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Example Interim Financial Statements

International Financial Reporting Standards (IFRS)

Grant Thornton CLEARR Example Ltd

For the half-year ended 31 December 2013

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Introduction

Example Interim Financial Statements 2013

Welcome to the December 2013 edition of *Example Interim Financial Statements*.

The financial year ending 31 December 2013 is viewed by many as the beginning of the next wave of IFRSs as this is the first annual reporting period to which the requirements in AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities,* AASB 13 *Fair Value Measurement* and revised AASB 119 *Employee Benefits* apply. Entities with December half-years will also apply these new requirements for the first time to their December 2013 half-year financial statements. Accordingly, this reporting season represents a major change and is likely to pose significant challenges to preparers and auditors. On a positive note, the International Accounting Standard Board has now deferred the mandatory effective date of IFRS 9 *Financial Instruments* (which is the international equivalent of AASB 9 *Financial Instruments*) from '1 January 2015' to 'indefinitely' which is a welcome relief for many entities.

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

The December 2013 edition of *Example Interim Financial Statements* is based on the recent Grant Thornton International publication, however has been tailored to suit the Australian financial reporting and regulatory environment. This publication is intended to illustrate the 'look and feel' of interim financial statements and to provide a realistic example of their presentation.

This publication 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 Australian general purpose financial statements for several years. The Publication illustrates condensed interim financial statements for a six month accounting period beginning on 1 July 2013. The Group produces half-year interim financial reports in accordance with AASB 134 *Interim Financial Reporting* at 31 December 2013. The form and content of interim financial statements depend of course on the activities and transactions of each reporting entity. Our objective in preparing *Example 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 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. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

These *Example Interim Financial Statements* have been reviewed and updated to reflect changes in Australian Accounting Standards that are effective for the half year ending 31 December 2013. However, no account has been taken of any new developments published after **10 December 2013**. The Grant Thornton website contains any updates that are relevant for 31 December 2013 financial statements.

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 complete set of financial statements (as described in AASB 101 *Presentation of Financial Statements*). This publication illustrates a condensed set of interim financial statements based on the requirements of AASB 134.8. Where a complete 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 Financial Statements for listed entities. This is located at 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 the interim financial statements.

Andrew Archer
National Head of Audit & Assurance
Grant Thornton Australia Ltd
December 2013

Contents

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Directors' 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 2013.

CA 306(1)(b)

Director details

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

- Mr Blake Smith
- Ms Beth King
- Mr Simon Murphy
- Mrs Alison French
- Mr William Middleton (appointed 28 November 2013)

CA 306 (1)(a)

Review of operations and financial results

The operating result of the Group has increased to $13.9m (2012: $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 (2012: $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 2014 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.

Directors' 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 7 of this financial report and forms part of this Directors report.

Rounding of amounts

ASIC CO 98/100 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 2014

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 2013, 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

AB Partner
Director – Audit & Assurance

Sydney, 28 February 2014

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 profit or loss and other comprehensive income, presented either as a condensed single statement or a condensed separate statement of profit or loss 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 a statement of profit or loss 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 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 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 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 (AASB 134.8A). The Group presents a single consolidated statement of profit or loss and other comprehensive income in its annual financial statements. In addition, the Group's consolidated statement of profit or loss and other comprehensive income illustrates an example of the 'nature of expense format'. Accordingly, these *Example Interim Financial Statements* follow the same approach. The alternative methods of presenting two separate statements being a statement of profit or loss and a statement of comprehensive income and presenting a statement of profit or loss illustrating the 'function of expense format' are included as appendices to the *Example Listed Public Financial Statements* for the financial year ending 31 December 2013[1].

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 2013* do not include, such a statement of financial position.

[1] In December 2013, Grant Thornton published the December 2013 edition of *Example Financial Statements*, providing an example of a full set of annual financial statements prepared in accordance with the Australian Accounting Standards. These are located at http://www.grantthornton.com.au/Publications/Tools-and-resources/Technical-publications/Financial_Statements.asp

Guidance Note: Statement of Financial Position (cont.)

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 Australian Accounting Standards 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 2013

		Notes	31 December 2013	30 June 2013
AASB 101.51(c)	**Assets**		**$'000**	**$'000**
AASB 101.51(d-e)				
AASB 101.66	**Current**			
AASB 101.54(i)	Cash and cash equivalents		42,539	34,789
AASB 101.54(h)	Trade and other receivables		28,746	33,629
AASB 101.54(g)	Inventories		32,586	18,548
AASB 101.55	Derivative financial instruments		598	582
AASB 101.54(d)	Other short-term financial assets		689	655
AASB 101.60	Current assets		105,158	88,203
AASB 101.54(j)	Assets and disposal group classified as held for sale	12	-	103
AASB 101.66	**Non-current**			
AASB 101.57	Goodwill	9	7,397	5,041
AASB 101.54(c)	Other intangible assets	10	25,950	17,424
AASB 101.54(a)	Property, plant and equipment	11	26,281	22,439
AASB 101.54(e) AASB 128.38	Investments accounted for using the equity method		475	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		76,637	61,761
AASB 101.55	**Total assets**		181,795	150,067

The accompanying notes form part of these financial statements.

Consolidated statement of financial position (cont.)

As at 31 December 2013

AASB 101.57 AASB 101.51(d-e) AASB 101.51(c)		Notes	31 December 2013 $'000	30 June 2013 $'000
	Liabilities			
AASB 101.60, AASB 101.69	**Current**			
AASB 101.54(k)	Trade and other payables		10,466	9,059
AASB 101.54(m)	Borrowings		3,986	4,815
AASB 101.54(l)	Provisions	17	615	1,215
AASB 101.55	Pension and other employee obligations		1,625	1,467
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), AASB 5.38	Liabilities included in disposal group held for sale		-	-
AASB 101.60, AASB 101.69	**Non-current**			
AASB 101.54(k)	Trade and other payables		5,142	8,424
AASB 101.54(m)	Borrowings		19,768	21,000
AASB 101.55	Pension and other employee obligations		11,788	10,386
AASB 101.54(o), 101.56	Deferred tax liabilities		6,241	1,907
AASB 101.55	Other liabilities		1,854	2,020
	Non-current liabilities		44,793	43,737
AASB 101.55	**Total liabilities**		68,096	66,153
	Net assets		113,699	83,914
	Equity			
	Equity attributable to owners of the parent:			
AASB 101.54(r)	Share capital	14	55,865	33,415
AASB 101.54(r)	Share option reserve		1,031	764
AASB 101.78(e)	Other components of equity	16	650	621
AASB 101.54(r)	Retained earnings		55,373	48,401
			112,919	83,201
AASB 101.54(q)	Non-controlling interest		780	713
	Total equity		113,699	83,914

The accompanying notes form part of these financial statements.

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Guidance note: Consolidated statement of profit or loss and other comprehensive income

In accordance with AASB 101, the statement of profit or loss and other comprehensive income may be presented in one of the following ways:

- In a **single** statement of profit or loss and other comprehensive income; or
- In **two** statements: a statement of profit or loss and a statement of comprehensive income.

The example financial statements illustrate a statement of profit or loss and other comprehensive income (i.e., a **single** statement). A two statement presentation is shown in the Appendices of the *Example Financial Statements* for the financial year ending 31 December 2013.

AASB 101.82(a)-(ea) provides a list of the minimum items to be presented on the face of the statement of profit or loss and other comprehensive income. Where relevant, references to AASB 101 and other AASB requirements are included on the left hand side of the consolidated statement of profit or loss and other 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 profit or loss and other 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 statement of profit or loss and statement of comprehensive income, the basic and diluted earnings per share figures should be presented on the face of the statement of profit or loss (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 profit or loss and other 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 profit or loss and other comprehensive income or in the notes to those financial statements (AASB 133.68). Where an entity presents items of profit or loss in a separate statement, it presents basic and diluted earnings per share for the discounted operations in that separate statement or in the notes (AASB 133.86A).

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 profit or loss and other comprehensive income, in our opinion the earnings per share figures for total operations should also be shown on the face of the statement of profit or loss and other comprehensive income.

AASB 101.82A requires an entity to present line items for amounts of other comprehensive income (OCI) in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method).

AASB 101 also requires items of Other Comprehensive Income (OCI) to be grouped into that will not be reclassified subsequently to profit or loss and those that may be reclassified subsequently to profit or loss when specific conditions are met (AASB 101.82A).

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. If an entity chooses the second alternative, it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section (AASB 101.91).

The Group, in its annual financial statements, presents components of OCI before tax with one amount shown for the aggregate amount of income tax relating to all the items of other comprehensive income that might be reclassified subsequently to the profit or loss section. The Group does not have any items of other comprehensive income that will not be reclassified subsequently to the profit or loss section. 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.

Consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2013

		Notes	31 December 2013 $'000	31 December 2012 $'000
AASB 101.51(c) 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)
			18,317	**7,505**
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
	Profit before tax		**19,743**	**7,997**
AASB 101.82(d)	Tax expense		(5,945)	(2,458)
	Profit for the period from continuing operations		**13,798**	**5,539**
AASB 101.82(ea)	Profit (loss) from the period from discontinued operations	12	96	8
AASB 101. 81A(a)	**Profit for the period**		**13,894**	**5,547**
AASB 101.82(g)	**Other comprehensive income:**			
AASB 101.82A(a)	*Items that will not be reclassified subsequently to profit or loss*			
	Remeasurement of net defined benefit liability		(1,771)	1,915
	Income tax on items that will not be reclassified subsequently to profit or loss	16	531	(575)
AASB 101.82A(b)	*Items that may be reclassified subsequently to profit or loss*			
	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 items that may be reclassified subsequently to profit or loss	16	173	125
	Other comprehensive income for the period, net of tax	16	**(1,211)**	**1,462**
AASB 101.82(i)	**Total comprehensive income for the period**		**12,683**	**7,009**
	Profit for the period attributable to:			
AASB 101.83(a)(i)	Non-controlling interest		67	57
AASB 101.83(a)(ii)	Owners of the parent		13,827	5,490
			13,894	**5,547**
	Total comprehensive income for the period attributable to:			
AASB 101.83(b)(i)	Non-controlling interest		67	57
AASB 101.83(a)(ii)	Owners of the parent		12,616	6,952
			12,683	**7,009**
AASB 134.11, 11A	**Earnings per share**	13	**$**	**$**
AASB 133.67A	**Basic earnings per share**			
AASB 133.66	Earnings from continuing operations		0.92	0.45
AASB 133.68A	Earnings from discontinued operations		0.01	-
AASB 133.66	Total		**0.93**	**0.45**
AASB 133.67A	**Diluted earnings per share**			
AASB 133.66	Earnings from continuing operations		0.92	0.45
AASB 133.68A	Earnings from discontinued operations		0.01	-
AASB 133.66	Total		**0.93**	**0.45**

The accompanying notes form part of these financial statements.

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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 Australian Accounting Standards requirements are included on the left hand side of the consolidated statement of changes in equity.

AASB 101.106 provides 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). These example interim financial statements 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.

Consolidated statement of changes in equity

For the half-year ended 31 December 2013

		Share capital	Share Option Reserve	Other Components of Equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
AASB 101.51(d-e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000
AASB 101.106(d)	**Balance at 1 July 2013**	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)	**Balance at 31 December 2013**	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

For the half-year ended 31 December 2012

		Share capital	**Share Option Reserve**	**Other components of equity**	**Retained earnings**	**Total attributable to owners of parent**	**Non-controlling interest**	**Total equity**
AASB 101.51(d-e)		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
AASB 101.106(d)	**Balance at 1 July 2012**	15,050	466	205	36,075	51,796	592	52,388
	Effect of AASB 119	-	-	(1,351)	(630)	(1,981)	-	(1981)
	Balance 1 July 2012 (restated)	**15,050**	**466**	**(1,146)**	**35,445**	**49,815**	**592**	**50,407**
	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 as reported	-	-	-	5,533	5,533	57	5,590
	Effect of AASB 119	-	-	-	(43)	(43)	-	(43)
	Restated profit for the period	-	-	-	5,490	5,490	57	5,547
AASB 101.106(d)(ii)	Other comprehensive income as reported	-	-	1,463	-	1,463	-	1,463
	Effect of AASB 119	-	-	1,340	-	1,340	-	1,340
	Restated other comprehensive income	-	-	2,803	-	2,803	-	2,803

AASB 101.106(d)	Total comprehensive income for the period	-	-	2,803	5,490	8,293	57	8,350
AASB 101.106(d)	**Balance at 31 December 2012**	16,735	631	1,657	37,935	56,958	649	57,607

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 2012*.

Where relevant, references to AASB 107 and other Australian Accounting Standards 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 2013

		Notes	31 December 2013 $000	31 December 2012 $000
AASB 101.51(c) AASB 101.51(d-e)				
AASB 107.10	**Operating activities**			
	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
AASB 5.33(c)	Net cash from discontinued operations		-	18
	Net cash from operating activities		15,125	20,382
AASB 107.10	**Investing activities**			
	Purchase of property, plant and equipment	11	(47)	(26)
	Proceeds from disposals of property, plant and equipment		128	11
	Purchase of other intangible assets	10	(2,470)	(2,805)
AASB 107.39	Acquisition of subsidiaries, net of cash	6	(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	**Financing activities**			
	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	15	(6,855)	(3,000)
	Net cash from (used in) financing activities		12,579	(3,752)
AASB 107.45	**Net change in cash and cash equivalents**		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	**Cash and cash equivalents, end of period**		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 Australian Accounting Standards unless it complies with all of the requirements of Australian Accounting Standards.

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 *guidance* clarifies this requirement and adds 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 Australian Accounting Standards are included on the left hand side of the disclosures.

Notes to the condensed interim consolidated financial statements

1 Nature of operations

AASB 101.51 (a)
AASB 101.51 (b)

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

AASB 101.138 (b)

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

AASB 134.3
AASB 134.19

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2013 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 Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 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*.

AASB 110.17

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2014.

3 Significant accounting policies

AASB 134.16A(a)
AASB 108.28

The interim financial statements have been prepared in accordance with the accounting policies[2] adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 13 *Fair Value Measurement*; and
- AASB 119 *Employee Benefits* (September 2011)

The effects of applying these standards are described below.

AASB 10 *Consolidated Financial Statements*

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 *Joint Arrangements*

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly Controlled Entities – Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

The Group's only joint arrangement within the scope of AASB 11 is its 50% investment in Halftime (Halftime), which was accounted for using the proportionate consolidation method under AASB 131. Management has reviewed the classification of Halftime in accordance with AASB 11 and has

[2] 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).

concluded that it is a joint venture. AASB 11 requires the use of equity accounting for joint ventures.

AASB 11 has been applied retrospectively but with certain simplifications in accordance with the transitional provisions of that standard. Consequently, the investment in Halftime has been restated by aggregating the carrying amounts of the assets and the liabilities that the Group had previously proportionately consolidated with effect from 1 July 2012.

The effects on the statement of financial position and statement of profit or loss and other comprehensive income are:

Statement of Profit or Loss and Other Comprehensive Income (Extract)	**2012 (Previously stated)**	**Change**	**2012 (Restated)**
	$'000	**$'000**	**$'000**
Revenue	89,223	(160)	89,063
Other income	225	(40)	185
Changes in inventories	(3,218)	70	(3,148)
Costs of material	(18,718)	80	(18,638)
Other expenses	(5,878)	30	(5,848)
Share of profit from equity accounted investments	9	20	29
Profit for the period	**5,547**	**-**	**5,547**
Other comprehensive income for the period	122	-	122
Total comprehensive income for the period	**5,669**	**-**	**5,669**

Statement of Financial Position (Extract)	**30 June 2013 (Previously stated)**	**Increase/ (Decrease)**	**30 June 2013 (Restated)**	**1 July 2012 (Previously stated)**	**Increase/ (Decrease)**	**1 July 2012 (restated)**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current Assets						
Cash and cash equivalents	34,819	(30)	34,789	11,250	(13)	11,237
Trade and other receivables	33,742	(113)	33,629	25,723	(95)	25,628
Inventories	18,648	(100)	18,548	17,444	(68)	17,376
Non-current Assets						
Other intangible assets	17,624	(200)	17,424	14,104	(263)	13,841
Property, plant and equipment	22,682	(243)	22,439	20,835	(188)	20,647
Investments accounted for using the equity method	167	263	430	8	15	23
Total Assets	**150,490**	**(423)**	**150,067**	**114,360**	**(612)**	**113,748**
Current Liabilities						
Trade and other payables	9,282	(223)	9,059	6,946	150	7,096
Non-current Liabilities						
Borrowings	21,200	(200)	21,000	20,803	462	21,265
Total Liabilities	**66,576**	**(423)**	**66,153**	**61,972**	**(612)**	**61,360**
Net Assets	**83,914**	**-**	**83,914**	**52,388**	**-**	**52,388**

The application of AASB 11 had an immaterial impact on the statement of cash flows and on the earnings per share for the six months ended 31 December 2012.

AASB 13 *Fair Value Measurement*

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 134 requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 19.

AASB 119 *Employee Benefits* (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

AASB 119 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 July 2012 as an adjustment to opening equity.

The effects of the application of AASB 119 on the statement of financial position at 1 July 2012 and 30 June 2013 are:

	Pension and other employee obligations $'000	**Deferred tax liabilities $'000**	**Other components of equity $'000**	**Retained earnings $'000**
Balance as reported at 1 July 2012	12,005	2,645	205	36,075
Effect of AASB 119	2,830	(849)	(1,351)	(630)
Restated balance at 1 July 2012	**14,835**	**1,796**	**(1,146)**	**35,445**

	Pension and other employee obligations $'000	Deferred tax liabilities $'000	Other components of equity $'000	Retained earnings $'000
Balance as reported at 30 June 2013	11,224	1,656	(596)	49,031
Effect of AASB 119:				
– brought forward	2,830	(849)	(1,351)	(630)
– total comprehensive income for the year	(3,668)	1,100	2,568	-
Restated balance at 30 June 2013	**10,386**	**1,907**	**621**	**48,401**

The effects on the statement of profit or loss and other comprehensive income for the six months ended 31 December 2012 are:

	6 months to 31 December 2012 $'000
Decrease in employee benefit expenses	-
Decrease in finance costs	1,192
Decrease in other financial items	(1,235)
Decrease in tax expense	-
Decrease in profit	**(43)**
Other comprehensive income:	
Increase in gain on remeasurement of net defined benefit liability	1,915
Increase in income tax relating to items not reclassified	(575)
Increase in other comprehensive income	**1,340**
Increase in total comprehensive income	**1,297**

The application of AASB 119 did not have a material effect on the statement of cash flows and on the earnings per share for the six months ended 31 December 2012.

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 2013. 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 2013 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 2013, 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.

Details of the business combination are as follows:

AASB 3.B64(f)
AASB3.B64(f)(i)
AASB 107.40(a)
AASB 3.B64(i)
AASB 107.40(d)
AASB 107.40(c)

	$000
Fair value of consideration transferred	
Amount settled in cash	18,500
Recognised amounts of identifiable net assets	
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
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**

AASB 107.40(b)	Consideration transferred settled in cash	18,500
AASB 107.40(c)	Cash and cash equivalents acquired	(324)
AASB 107.42	**Net cash outflow on acquisition**	**18,176**
	Acquisition costs charged to expenses	304
	Net cash paid relating to the acquisition	**18,480**

Consideration transferred

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 profit or loss and other comprehensive income, as part of other expenses.

Identifiable net assets

AASB 3.B67(a)

The fair values of the identifiable intangible assets have been determined provisionally at 31 December 2013, because the acquisition was completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation.

AASB 3.B64(h)(ii)

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)
AASB 136.133
AASB 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 allocated to cash-generating units at 31 December 2013 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 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 2013. Had the acquisition occurred on 1 July 2013, the Group's revenue for the period to 31 December 2013 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 2013, 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 2013	Service 2013	Retail 2013	Other 2013	Total 2013
	6 months to 31 December 2013	**$000**	**$000**	**$000**	**$000**	**$000**
	Revenue					
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
	Segment revenues	**56,562**	**21,435**	**36,576**	**2,069**	**116,642**
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 2012	Service 2012	Retail 2012	Other 2012	Total 2012
	6 months to 31 December 2012	**$000**	**$000**	**$000**	**$000**	**$000**
	Revenue					
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
	Segment revenues	**47,988**	**7,832**	**38,481**	**1,761**	**96,062**
	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 2013 $000	6 months to 31 December 2012 $000
AASB 8.28(b) **Profit or loss**		
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
Group profit before tax	**19,743**	**7,997**

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 2013 represented 66% (first six months of 2012: 43%) of the annual level of these revenues for the year ended 30 June 2013.

The percentage of the six-months revenues in 2013 is higher than 2012 due to the effect of the full six months revenue contribution in 2013 of the subsidiary acquired by the Group in September 2012 and the additional three months revenues contributed by a new subsidiary acquired in 2013 (see Note 6). Excluding these items, the revenues for the six months ended 31 December 2013 represent approximately 45% of the annual level of maintenance and installation revenues for the year ended 30 June 2013.

9 Goodwill

The following table shows the movements in goodwill[5]:

		6 months to 31 December 2013	Year to 30 June 2013
AASB 3.B67(d)		$000	$000
	Gross carrying amount		
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)	**Balance, end of the period**	**8,386**	**6,030**
	Accumulated impairment		
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)	**Balance, end of the period**	**(989)**	**(989)**
	Carrying amount at the end of the period	**7,397**	**5,041**

10 Other intangible assets

The following tables show the movements in intangible assets[6]:

		Acquired software licenses	Internally generated software	Brand names	Customer lists	Total
		$000	$000	$000	$000	$000
AASB 138.118	**Gross carrying amount**					
	Balance at 1 July 2013	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)
	Balance at 31 December 2013	**22,564**	**20,131**	**2,225**	**3,246**	**48,166**
	Amortisation and impairment					
	Balance at 1 July 2013	(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)(vii)	Net exchange differences	(52)	(46)	-	-	(98)
	Balance at 31 December 2013	**(9,074)**	**(12,412)**	**(402)**	**(328)**	**(22,216)**
	Carrying amount at 31 December 2013	**13,490**	**7,719**	**1,823**	**2,918**	**25,950**

5 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.

6 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.

AASB 138.118	**Gross carrying amount**					
	Balance at 1 July 2012	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)
	Balance at 31 December 2012	**16,469**	**18,046**	**975**	**1,761**	**37,251**
	Amortisation and impairment					
	Balance at 1 July 2012	(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)
	Balance at 31 December 2012	**(7,739)**	**(11,602)**	**(287)**	**(199)**	**(19,827)**
	Carrying amount at 31 December 2012	**8,730**	**6,444**	**688**	**1,562**	**17,424**

11 Property, plant and equipment

AASB 134.16A(c) The following tables show the movements in property, plant and equipment[7]:

		Land	Buildings	IT equipment	Other equipment	Total
		$000	**$000**	**$000**	**$000**	**$000**
	Gross carrying amount					
AASB 116.73(d)	Balance at 1 July 2013	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)	**Balance at 31 December 2013**	**8,694**	**22,547**	**10,306**	**3,271**	**44,818**
	Depreciation and impairment					
AASB 116.73(d)	Balance at 1 July 2013	-	(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)	**Balance at 31 December 2013**	**-**	**(13,969)**	**(3,103)**	**(1,465)**	**(18,537)**
	Carrying amount at 31 December 2013	**8,694**	**8,578**	**7,203**	**1,806**	**26,281**

7 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.

	Gross carrying amount					
AASB 116.73(d)	Balance at 1 July 2012	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)	**Balance at 31 December 2012**	**8,709**	**20,177**	**7,806**	**2,905**	**39,597**
	Depreciation and impairment					
AASB 116.73(d)	Balance at 1 July 2012	-	(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)	**Balance at 31 December 2012**	**-**	**(13,213)**	**(2,446)**	**(1,499)**	**(17,158)**
	Carrying amount at 31 December 2012	**8,709**	**6,964**	**5,360**	**1,406**	**22,439**

12 Discontinued operations and non-current assets held for sale

AASB 134.16A(i)

The amounts presented in the statement of profit or loss and other comprehensive income under discontinued operations relate to Highstreet Ltd (Highstreet). Most of its assets were sold on 30 March 2013. The remaining storage facility was sold in August 2013 and a gain of $96,000 is presented as discontinued operations for the period ended 31 December 2013.

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 2013 and 2012[8].

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:

		6 months to 31 December 2013 '000s	6 months to 31 December 2012 '000s
	Weighted average number of shares used in basic earnings per share	14,970	12,270
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

[8] 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 2013, 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 2012: $11.19).

The Group also issued 1,700,000 shares on 1 October 2013 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. Shares issued and authorised are summarised as follows:

		6 months to 31 December 2013	Year to 31 December 2012
	Amounts in thousand shares:	'000s	'000s
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)	**Shares issued and fully paid**	**15,820**	**13,770**
	Shares authorised for share based payments	600	600
AASB 101.79(a)(i)	**Total shares authorised at the end of the period**	**16,420**	**14,370**

15 Dividends

During the second half of 2013, Grant Thornton CLEARR paid dividends of $6,855,000 to its equity shareholders (second half of 2012: $3,000,000). This represents a payment of $0.50 per share (first six months of 2012: $0.25). No dividends were paid on new shares issued in 2013 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[3]:

Reference		Translation reserve	Revaluation reserve	Available-for-sale financial assets	Cash-flow hedges	Actuarial adjustments on defined benefit plans[4]	Total
AASB 101.51(d-e)		**$000**	**$000**	**$000**	**$000**		**$000**
AASB 101.106(d)	Balance at 1 July 2013	(847)	901	98	469	1,330	1,951
AASB 119.120(c)	Remeasurement of net defined benefit liability	-	-	-	-	(1,771)	(1,771)
	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	-	-	-	531	704
AASB 101.106(a)	Other comprehensive income for the period (all attributable to the parent)	(402)	-	59	372	(1,240)	(1,211)
AASB 101.106(d)	**Balance at 31 December 2013**	**(1,249)**	**901**	**157**	**841**	**90**	**740**
AASB 101.106(d)	Balance at 1 July 2012	(359)	689	35	(160)	(1,351)	(1,146)
AASB 119.120(c)	Remeasurement of net defined benefit liability	-	-	-	-	1,915	1,915
	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)

3 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.

4 The revised version of AASB 119 *Employee Benefits* does not mandate where to present remeasurements in Equity. Accordingly, while it is common practice to recognise remeasurements directly in retained earnings, we believe it is also acceptable to recognise such remeasurements in a separate component of equity as illustrated in this set of Example Financial Statements.

AASB 121.81(a)	Exchange differences on translating foreign operations	(414)	-	-	-		(414)
AASB 112.81(a), AASB 101.90	Tax benefit	125	-	-	-	(575)	(450)
AASB 101.106(a)	Other comprehensive income for the period (all attributable to the parent)	(289)	-	(54)	465	1,340	1,462
AASB 101.106(d)	**Balance at 31 December 2012 (restated)**	**(648)**	**689**	**(19)**	**305**	**11**	**316**

17 Provisions

AASB 134.15B(c)

A restructuring provision was recognised by the Group in its annual financial statements as at 30 June 2013 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 2013 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 by 30 June 2014, 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 31 December 2012, 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 Fair value measurement of financial instruments

19.1 Fair value hierarchy

AASB 13.76,81,86

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AASB 134.15B(h)
AASB 134.15C

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2013 and 31 December 2012 on a recurring basis are as follows:

AASB 13.93(a)

31 December 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Listed securities and debentures	598	-	-	598
Money market funds	689	-	-	689
US-Dollar contracts - cash flow hedge	-	841	-	841

Other forward exchange contracts held-for-trading	-	94	21	115
Total	**1,287**	**935**	**21**	**2,243**
Liabilities				
US-Dollar loans	-	(7,950)	-	(7,950)
Total	**-**	**(7,950)**	**-**	**(7,950)**
Net fair value				

AASB 13.93(a)

31 December 2012	**Level 1 \$'000**	**Level 2 \$'000**	**Level 3 \$'000**	**Total \$'000**
Assets				
Listed securities and debentures	582	-	-	582
Money market funds	655	-	-	655
US-Dollar contracts - cash flow hedge	-	469	-	469
Other forward exchange contracts held-for-trading	-	94	28	122
Total	**1,237**	**563**	**28**	**1,828**
Liabilities				
US-Dollar loans	-	(8,220)	-	(8,220)
Total	**-**	**(8,220)**	**-**	**(8,220)**
Net fair value	**1,237**	**(7,657)**	**28**	**(6,392)**

19.2 Measurement of fair value of financial instruments

AASB 13.93(d)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

AASB 134.15B(h),(k)
AASB 134.15C
AASB 134.16A(j)
AASB 13.91(b)
AASB 13.93(e)(iv)

a) Listed securities, debentures and money market funds

Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Foreign currency forward contracts

The Group's foreign currency forward contracts are not traded in active markets. The fair values of most of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates and are included in Level 2 of the fair value hierarchy. However, a few of the Group's derivative positions in foreign currency forward contracts relate to currencies for which markets are less developed and observable market data are not available. For these contracts, management uses its best estimate about the assumptions that market participants would make. These contracts are therefore classified within Level 3.

AASB 13.95

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) US-dollar loans

The fair value of the US-dollar loans is estimated using a valuation technique. All significant inputs into the model are based on observable market prices, e.g. market interest rates of similar loans with similar risk. The interest rate used for this calculation is 3.9%.

AASB 13.93(a),(b),(d)

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2013.

19.3 Level 3 fair value measurements

AASB 134.15B(k)
AASB 134.15C

The following table presents the changes in financial instruments classified within Level 3:

	Foreign currency forward contracts	
	2013	2012
	$'000	$'000
Opening balance	**28**	**34**
Gains or losses recognised in:		
- Profit or loss (a)	23	18
- Other comprehensive income	-	-
Settlements	(30)	(24)
Closing balance	**21**	**28**

(a) Gains or losses recognised in profit or loss for the period are presented in 'finance income' and can be attributed as follows:

	2013	2012
	$'000	$'000
Assets held at the end of the reporting period	21	28
Assets not held at the end of the reporting	2	(10)
Total gains or losses	**23**	**18**

AASB 13.93(h)(ii)

There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2013.

AASB 13.93(d)

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

AASB 13.93(g)

The valuation process is managed by a team in the Group's finance department which performs the valuations of non-property assets required for financial reporting purposes (including Level 3 fair values). The valuation team reports to the Group's Chief Financial Officer (CFO) and the Audit and Risk Committee. Discussions on valuation processes and outcomes are held between the valuation team, CFO and the Audit and Risk Committee every six months.

AASB 134.16A(j)
AASB 7.25

19.4 Fair values of other financial assets and financial liabilities

The Group also has number of financial instruments which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 December 2013:

	Fair value $'000	Carrying amount $'000
Non-current borrowings		
Other bank borrowings	4,400	4,565
Non-convertible bond	2,200	2,253
Subordinated shareholder loan	4,975	5,000
	11,575	**11,818**
Non-current trade and other payables		
Finance lease liabilities	4,208	4,096
	4,208	**4,096**

AASB 7.29(a)

The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value

20 Events after the reporting date[10]

AASB 134.16A(h)
AASB 3.B66
AASB 3.B64(a-d)

On 29 January 2014, the Group acquired 100% of the issued share capital of Servers.com Limited (Servers.com), a company based in Australia. 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 2014 and 2015 exceed a target level agreed by both parties. Any additional consideration will be paid on 30 July 2016.

AASB 3.B64(f)

The fair value of the consideration transferred is as follows:

		$000
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	13,930

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%[11].

[10] 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.

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.

[11] 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 2013 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)

Director ....
Blake Smith CA 303(5)(c)

Dated the 28th day of February 2014 CA 303(5)(b)

Independent Auditor's Review Report

An independent auditor's report will be prepared by the entity's auditor in accordance with Australian Auditing Standards. This publication does not include an illustrative report as the wording of the report may differ between entities.