480)	(15,714)
	Proceeds from sale of assets classified as held for sale	199	-
	Proceeds from disposals and redemptions of non-derivative financial assets	105	135
AASB 107.31	Interest received	465	352
AASB 107.31	Dividends received	48	40
	Net cash used in investing activities	(20,052)	(18,007)
AASB 107.10	<b>Financing activities</b>		
	Proceeds from bank loans	-	1,441
	Repayments of bank loans	(2,543)	(3,478)
	Proceeds from issue of share capital	22,450	1,685
AASB 107.31	Interest paid	(473)	(400)
AASB 107.31	Dividends paid	(6,855)	(3,000)
	Net cash from (used in) financing activities	12,579	(3,752)
AASB 107.45	<b>Net change in cash and cash equivalents</b>	7,652	(1,377)
	Cash and cash equivalents, beginning of period	34,789	11,259
AASB 107.28	Exchange differences on cash and cash equivalents	98	(25)
AASB107.45	<b>Cash and cash equivalents, end of period</b>	42,539	9,857

The accompanying notes form part of these financial statements.

## Comments: Notes to the consolidated interim financial statements

### **Guidance note: Notes to the consolidated interim financial statements**

Where an entity's interim financial report is in compliance with AASB 134, that fact shall be disclosed (AASB 134.19). 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 AIFRS unless it complies with all of the requirements of AIFRS.

Interim financial reports are prepared assuming that the users of such reports have access to the most recent annual financial report of the entity. Consequently, disclosures in the interim financial report need not duplicate previously reported information (AASB 134.6). AASB 134.16A sets out the information to be disclosed in the notes to the condensed interim financial statements.

In addition, AASB 134.15 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 *Improvements to IFRSs 2010* clarified this requirement and added some examples of events and transactions which may require disclosure, if significant (AASB 134.15B).

This example interim report presents selected explanatory notes that are intended to assist users in understanding the results of operations of the Group for the current interim period. As with any example, it does not envisage every possible transaction and cannot therefore 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 AASB 134.

The disclosures in the example 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 AASB 134. Where relevant, references to AASB 134 and other AASBs requirements are included on the left hand side of the disclosures.



# Notes to the condensed interim consolidated financial statements

## 1 Nature of operations

Grant Thornton CLEARR Example Ltd and subsidiaries' (the Group) principal activities include the development, consulting, sale and service of customised IT and telecommunication systems.

The Group provides phone and intranet based in-house applications including the integration of mobile end devices into new and existing IT and telecommunication structures. By integrating these activities, the Group acts as a one-stop-shop for the modern day communication requirements of small- to medium-sized companies. Services include consulting activities that concentrate on the design of combined IT and telecommunication systems for clients. The Group also delivers IT and telecommunication solutions specifically designed for the customer through modification of complex equipment. The Group sells the hardware and software products of the Group's business partners and delivers extensive after-sale service and maintenance for these products. Refer to note 7 for further information about the Group's operating segments.

## 2 General information and basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2011 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2011 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2012.

### 3 Significant accounting policies

The significant accounting policies that have been used in the preparation of these consolidated interim financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

AASB 134.16(a)

The interim financial statements have been prepared in accordance with the accounting policies<sup>2</sup> adopted in the Group's last annual financial statements for the year ended 30 June 2011, except for the adoption of *Improvements to AASBs 2010* (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### **Amendment to AASB 101 Presentation of Financial Statements**

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group previously presented such reconciliations in the Consolidated Statement of Changes in Equity. The Group now presents the reconciliations of each component of other comprehensive income in the notes to the financial statements (see Note 16). This reduces duplicated disclosures and presents more clearly the overall changes in equity. Prior period comparatives have been restated accordingly.

#### **Amendments to AASB 134 Interim Financial Reporting**

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements<sup>3</sup>. The Group's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

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<sup>2</sup> AASB 134.28 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. AASB 134.28 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. Interpretation 10 *Interim Financial Reporting and Impairment* 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 (Interpretation 10.8).

The discrete period approach is also problematic in the context of income taxes, which are generally measured based on the taxable profit of an annual period. Accordingly, AASB 134 requires that interim period income tax is accrued using the tax rate that would be applicable to expected total annual earnings. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period (AASB 134.B12).

<sup>3</sup> The amendments to AASB 134 added several examples of events and transactions that may require disclosure (AASB 134.15B). This Publication illustrates the disclosure only of the items considered significant to the Group.

#### 4 Estimates

AASB 134.41  
AASB 134.16A(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.

AASB 134.28  
AASB 134.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 30 June 2011. The only exception is the estimate of the provision for income taxes 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.

#### 5 Significant events and transactions

AASB 134.15  
AASB 134.15C

The Group's management believes that the Group is well positioned despite the continuing difficult economic circumstances. Factors contributing to the Group's strong position are:

- No significant decline in order intake 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 31 December 2011 is considered to be good.

Overall, the Group is in a strong position despite the current economic environment, 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.

#### 6 Business combination

AASB 134.16A(i)  
AASB 3.B64(a)-(d)

On 5 October 2011, 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<sup>4</sup>.

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<sup>4</sup> AASB 134.16A(i) states that disclosures of a business combination includes the information required by AASB 3 Business Combinations (paragraphs 59-63 and the related application guidance).

Details of the business combination are as follows:

		<b>\$000</b>
AASB 3.B64(f)	<b>Fair value of consideration transferred</b>	
AASB3.B64(f)(i)	Amount settled in cash	18,500
AASB 107.40(a)		<hr/>
AASB 3.B64(i)	<b>Recognised amounts of identifiable net assets</b>	
AASB 107.40(d)	Property, plant and equipment	5,818
	Intangible assets	8,585
	Total non-current assets	<hr/> 14,403 <hr/>
	Inventories	7,500
	Trade and other receivables	4,449
AASB 107.40(c)	Cash and cash equivalents	324
	Total current assets	<hr/> 12,273 <hr/>
	Borrowings	(2,543)
	Deferred tax liabilities	(1,335)
	Total non-current liabilities	<hr/> (3,878) <hr/>
	Provisions	(780)
	Other liabilities	(1,855)
	Trade and other payables	(4,165)
	Total current liabilities	<hr/> (6,800) <hr/>
	Identifiable net assets	<hr/> 15,998 <hr/>
	<b>Goodwill on acquisition</b>	<hr/> <b>2,502</b> <hr/>
AASB 107.40(b)	Consideration transferred settled in cash	18,500
AASB 107.40(c)	Cash and cash equivalents acquired	(324)
AASB 107.42	<b>Net cash outflow on acquisition</b>	<hr/> <b>18,176</b> <hr/>
	Acquisition costs charged to expenses	304
	<b>Net cash paid relating to the acquisition</b>	<hr/> <b>18,480</b> <hr/>
	<b>Consideration transferred</b>	
AASB 3.B64(m)	Acquisition-related costs amounting to \$304,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income, as part of other expenses.	
	<b>Identifiable net assets</b>	
AASB 3.B64(m)	The fair values of the identifiable intangible assets has been determined provisionally at 31 December 2011, because the acquisition was completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation.	

The fair value of the trade and other receivables acquired as part of the business combination amounted to \$4,449,000, with a gross contractual amount of \$4,569,000. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to \$120,000.

## Goodwill

AASB 3.B64(e) 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 allocated to cash-generating units at 31 December 2011, and is attributable to the service segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

AASB 136.133  
AASB 3.B64(k)

## AASB 3.B64 (q)(i-ii) Sysmagic's contribution to the Group's results

Sysmagic contributed \$12,232,000 and \$1,954,000 to the Group's revenues and profits, respectively from the date of the acquisition to 31 December 2011. Had the acquisition occurred on 1 July 2011, the Group's revenue for the period to 31 December 2011 would have been \$128,386,000 and the Group's profit for the period would have been \$15,726,000.

## 7 Segment reporting

AASB 134.16A(g) Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's three main operating segments are:

- *consulting* - engaged in the sale, customisation and integration of IT and telecommunication systems
- *service* - involved in the maintenance of telecommunication systems
- *retail segment* - engaged in the sale of hardware and software products through the internet.

Each of these operating segments is managed separately as each service line requires different technologies and other resources, as well as marketing approaches. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

In addition, two minor operating segments, for which the quantitative thresholds for separate disclosures have not been met, are currently combined below under 'other'. The main sources of revenue for these operating segments are sale and disposal of used IT equipment.

AASB 134.16A (g)(v) During the six month period to 31 December 2011, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

AASB 134.16A (g)(i-iv) The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

		Consulting 2011	Service 2011	Retail 2011	Other 2011	Total 2011
	<b>6 months to 31 December 2011</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Revenue</b>					
AASB 8.23(a)	From external customers	56,216	21,435	36,576	2,069	116,296
	Discontinued operations	-	-	-	-	-
AASB 8.23(b)	From other segments	346	-	-	-	346
	<b>Segment revenues</b>	<b>56,562</b>	<b>21,435</b>	<b>36,576</b>	<b>2,069</b>	<b>116,642</b>
AASB 8.23	Segment operating profit	16,977	2,827	2,175	112	22,091
AASB 8.23	Segment assets	73,817	28,146	48,028	3,037	153,028
		Consulting 2010	Service 2010	Retail 2010	Other 2010	Total 2010
	<b>6 months to 31 December 2010</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Revenue</b>					
AASB 8.23(a)	From external customers	47,843	7,832	31,129	1,761	88,565
	Discontinued operations	-	-	7,832	-	7,832
AASB 8.23(b)	From other segments	145	-	-	-	145
	<b>Segment revenues</b>	<b>47,988</b>	<b>7,832</b>	<b>38,481</b>	<b>1,761</b>	<b>96,062</b>
	Segment operating profit	10,171	(281)	1,333	(24)	11,199
	Segment assets	60,192	9,854	39,164	2,216	111,426

AASB 134.16A(g) 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 31 December 2011 \$000	6 months to 31 December 2010 \$000
AASB 8.28(b)		
<b>Profit or loss</b>		
Total reporting segment operating profit	21,979	11,223
Other segment profit	112	(24)
Rental income from investment property	550	498
Change in fair value of investment property	55	125
Share-based payment expenses	(267)	(165)
Post-employment benefit expenses	(3,150)	(2,850)
Research and development costs	(986)	(1,250)
Other income not allocated	202	185
Other expenses not allocated	(97)	(165)
Operating profit of discontinued operations	-	(54)
Elimination of intersegment profits	(81)	(18)
Group operating profit	18,317	7,505
Share of profit from equity accounted investments	45	29
Finance costs	(1,547)	(1,585)
Finance income	1,050	465
Other financial items	1,878	1,583
<b>Group profit before tax</b>	<b>19,743</b>	<b>7,997</b>

## 8 Seasonal fluctuations

AASB 134.16A(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 31 December 2011 represented 66% (first six months of 2010: 43%) of the annual level of these revenues for the year ended 30 June 2011.

The percentage of the six-months revenues in 2012 is higher than 2011 due to the effect of the full six months revenue contribution in 2012 of the subsidiary acquired by the Group in September 2010 and the additional three months revenues contributed by a new subsidiary acquired in 2012 (see Note 6). Excluding these items, the revenues for the six months ended 31 December 2011 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 30 June 2011.

## 9 Goodwill

The following table shows the movements in goodwill<sup>5</sup>:

	6 months to 31 December 2011 \$000	Year to 30 June 2011 \$000
AASB 3.B67(d)		
<b>Gross carrying amount</b>		
AASB 3.B67(d)(i) Balance, beginning of period	6,030	3,727
AASB 3.B67(d)(ii) Acquired through business combination	2,502	2,438
AASB 3.B67(d)(vi) Net exchange difference	(146)	(135)
AASB 3.B67(d)(viii) <b>Balance, end of the period</b>	<b>8,386</b>	<b>6,030</b>
<b>Accumulated impairment</b>		
AASB 3.B67(d)(i) Balance, beginning of the period	(989)	(190)
AASB 3.B67(d)(v) Impairment loss recognised	-	(799)
AASB 3.B67(d)(vi) Net exchange difference	-	-
AASB 3.B67(d)(viii) <b>Balance, end of the period</b>	<b>(989)</b>	<b>(989)</b>
<b>Carrying amount at the end of the period</b>	<b>7,397</b>	<b>5,041</b>

## 10 Other intangible assets

The following tables show the movements in intangible assets<sup>6</sup>:

	Acquired software licenses \$000	Internally generated software \$000	Brand names \$000	Customer lists \$000	Total \$000
AASB 138.118					
<b>Gross carrying amount</b>					
Balance at 1 July 2011	16,469	18,046	975	1,761	37,251
AASB 138.118(e)(i) Addition, separately acquired	320	-	-	-	320
Addition, internally developed	-	2,150	-	-	2,150
Acquisition through business combination	5,850	-	1,250	1,485	8,585
AASB 138.118(e)(vii) Net exchange differences	(75)	(65)	-	-	(140)
<b>Balance at 31 December 2011</b>	<b>22,564</b>	<b>20,131</b>	<b>2,225</b>	<b>3,246</b>	<b>48,166</b>
<b>Amortisation and impairment</b>					
Balance at 1 July 2011	(7,739)	(11,602)	(287)	(199)	(19,827)
AASB 138.118(e)(vi) Amortisation	(1,283)	(764)	(115)	(129)	(2,291)
AASB 138.118(e)(iv) Impairment losses	-	-	-	-	-
AASB 138.118(e)(viii) Net exchange differences	(52)	(46)	-	-	(98)
<b>Balance at 31 December 2011</b>	<b>(9,074)</b>	<b>(12,412)</b>	<b>(402)</b>	<b>(328)</b>	<b>(22,216)</b>
<b>Carrying amount at 31 December 2011</b>	<b>13,490</b>	<b>7,719</b>	<b>1,823</b>	<b>2,918</b>	<b>25,950</b>

<sup>5</sup> In addition to the requirement of AASB 134.16A(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 AASB 3 Business Combinations for the business combination that occurred in the current interim period.

<sup>6</sup> In this Publication, 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 AASB 134.15C and AASB 134.16A(c). Other examples of events and transactions where AASB 134 requires disclosures are included in AASB 134.15B.



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AASB 138.118	<b>Gross carrying amount</b>					
	Balance at 1 July 2010	13,608	14,794	760	374	29,536
AASB 138.118(e)(i)	Addition, separately acquired	440	-	-	-	440
	Addition, internally developed	-	3,306	-	-	3,306
	Acquisition through business combination	3,653	-	215	1,387	5,255
AASB 138.118(e)(ii)	Disposals	(1,159)	-	-	-	(1,159)
AASB 138.118(e)(vii)	Net exchange differences	(73)	(54)	-	-	(127)
	<b>Balance at 30 June 2011</b>	<b>16,469</b>	<b>18,046</b>	<b>975</b>	<b>1,761</b>	<b>37,251</b>
	<b>Amortisation and impairment</b>					
	Balance at 1 July 2010	(6,063)	(9,381)	(162)	(89)	(15,695)
AASB 138.118(e)(vi)	Amortisation	(1,978)	(1,315)	(125)	(110)	(3,528)
AASB 138.118(e)(iv)	Impairment losses	-	(870)	-	-	(870)
AASB 138.118(e)(ii)	Disposals	350	-	-	-	350
AASB 138.118(e)(viii)	Net exchange differences	(48)	(36)	-	-	(84)
	<b>Balance at 30 June 2011</b>	<b>(7,739)</b>	<b>(11,602)</b>	<b>(287)</b>	<b>(199)</b>	<b>(19,827)</b>
	<b>Carrying amount at 30 June 2011</b>	<b>8,730</b>	<b>6,444</b>	<b>688</b>	<b>1,562</b>	<b>17,424</b>

## 11 Property, plant and equipment

AASB 134.16A(c) The following tables show the movements in property, plant and equipment<sup>7</sup>:

		Land	Buildings	IT equipment	Other equipment	Total
		\$000	\$000	\$000	\$000	\$000
	<b>Gross carrying amount</b>					
AASB 116.73(d)	Balance at 1 July 2011	8,709	20,177	7,806	2,905	39,597
AASB 116.73(e)(i)	Additions	-	-	35	12	47
AASB 116.73(e)(iii)	Acquisition through business combination	-	2,435	2,527	856	5,818
AASB 116.73(e)(ii)	Disposals	-	-	-	(456)	(456)
AASB 116.73(e)(viii)	Net exchange differences	(15)	(65)	(62)	(46)	(188)
AASB 116.73(d)	<b>Balance at 31 December 2011</b>	<b>8,694</b>	<b>22,547</b>	<b>10,306</b>	<b>3,271</b>	<b>44,818</b>
	<b>Depreciation and impairment</b>					
AASB 116.73(d)	Balance at 1 July 2011	-	(13,213)	(2,446)	(1,499)	(17,158)
AASB 116.73(e)(ii)	Disposals	-	-	-	385	385
AASB 116.73(e)(viii)	Net exchange differences	-	(46)	(55)	(48)	(149)
AASB 116.73(e)(vii)	Depreciation	-	(710)	(602)	(303)	(1,615)
AASB 116.73(d)	<b>Balance at 31 December 2011</b>	<b>-</b>	<b>(13,969)</b>	<b>(3,103)</b>	<b>(1,465)</b>	<b>(18,537)</b>
	<b>Carrying amount at 31 December 2011</b>	<b>8,694</b>	<b>8,578</b>	<b>7,203</b>	<b>1,806</b>	<b>26,281</b>

<sup>7</sup> In this Publication, 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 AASB 134.15C and AASB 134.16A(c). Other examples of events and transactions where AASB 134 requires disclosures are included in AASB 134.15B.

	<b>Gross carrying amount</b>					
AASB 116.73(d)	Balance at 1 July 2010	7,697	19,362	5,579	2,594	35,232
AASB 116.73(e)(i)	Additions	-	76	-	-	76
AASB 116.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
AASB 116.73(e)(ii)	Disposals	-	(401)	-	-	(401)
AASB 116.73(e)(iv)	Revaluation increase	303	-	-	-	303
AASB 116.73(e)(viii)	Net exchange differences	(21)	(81)	(79)	(54)	(235)
AASB 116.73(d)	<b>Balance at 30 June 2011</b>	<b>8,709</b>	<b>20,177</b>	<b>7,806</b>	<b>2,905</b>	<b>39,597</b>
	<b>Depreciation and impairment</b>					
AASB 116.73(d)	Balance at 1 July 2010	-	(12,159)	(1,503)	(923)	(14,585)
AASB 116.73(e)(ii)	Disposals	-	315	-	-	315
AASB 116.73(e)(viii)	Net exchange differences	-	(54)	(53)	(36)	(143)
AASB 116.73(e)(vii)	Depreciation	-	(1,315)	(890)	(540)	(2,745)
AASB 116.73(d)	<b>Balance at 30 June 2011</b>	<b>-</b>	<b>(13,213)</b>	<b>(2,446)</b>	<b>(1,499)</b>	<b>(17,158)</b>
	<b>Carrying amount at 30 June 2011</b>	<b>8,709</b>	<b>6,964</b>	<b>5,360</b>	<b>1,406</b>	<b>22,439</b>

## 12 Discontinued operations and non-current assets held for sale

- AASB 134.16A(i) The amounts presented in the statement of comprehensive income under discontinued operations relate to Highstreet Ltd (Highstreet). Most of its assets were sold on 30 September 2010. The remaining storage facility was sold in August 2011 and a gain of \$96,000 is presented as discontinued operations for the period ended 31 December 2011.

## 13 Earnings per share

- AASB 134.16A(c) Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Grant Thornton CLEARR) as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2011 and 2010<sup>8</sup>.

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:

	<b>6 months to 31 December 2011</b>	<b>6 months to 31 December 2010</b>
	'000s	'000s
<b>Weighted average number of shares used in basic earnings per share</b>	<b>14,970</b>	<b>12,270</b>
AASB 133.70(b) Shares deemed to be issued for no consideration in respect of share-based payments	14	16
Weighted average number of shares used in diluted earnings per share	14,984	12,286

<sup>8</sup> In this Publication, 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 AASB 134.15C and AASB 134.16A(c). Other examples of events and transactions where AASB 134 requires disclosures are included in AASB 134.15B.

## 14 Share capital

During the first six months of 2012, 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 \$11.97 (during the first six months of 2011: \$11.19).

The Group also issued 1,700,000 shares on 1 October 2011 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 Grant Thornton CLEARR.

		6 months to 31 December 2011 ‘000s	Year to 30 June 2011 ‘000s
	<b>Amounts in thousand shares:</b>		
AASB 101.79(a)(iv)	Shares issued and fully paid:		
	Beginning of the period	13,770	12,000
	Issued under share-based payment plans	350	270
	Share issue	1,700	1,500
AASB 101.79(a)(ii)	<b>Shares issued and fully paid</b>	<b>15,820</b>	<b>13,770</b>
	Shares authorised for share based payments	600	600
AASB 101.79(a)(i)	<b>Total shares authorised at the end of the period</b>	<b>16,420</b>	<b>14,370</b>

## 15 Dividends

During the first six months of 2012, Grant Thornton CLEARR paid dividends of \$6,855,000 to its equity shareholders (first six months of 2011: \$3,000,000). This represents a payment of \$0.50 per share (first six months of 2011: \$0.25). No dividends were paid on new shares issued in 2012 pursuant to the Group's share-based payment scheme.

## 16 Other components of equity

The following tables show the movements in other components of equity<sup>9</sup>:

		Translation reserve	Revaluation reserve	Available -for-sale financial assets	Cash- flow hedges	Total
		\$000	\$000	\$000	\$000	\$000
AASB 101.51(d-e)						
AASB 101.106(d)	Balance at 1 July 2011	(847)	901	98	469	621
	Cash flow hedges					
AASB 7.23(c-d)	- current period gains (losses)	-	-	-	215	215
AASB 101.92	- reclassification to profit or loss	-	-	-	157	157
AASB 7.20(a)(ii)	Available-for-sale financial assets					
	- current period gains (losses)	-	-	35	-	35
AASB 101.92	- reclassification to profit or loss	-	-	24	-	24
AASB 121.81(a)	Exchange differences on translating foreign operations	(575)	-	-	-	(575)
AASB 112.81(a), AASB 101.90	Tax benefit	173	-	-	-	173
AASB 101.106(a)	Other comprehensive income for the period (all attributable to the parent)	(402)	-	59	372	29
AASB 101.106(d)	<b>Balance at 31 December 2011</b>	<b>(1,249)</b>	<b>901</b>	<b>157</b>	<b>841</b>	<b>650</b>
AASB 101.106(d)	Balance at 1 July 2010	(359)	689	35	(160)	205
	Cash flow hedges					
AASB 7.23(c-d)	- current period gains (losses)	-	-	-	287	287
AASB 101.92	- reclassification to profit or loss	-	-	-	178	178
AASB 7.20(a)(ii)	Available-for-sale financial assets					
	- current period gains (losses)	-	-	(22)	-	(22)
AASB 101.92	- reclassification to profit or loss	-	-	(32)	-	(32)
AASB 121.81(a)	Exchange differences on translating foreign operations	(414)	-	-	-	(414)
AASB 112.81(a), AASB 101.90	Tax benefit	125	-	-	-	125
AASB 101.106(a)	Other comprehensive income for the period (all attributable to the parent)	(289)	-	(54)	465	122
AASB 101.106(d)	<b>Balance at 31 December 2010</b>	<b>(648)</b>	<b>689</b>	<b>(19)</b>	<b>305</b>	<b>327</b>

<sup>9</sup> This type of disclosure is not specifically required by AASB 134. However, in this Publication, this information is considered necessary due to the change in the presentation of the reconciliations of each item of comprehensive income. As discussed in Note 3, these reconciliations are now presented in the notes to the interim financial statements.

		Translation reserve	Revaluation reserve	Available -for-sale financial assets	Cash- flow hedges	Total
		\$000	\$000	\$000	\$000	\$000
AASB 101.51(d-e)	Balance at 1 July 2010	(359)	689	35	(160)	205
AASB 101.106(d)	Revaluation of land	-	303	-	-	303
AASB 116.77(f)	Cash flow hedges					
	- current period gains					
AASB 7.23(c-d)	(losses)	-	-	-	367	367
	- reclassification to profit					
AASB 101.92	or loss	-	-	-	260	260
	Available-for-sale financial					
AASB 7.20(a)(ii)	assets					
	- current period gains					
	(losses)	-	-	113	-	113
	- reclassification to profit					
AASB 101.92	or loss	-	-	(50)	-	(50)
	Exchange differences on					
	translating foreign					
AASB 121.81(a)	operations	(664)	-	-	-	(664)
	Equity accounted					
AASB 101.82(h)	investment	-	-	-	5	5
	-reclassification to profit or					
AASB 101.82(h)	loss	-	-	-	(3)	(3)
AASB 112.81(a), AASB 101.90	Tax benefit	176	(91)	-	-	85
	Other comprehensive					
	income for the period (all					
AASB 101.106(a)	attributable to the parent)	(488)	212	(63)	629	416
<b>AASB 101.106(d)</b>	<b>Balance at 30 June 2011</b>	<b>(847)</b>	<b>901</b>	<b>98</b>	<b>469</b>	<b>621</b>

## 17 Provisions

AASB 134.15B(c)

A restructuring provision was recognised by the Group in its annual financial statements as at 30 June 2011 in relation to the 'Phoenix Programme,' amounting to \$1,215,000. The estimate of the restructuring provision was reduced by \$455,000 in the six months ended 31 December 2011 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 2012, predominantly through out of court settlements.

## 18 Contingent liabilities

AASB 134.15B(m)

During the prior year, various warranty and legal claims were brought against the Group. At 30 June 2011 and 31 December 2011, 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.

## 19 Events after the reporting date<sup>10</sup>

AASB 134.16A(h)  
AASB 3.B66  
AASB 3.B64(a-d) On 29 December 2011 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.

AASB 3B64(f)(i,iii,iv)  
AASB 3.B66  
AASB 3.B64(g)(ii) The acquisition was settled in cash and by issuing 500,000 shares of Grant Thornton CLEARR. The purchase agreement also provides for an additional consideration of \$1,500,000 payable if the average profits of Servers.com for 2012 and 2013 exceed a target level agreed by both parties. Any additional consideration will be paid on 31 January 2014.

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

		<b>\$000</b>
AASB 3.B64(iv)	Fair value of equity shares issued	6,250
AASB 3.B64(i)	Amount settled in cash	7,000
AASB 3.B64(g)(i)	Fair value of contingent consideration	680
	Total	<u>13,930</u>

AASB 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.

AASB 3.B64(g)(iii) The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows (i.e. reflecting management's estimate of a 50% probability that the targets will be achieved) discounted using an interest rate of 5%<sup>11</sup>.

AASB 3.B66 The Group is in the process of determining the fair values of the acquired assets and assumed liabilities of Servers.com and therefore disclosure of the fair values of the net identifiable assets and the goodwill arising from the acquisition cannot be made. Finalisation of the valuation is expected to be completed before year-end.

<sup>10</sup> AASB 134.16A(h) requires disclosure of events after the interim period that have not been reflected in the interim financial statements. AASB 134 does not specify the level of detail required. This example illustrates the disclosures required by AASB 3 *Business Combinations* for combinations arising after the reporting date. Other approaches may also be acceptable.

<sup>11</sup> 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.

## Directors' declaration

1. In the opinion of the directors of Grant Thornton CLEARR Example Ltd:
  - a the consolidated financial statements and notes of Grant Thornton CLEARR Example Ltd are in accordance with the Corporations Act 2001, including
    - i. giving a true and fair view of its financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and CA 303(4)(d)(ii)
    - ii. complying with Accounting Standard AASB 134 Interim Financial Reporting; and CA 303(4)(d)(i)
  - b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. CA 303(4)(c)

Signed in accordance with a resolution of the directors: CA 303(5)(a)

Dated at.....[city].....day of.....2011 CA 303(5)(b)

\_\_\_\_\_[Director name] CA 303(5)(c)  
Director

# Independent Auditor's Review Report

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## **Independent Auditor's Report**

### **To the Members of Grant Thornton CLEARR Example Ltd**

We have reviewed the accompanying half-year financial report of Grant Thornton CLEARR Example Ltd (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with



Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Grant Thornton CLEARR Example Ltd is not in accordance with the Corporations Act 2001, including:

- c giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- d complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A Archer  
Director - Audit & Assurance  
Sydney, 28 February 2012