

Illustrative interim financial information
for existing IFRS preparers

June 2008

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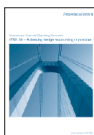
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Illustrative interim financial information for existing IFRS preparers

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Introduction to IAS 34, 'Interim financial reporting'

Objective and scope

Although there is no requirement under IFRS for entities to publish interim financial reports, a number of territories around the world either require or recommend their publication, often stipulating that they should be prepared in accordance with IFRS. IAS 34, 'Interim financial reporting', applies where an entity publishes an interim financial report in accordance with IFRS. It encourages publicly traded entities to prepare interim reports at least as of the end of the first half of their financial year. [IAS 34 para 1].

The objective of IAS 34 is to set out the minimum content that an interim financial report should contain and the principles that should be used in recognising and measuring the transactions and balances included in that report.

IAS 34 recommends that interim financial reports are published within 60 days of the period end, although local legislative requirements may mandate a different timescale. [IAS 34 para 1(b)].

Content

Under IAS 34, entities may either prepare full IFRS financial statements (as published in their annual report), or condensed financial statements. Condensed reporting is the more common approach.

IAS 34 requires the interim financial report to contain, as a minimum:

- A condensed balance sheet at the end of the interim period.
- A condensed income statement for the interim period reported and the year to date (for example, the second quarter and the half year to date).
- A condensed statement showing, for the year to date, either:
 - all changes in equity; or
 - changes in equity other than those arising from capital transactions with owners and distributions to owners (a statement of recognised income and expense – SORIE). The SORIE is required by IAS 19, 'Employee benefits', where an

Introduction to IAS 34, 'Interim financial reporting'

entity chooses a policy of recognising actuarial gains and losses in equity.

- A condensed cash flow statement for the year to date.
- Selected explanatory notes.
- Basic and diluted earnings per share for the interim period reported, presented on the face of the income statement (only if the entity is required to present earnings per share in accordance with IAS 33).

[IAS 34 paras 8, 11].

The condensed primary statements should contain, at a minimum, the main headings and sub-totals that were included in the entity's most recent full financial statements. [IAS 34 para 10].

IAS 34 requires comparative information to be given for all primary statements. Balance sheet comparative information is required to be given for the last year end. Income statement comparative information is required to be given for the equivalent reporting period in the previous year and the equivalent year-to-date in the previous year where different. Equity movement and cash flow comparative information is required for the equivalent year-to-date period in the previous year. [IAS 34 para 20].

The entity's annual financial statements give a comprehensive picture of the entity's state of affairs at the most recent year end and, therefore, the interim financial report should be read in conjunction with them. It is not necessary to give relatively insignificant updates to information already reported. The selected explanatory notes to the interim report should explain significant events and transactions that have occurred during the interim period. [IAS 34 para 15]. IAS 34 contains no requirement for a separate management commentary.

As a minimum, the following information is required by IAS 34 to be included in the notes to an interim financial report:

- A statement that the accounting policies and methods of computation used in the interim financial report are the same as those used in the most recent annual financial statements or, if this is not the case, a description of the nature and effect of the change.
- Explanatory comments about seasonality or cyclicity of interim operations.
- The nature and amount of any items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their size, nature or incidence.
- The nature and amount of changes in estimates of amounts reported in prior periods, either interim periods within the current financial year or in

prior financial years, where those have a material impact in the current interim period.

- Issuances, repurchases and repayments of debt and equity securities.
- Dividends paid (aggregate or per share) separately for ordinary shares and other shares.
- Segment revenue and result for the primary segment (business or geographical) to the extent that it would be required by IAS 14, 'Segment reporting', to be disclosed in the annual financial statements. Companies disclosing segmental information in their annual reports under IFRS 8, 'Operating segments', should disclose significantly more information, including revenue from external customers, inter-segment revenues, segment result, total assets for which there has been a material change from the amount disclosed in the last annual financial statements, changes in segments or in the basis of measurement of segment profit since the last financial statements, and a reconciliation of segment results to the entity's result before tax and discontinued operations, separately identifying and describing material items. IFRS 8 is effective for periods beginning on or after 1 January 2009, with earlier adoption permitted.
- Material events that have occurred subsequent to the end of the interim period that have not been reflected in the interim financial report.
- The effect of changes in the reporting entity's composition during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations. For business combinations, the detailed information under IFRS 3 paragraphs 66-73 is required.
- Changes in contingent liabilities and contingent assets since the previous annual balance sheet date.

[IAS 34 para 16].

The interim financial report should contain a statement that it is in compliance with IAS 34. The report should not be described as complying with IFRS unless it complies with all of the requirements of IFRS. [IAS 34 paras 3, 19].

Recognition and measurement

Although interim financial reports prepared in accordance with IAS 34 are not required to comply with the full requirements of IAS 1, 'Presentation of financial statements', they are required to be prepared in accordance with certain of the fundamental principles that underpin IAS 1. These fundamental principles include the preparation of the financial statements on a going-concern basis, using the accruals basis, offsetting, applying consistent accounting policies that comply with IFRS, materiality and aggregation. [IAS 1 para 3].

Introduction to IAS 34, 'Interim financial reporting'

The interim financial report should be prepared using the same accounting policies that were applied in the preparation of the most recent annual financial statements. There is an exception where the entity plans or is required to change an accounting policy before the year end. In this case, the accounting policy that will be applied in the next annual financial statements should be used in preparing the interim financial report, and the nature and impact of the change in accounting policy should be disclosed. [IAS 34 para 28]. The prior interim periods of the current year and the comparable interim periods of the prior year should be restated. [IAS 34 para 43].

For the purposes of the interim financial report, the interim period should be treated as a discrete period, and the entity should apply the same criteria at the interim balance sheet date as it does at its year end when considering the accounting treatment of transactions. Assets and liabilities should be carried in the interim balance sheet only where they meet the definition of an asset or a liability at the interim balance sheet date. [IAS 34 para 29].

Revenue that is received seasonally, cyclically or occasionally within a financial year is not anticipated or deferred at the interim date if such treatment would not be appropriate at the year end. [IAS 34 para 37]. Highly seasonal businesses are encouraged to include financial information for the 12 months ending on the interim reporting date, with comparatives for the prior 12-month period. [IAS 34 para 21]. Costs that are incurred unevenly during the year are only anticipated or deferred at the interim date if such treatment would also be appropriate at the year end. [IAS 34 para 39].

There are special requirements for measuring the interim income tax expense, which is accrued based on a full-year effective rate applied to the pre-tax income of the interim period. Appendix B to the standard contains further examples of applying the recognition and measurement criteria for a number of items including: payroll taxes, planned maintenance and overhaul, provisions, year-end bonuses, contingent lease payments, intangible assets, pensions, holiday pay, measurement of interim income tax expense, contractual purchase price changes, depreciation, inventories, foreign currency translation and impairment.

The materiality used in the preparation of an interim financial report is calculated with respect to the results of that period and not by reference to an estimate of the results for the full year. [IAS 34 para 23].

IFRIC 10, 'Interim financial reporting and impairment', addresses the issue of whether an impairment of goodwill or an investment recognised in an interim period may be reversed (in a subsequent interim period or in a subsequent full year accounts). IFRIC 10 concludes that an entity should not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. [IFRIC 10 para 8].

First-time adoption of IFRS

IFRS 1, 'First-time adoption of International Financial Reporting Standards', applies to interim financial reports that are presented in accordance with IAS 34 for part of the period covered by the entity's first IFRS financial statements. [IFRS 1 para 2(b)]. The first IFRS interim report should contain sufficient detail to enable users to understand the effect of the transition (including the new IFRS accounting policies), as well as the IFRS 1 reconciliations between previous GAAP and IFRS. This is likely to lead to a significantly longer report.

Auditors' review

IAS 34 does not require interim reports to be reviewed by auditors. However, where local legislation requires it, or where the entity has engaged the auditor to perform a review, the auditors' interim review report should be included in the interim report.

Pro forma information

Recent years have seen increasing use of adjusted or *pro forma* information in narrative and summary disclosures, which has raised concern among regulators and users of financial statements. A particular cause for concern is where such information is presented so that it appears more representative or reliable than the numbers reported in accordance with IFRS. For example, the narrative discussion of performance may focus on strong growth in earnings before certain expenses such as one-off costs, while the income statement prepared in accordance with accounting standards shows a decline in profit, or even a loss. For this reason, it should be made clear to the reader that any non-GAAP measures are adjusted or *pro forma*, and they should be reconciled to the numbers prepared in accordance with IFRS. Non-GAAP figures should not be given greater prominence than IFRS figures.

Illustrative interim financial information for the period ended 30 June 2008

This illustrative condensed consolidated interim financial information is prepared in accordance with IAS 34, 'Interim financial reporting'. The company (Swimodele Group), manufactures and sells swimwear, swimming pool and diving equipment, as well as beach accessories, through a network of independent retailers. Swimodele Group is an existing preparer of IFRS consolidated financial statements; IFRS 1, 'First-time adoption of International Financial Reporting Standards' is not applicable. Swimodele Group is an issuer of shares and does not have listed debt.

The IFRS standards and IFRIC interpretations considered in preparing this illustrative interim financial information are those issued by the IASB up to 31 March 2008 that are mandatory for the year end 31 December 2008. An appendix to the interim financial information sets out disclosures required by IFRS 8, 'Operating segments', should an entity choose to early-adopt this standard.

We have attempted to create realistic condensed consolidated interim financial information for a corporate entity. Certain types of transaction have not been included, as they are not relevant to the group's operations.

The example disclosures are not the only acceptable form of presentation. The form and content of each reporting entity's condensed consolidated interim financial information is the responsibility of the entity's management. Any form of presentation may be adopted if it complies with the specific disclosure requirements prescribed in IAS 34.

This illustrative condensed consolidated interim financial information is not a substitute for reading the standards and interpretations themselves or for professional judgement as to fairness of presentation. It does not cover all possible disclosures that IAS 34 requires, nor does it take account of any specific legal framework. Additional accounting disclosures may be required in order to comply with local laws, national financial reporting standards and/or stock exchange regulations.

The references in the left-hand margin refer to the paragraph of the standard in which the disclosure appears, for example, '34p11' indicates IAS 34 paragraph 11. The reference to IFRS appears in full, for example, 'IFRS3p67' indicates IFRS 3 paragraph 67. The designation 'DV' (disclosure voluntary) indicates that disclosure is encouraged but not required.

Swimodele Group
Interim financial information
(unaudited)

30 June 2008

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Interim management report¹

34p8(e) Swimodele ('the Company') and its subsidiaries (together, 'the group') manufacture and sell swimwear, swimming pool and diving equipment, and beach accessories, through a network of independent retailers. The group has operations mainly in countries within the eurozone, the US and the UK.

Key events

34p8(e) The operational highlight of the period was the acquisition of Chanoos Ltd, a company that manages a network of retail outlets for swimwear. Further details are given in Note 15.

The group also sold its beach accessories division during the period, in order to focus on the core swimwear and diving products divisions. Further details are given in Note 14.

A new legal claim in respect of the group's swimming pool alarms not meeting European security criteria arose in May 2008. Further details of the provision in respect of this claim, the impairment of assets that produce these alarms and the write-down of inventory are given in Notes 9 and 10.

On 2 August 2008 there was severe flooding in one of the group's major Eastern European swimwear manufacturing factories. Further details are given in Note 18.

34p6,15 While it seems likely that global market conditions (the 'credit crunch') will affect market confidence and consumer spending patterns, the group is well placed to grow revenues through ongoing product innovation and the recent acquisition of Chanoos Ltd. The group does not have any exposure to sub-prime lending or collateralised debt obligations. The group has sufficient headroom to enable it to conform to covenants on its existing borrowings. The group has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investment in new stores.

¹ Where local legislation does not require an interim management report, this information should be included within the notes.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

Balance sheet

34p8(a), 34p10			As at	
34p20(a) ¹	Note	30 June 2008	31 December 2007	30 June 2007 ¹
Assets				
Non-current assets				
Property, plant and equipment	5	15,298	16,595	13,472
Intangible assets	5	6,182	3,140	3,322
Investments in associates		450	290	325
Deferred income tax assets		145	77	90
Available-for-sale financial assets		4,212	3,999	4,183
Other non-current assets		1,376	1,760	1,475
Total non-current assets		27,663	25,861	22,867
Current assets				
Inventories		13,230	12,730	12,524
Trade and other receivables		8,241	9,135	8,799
Other current financial assets		679	871	548
Cash and cash equivalents		927	498	2,008
Total current assets		23,077	23,234	23,879
Assets held for sale	14	1,400	–	–
Total assets		52,140	49,095	46,746
Equity				
Capital and reserves attributable to equity holders of the company				
Share capital	6	24,437	24,032	24,717
Reserves		3,909	3,056	1,717
Retained earnings		3,872	1,552	1,799
		32,218	28,640	28,233
Minority interest		3,198	2,975	2,620
Total equity		35,416	31,615	30,853
Liabilities				
Non-current liabilities				
Borrowings and loans	7	5,230	5,110	3,571
Deferred income tax liabilities		420	380	369
Retirement benefit obligations	8	2,237	2,725	2,937
Provisions for other liabilities and charges	9	1,038	977	788
Other non-current liabilities		2,097	1,630	1,580
Total non-current liabilities		11,022	10,822	9,245
Current liabilities				
Trade and other payables		2,922	4,389	4,761
Current income tax liabilities		587	728	611
Borrowings and loans	7	827	603	514
Provisions for other liabilities and charges	9	626	938	762
Total current liabilities		4,962	6,658	6,648
Liabilities held for sale	14	740	–	–
Total liabilities		16,724	17,480	15,893
Total equity and liabilities		52,140	49,095	46,746

The notes on pages [x] to [x] form an integral part of this condensed consolidated interim financial information.

¹ IAS 34 does not require balance sheet comparatives for the prior interim period. Comparatives as at 30 June 2007 are presented voluntarily.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

Income statement

34p8(b), 34p10,
34p20(b)

	Note	Six months ended 30 June	
		2008	2007
Continuing operations			
Revenue	4	32,100	30,174
Cost of sales		(14,426)	(14,604)
<hr/>			
Gross profit		17,674	15,570
Distribution costs		(8,349)	(7,418)
Administrative expenses		(4,128)	(3,607)
<hr/>			
Operating profit	4, 8, 10	5,197	4,545
Finance income		1	1
Finance costs		(779)	(609)
Share of post-tax profits of associates		145	55
<hr/>			
Profit before income tax		4,564	3,992
Income tax expense	11	(893)	(637)
<hr/>			
Profit from continuing operations		3,671	3,355
Discontinued operations			
Profit from discontinued operations	14	60	85
<hr/>			
Profit for the period		3,731	3,440
<hr/>			
Attributable to:			
– equity holders of the company		3,281	2,935
– minority interest		450	505
<hr/>			
		3,731	3,440
<hr/>			

		Cents per share	Cents per share
Earnings per share for profit attributable to the equity holders of the company			
34p11			
– basic	12	21.7	19.7
– diluted		21.2	19.3
Earnings per share for profit from continuing operations attributable to the equity holders of the company			
– basic		21.2	19.1
– diluted		20.8	18.8

The notes on pages [x] to [x] form an integral part of this condensed consolidated interim financial information.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

Statement of changes in equity

34p8(c)
34p20(c)
34p10

	Note	Attributable to equity holders of the company			Total	Minority interest	Total equity
		Share Capital	Other reserves	Retained earnings			
Balance at 1 January 2007		23,917	1,297	523	25,737	2,379	28,116
Fair value gains on available-for-sale financial assets, net of tax		–	70	–	70	–	70
Cash flow hedges, net of tax		–	(40)	–	(40)	–	(40)
Currency translation differences		–	(110)	–	(110)	(12)	(122)
Net income recognised directly in equity		–	(80)	–	(80)	(12)	(92)
Profit for the period		–	–	2,935	2,935	505	3,440
Total recognised income for the period ended 30 June 2007		–	(80)	2,935	2,855	493	3,348
Employee share option scheme:							
– value of employee services		–	500	–	500	–	500
– proceeds from shares issued	6	800	–	–	800	–	800
Dividends relating to December 2006 paid in May 2007	13	–	–	(1,659)	(1,659)	(252)	(1,911)
		800	500	(1,659)	(359)	(252)	(611)
Balance at 30 June 2007		24,717	1,717	1,799	28,233	2,620	30,853
Balance at 1 January 2008		24,032	3,056	1,552	28,640	2,975	31,615
Fair value gains on available-for-sale financial assets, net of tax		–	36	–	36	–	36
Cash flow hedges, net of tax		–	(60)	–	(60)	–	(60)
Currency translation differences		–	100	–	100	10	110
Net income recognised directly in equity		–	76	–	76	10	86
Profit for the period		–	–	3,281	3,281	450	3,731
Total recognised income for the period ended 30 June 2008		–	76	3,281	3,357	460	3,817
Employee share option scheme:							
– value of employee services		–	700	–	700	–	700
– proceeds from shares issued	6	600	–	–	600	–	600
Purchase of treasury shares	6	(195)	–	–	(195)	–	(195)
Dividends relating to December 2007 paid in May 2008	13	–	–	(961)	(961)	(237)	(1,198)
Convertible bond – equity component	7	–	77	–	77	–	77
		405	777	(961)	221	(237)	(16)
Balance at 30 June 2008		24,437	3,909	3,872	32,218	3,198	35,416

The notes on pages [x] to [x] form an integral part of this condensed consolidated interim financial information.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

Cash flow statement

34p8(d),
34p10,
34p20(d)

	Note	Six months ended 30 June	
		2008	2007
Cash flows from operating activities:			
– continuing operations		10,908	7,874
– discontinued operations ¹	14	720	1,166
Cash flows from operating activities – net		11,628	9,040
Cash flows from investing activities:			
– continuing operation:			
– acquisition of subsidiary, net of cash acquired	15	(6,850)	–
– purchases of property, plant and equipment	5	(7,977)	(6,204)
– proceeds on disposal of property, plant and equipment		300	60
– other investing cash flow – net		290	275
– net proceeds on disposal of business	14	3,710	–
– discontinued operations	14	(77)	(92)
Cash flows from investing activities – net		(10,604)	(5,961)
Cash flows from financing activities:			
– continuing operations			
– dividends paid to equity holders and minority interests	13	(1,198)	(1,911)
– issue of convertible bonds	7	1,000	–
– repayments of borrowings	7	(163)	(225)
– other finance cash flows – net		(192)	63
– purchase of treasury shares	6	(195)	–
– discontinued operations	14	(113)	(103)
Cash flows from financing activities – net		(861)	(2,176)
Net increase in cash, cash equivalents and bank overdrafts			
		163	903
Cash, cash equivalents and bank overdrafts at start of period		498	977
Exchange losses		(4)	(17)
Cash, cash equivalents and bank overdrafts at end of period		657	1,863
Bank overdrafts		270	145
Cash and cash equivalents		927	2,008

The notes on pages [x] to [x] form an integral part of this condensed consolidated interim financial information.

IFRS5
p33(c)

¹ The net cash flows relating to the operating, investing and financing activities of discontinued operations may either be presented on the face of the cash flow statement or in the notes.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

Notes to the interim financial information

1 General information

34p8(e) The Company is a limited liability company incorporated and domiciled in No-land. The address of its registered office is Nice Walk Way, Runningville.

The Company has its primary listing on the EuroMoney Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 24 August 2008.

**CA85
s240(3),
CA06
s435(1)** This condensed consolidated interim financial information has been reviewed, not audited¹.

2 Basis of preparation

**34p15,
34p19** This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs.

3 Accounting policies

**34p28,
34p16(a)** Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

34pB12 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the group².

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.
- IFRIC 12, 'Service concession arrangements'.
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

DV The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same

¹ Local legislation may require interim financial information to be reviewed or audited.

² Where standards or interpretations mandatory for the first time for the financial year beginning 1 January 2008 are relevant to the group, their effect on the financial statements should be disclosed.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.

- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the group, as the group currently applies a policy of capitalising borrowing costs.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting conditions and cancellations on the group's SAYE schemes.
- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures.
- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the group, as the group does not have any puttable instruments.
- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretation on its revenue recognition.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

4 Segment information

Business segment	Swimwear	Diving products	Swimming		Other	Total continuing operations	Total discontinued operations	Corporate unallocated expenses	Total Group
			pool equipment	(beach accessories)					
Six months ended 30 June 2008									
34p16(g) Total segment revenue	16,898	11,275	4,655	250	33,078	4,200	–	37,278	
Inter-segment revenue	(978)	–	–	–	(978)	–	–	(978)	
34p16(g) Revenue	15,920	11,275	4,655	250	32,100	4,200	–	36,300	
34p16(g) Operating profit/segment results	3,418	1,499	569	30	5,516	130	(319)	5,327	
Operating profit from discontinued operations								(130)	
Operating profit from continuing operations								5,197	
Six months ended 30 June 2007									
34p16(g) Total segment revenue	18,121	8,949	3,500	510	31,080	3,100	–	34,180	
Inter-segment revenue	(906)	–	–	–	(906)	–	–	(906)	
34p16(g) Revenue	17,215	8,949	3,500	510	30,174	3,100	–	33,274	
34p16(g) Operating profit/segment results	3,356	970	459	10	4,795	185	(250)	4,730	
Operating profit from discontinued operations								(185)	
Operating profit from continuing operations								4,545	

The group was involved in two major transactions in March 2008:

- sale of beach accessories division (see Note 14); and
- acquisition of a new subsidiary, Chanoos Ltd, which operates retail networks for swimwear (see Note 15).

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(All amounts in euro thousands unless otherwise stated)

5 Property, plant and equipment and intangible assets

34p16(c.) In May 2008, the group acquired a new machine to test diving equipment at a cost of
34p17(d) €6,900.

	Property, plant and equipment	Intangible assets
DV	Six months ended 30 June 2007	
	Opening net book amount as at 1 January 2007	3,504
	Additions	–
	Disposals	–
	Depreciation and amortisation	(182)
	Impairment	–
	Closing net book amount as at 30 June 2007	3,322
DV	Six months ended 30 June 2008	
	Opening net book amount as at 1 January 2008	3,140
	Acquisition of subsidiary (Note 15)	3,810
	Additions	–
	Disposals	–
	Discontinued operations – sale of beach accessories division (Note 14)	(325)
	PPE and intangibles classified as held for sale – Ewenshop (Note 14)	(150)
	Depreciation and amortisation	(293)
	Impairment	–
	Closing net book amount as at 30 June 2008	6,182

6 Share capital

	Number of shares (thousands)	Ordinary shares ¹	Share premium	Treasury shares	Total
DV	Opening balance as at 1 January 2007				
	14,700	14,700	9,217	–	23,917
	Proceeds from shares issued – employee share option scheme				
	300	300	500	–	800
	At 30 June 2007	15,000	15,000	9,717	–
34p16(e)	Opening balance as at 1 January 2008				
	15,000	15,000	9,032	–	24,032
	Proceeds from shares issued – employee share option scheme				
	400	400	200	–	600
	Treasury shares purchased				
	(100)	–	–	(195)	(195)
	At 30 June 2008	15,300	15,400	9,232	(195)

34p16(e) The group acquired 100,000 of its own shares through purchases on the EuroMoney Stock Exchange on 1 April 2008. The total amount paid to acquire the shares, net of income tax, was €195 and has been deducted from shareholders' equity. The shares are held as 'Treasury shares'. The company has the right to re-issue these shares at a later date. All shares issued were fully paid.

¹ Where local legislation does not stipulate a par value for ordinary shares, the 'ordinary shares' and 'share premium' columns may be combined.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

- 34p16(e)** Employee share option scheme: options exercised during the period to 30 June 2008 resulted in 400,000 shares being issued (30 June 2007: 300,000 shares), with exercise proceeds of €600 (30 June 2007: €800). The related weighted average price at the time of exercise was €2.50 (30 June 2007: €2.45) per share.

7 Borrowings and loans

		As at		
		30 June	31 December	30 June
		2008	2007	2007
DV	Non-current	5,230	5,110	3,571
	Current	827	603	514
		6,057	5,713	4,085

- 34p16(e)** Movements in borrowings are analysed as follows:

Six months ended 30 June 2007

Opening amount as at 1 January 2007	4,210
Acquisition of subsidiary	100
Repayments of borrowings	(225)

Closing amount as at 30 June 2007	4,085
--	--------------

Six months ended 30 June 2008

Opening amount as at 1 January 2008	5,713
Acquisition of subsidiary (Note 15)	260
Borrowings classified as held for sale (Note 14)	(200)
Borrowings from discontinued operation (Note 14)	(450)
Repayments of borrowings	(163)
Convertible bonds – liability component	897

Closing amount as at 30 June 2008	6,057
--	--------------

The group issued one thousand 5.0% convertible bonds at a total nominal value of €1,100 on 1 May 2008. The bonds mature five years from the issue date at their nominal value of €1,100 or can be converted into shares at the holder's option at the rate of 33 shares per €1. The value of the liability component (€893) and the equity conversion component (€107), net of transaction costs of €100, were determined at issuance of the bond. The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred tax of €30.

The group has the following undrawn borrowing facilities:

		As at		
		30 June	31 December	30 June
		2008	2007	2007
Floating rate:				
– expiring beyond one year		9,000	9,000	–

These facilities have been arranged to help finance ongoing investment in new stores.

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(All amounts in euro thousands unless otherwise stated)

34p6, 15 While it seems likely that global market conditions (the 'credit crunch') will affect market confidence and consumer spending patterns, the group is well placed to grow revenues through ongoing product innovation and the recent acquisition of Chanoos Ltd. The group does not have any exposure to sub-prime lending or collateralised debt obligations. The group has sufficient headroom to enable it to conform to covenants on its existing borrowings. The group has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investment in new stores.

8 Retirement benefit obligations

34p16(c) On 21 February 2008, a change in legislation in Planetavia resulted in the group being required to settle a significant proportion of its defined benefit pensions obligations in that country. The cost of settling the obligation exceeded the amount recognised as a defined benefit obligation. The settlement resulted in an additional expense of €265.

DV The amounts recognised within administrative expenses in the income statement were as follows:

	Six months ended	
	June 2008	June 2007
Current service costs	751	498
Interest costs	431	314
Expected return on plan assets	(510)	(240)
Past service costs	18	16
Losses on settlement	265	–
	955	588

DV The amounts recognised in the balance sheet were as follows:

	As at December		
	June 2008	2007	June 2007
Present value of funded obligations	6,155	6,999	7,697
Fair value of plan assets	(5,991)	(6,853)	(7,736)
Present value of unfunded obligations	2,305	2,836	3,257
Unrecognised actuarial losses	(87)	(94)	(99)
Unrecognised past service cost	(145)	(163)	(182)
Liability in the balance sheet	2,237	2,725	2,937

The changes in the present value of funded obligations and fair value of plan assets were mainly due to the acquisition of Chanoos Ltd (Note 15) and the settlement of plans in Planetavia. The Planetavia settlement resulted in a decrease of €1,842 in the present value of funded obligations and a decrease of €2,089 in the fair value of plan assets.

Illustrative interim financial information for existing IFRS preparers

(All amounts in euro thousands unless otherwise stated)

9 Provisions for other liabilities and charges

	Legal claims	Restructuring	Other	Total	
Six months ended 30 June 2007					
DV	Opening net book amount at 1 January 2007	60	–	210	270
	Additional provisions	80	1,200	90	1,370
	Unused amount reversed	(10)	–	(80)	(90)
	Closing net book amount at 30 June 2007	130	1,200	220	1,550
Six months ended 30 June 2008					
34p16(c)	Opening net book amount at 1 January 2008	285	1,200	430	1,915
34p17(c)	Additional provisions	1,279	–	–	1,279
	Unused amount reversed	–	(180)	(330)	(510)
	Utilised during the period	–	(1,020)	–	(1,020)
	Closing net book amount at 30 June 2008	1,564	–	100	1,664

34p16(i), 34p16(d), 34p17(c) A provision of €1,200 was recognised in respect of the restructuring of the swimwear segment as at 30 June 2007. This restructuring was completed in April 2008, at which point €180 of the restructuring provision was reversed as unutilised.

34p17(f) The legal claims provision of €285 as at 1 January 2008 relates to certain legal claims brought against the group by customers. The balance as at 30 June 2008 is expected to be utilised in September 2008. A new legal claim arose in May 2008 against the group, asserting that some of the group's swimming pool alarms do not meet European security criteria. A provision of €1,279 was consequently recognised.

10 Operating profit

34p16(c) The following items of unusual nature, size or incidence have been charged to operating profit during the period:

	Six months ended		
	30 June 2008	30 June 2007	
34p17(b)	Impairment charge relating to property, plant and equipment and intangible assets	1,300	1,700
34p17(a)	Inventory write-down	730	–
34p17(c)	Restructuring provision (Note 9):		
	– provisions provided	–	1,200
	– provisions reversed	(180)	–

Non-financial assets that have an indefinite life are not subject to amortisation, but are tested for impairment annually at year-end (31 December) or whenever there is any indication of impairment. There was no indication of impairment for non-financial assets with indefinite lives during the period.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment charge of €1,300 in the period relates to the impairment of a machine that produces swimming pool alarms that do not meet European security criteria, with the recoverable amount being the fair value less costs to sell. The impairment charge of €1,700 in the six months ended 30 June 2007 related mainly to the restructuring of the swimwear division, with the recoverable amount being value in use, discounted at a pre-tax rate of 7.5%.

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(All amounts in euro thousands unless otherwise stated)

Financial assets were reviewed for impairment as at 30 June 2008. There was no indication of impairment.

The inventory write-down of €730 mainly relates to swimming pool alarms that do not meet European security criteria and includes €100 relating to the Ewenshop disposal group (Note 14).

11 Income taxes

34p30(c) Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2008 is 35% (the estimated tax rate for the six months ended 30 June 2007 was 33%). This increase is mainly due to an increase of 7% in the income tax rate in Planetavia. This increase is applicable from 1 January 2008.

12 Earnings per share

DV Earnings per share attributable to equity holders of the company arises from continuing and discontinued operations as follows:

	Six months ended 30 June (cents per share)	
	2008	2007
Earnings per share for profit from continuing operations attributable to the equity holders of the company:		
– basic	21.2	19.1
– diluted	20.8	18.8
Earnings per share for profit from discontinued operations attributable to the equity holders of the company:		
– basic	0.5	0.6
– diluted	0.4	0.5

13 Dividends

34p16(f) A dividend that relates to the period to 31 December 2007 and that amounts to €961 was paid in May 2008 (2007: €1,659).

DV In addition, an interim dividend of 5 cents per share (2007: 5 cents per share) was proposed by the board of directors on 20 July 2008 and approved by shareholders on 1 August 2008. It is payable on 31 October 2008 to shareholders who are on the register at 30 September 2008. This interim dividend, amounting to €765 (2007: €750), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2008.

14 Discontinued operations and disposal groups

34p16(c), *Discontinued operations*

(i), 34p10,
DV

On 6 March 2008, the group announced its intention to sell the beach accessories division. The group initiated an active programme to locate a buyer and complete the sale during the first half of the year. The business was sold on 23 May 2008 for cash consideration of €3,710 (net of €200 cash disposed of); its results are presented in this condensed interim financial information as a discontinued operation.

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(All amounts in euro thousands unless otherwise stated)

Financial information relating to the beach accessories operations for the period to the date of disposal is set out below. The income statement and cash flow statement distinguish discontinued operations from continuing operations. Comparative figures have been restated.

Income statement and cash flow information

	Six months ended 30 June	
	2008	2007
Revenue	4,200	3,100
Expenses	(3,852)	(2,929)
Profit before income tax from discontinued operation	348	171
Tax	(90)	(39)
Profit after income tax from discontinued operations	258	132
Pre-tax loss recognised on the remeasurement of assets of disposal group	(110)	–
Tax	10	–
Post tax loss recognised on the remeasurement of assets of disposal group	(100)	–
Post tax loss on disposal of discontinued operations	(98)	(47)
Profit from discontinued operations	60	85

34p16(c),
34p10, DV *Disposal group*

The assets and liabilities related to Ewenshop, a retail outlet in the UK, which is part of the swimwear segment, have been presented as held for sale following shareholder approval of the decision to dispose of this operation. The completion date for the transaction is expected to be before September 2008. Ewenshop assets and liabilities are a disposal group. However, Ewenshop is not a discontinued operation at 30 June 2008, as it does not represent a major line of business.

Ewenshop assets and liabilities were remeasured to the lower of carrying amount and fair value less costs to sell at the date of held-for-sale classification. The inventory was written down by €100 to €630.

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(All amounts in euro thousands unless otherwise stated)

The major classes of assets and liabilities of the Ewenshop disposal group are as follows:

Assets classified as held for sale:	30 June 2008
– property, plant and equipment	410
– intangible assets	150
– inventory	630
– cash and cash equivalents	200
– other current assets	10
Total assets of the disposal group	1,400
Liabilities directly associated with assets classified as held for sale:	
– trade and other payables	346
– borrowings	200
– other current liabilities	74
– provisions	120
Total liabilities of the disposal group	740
Total net assets of the disposal group	660

15 Business combinations

IFRS3p66 On 1 March 2008, the group acquired 100% of the share capital of Chanoos Ltd, a
(a), company that manages a retail network of shops for swimwear, for a cash consideration
IFRS3p67 of €6,900.
(a)-(c)

IFRS3p67 The acquired business contributed revenues of €2,300 and net profit of €750 to the group
(i), for the period from acquisition to 30 June 2008. If the acquisition had occurred on
IFRS3p70 1 January 2008, consolidated revenue and consolidated profit for the six months ended
(a),(b) 30 June 2008 would have been €32,205 and €3,754 respectively.

Details of net assets acquired and goodwill are as follows:

IFRS3p67 Purchase consideration:	
(d)	
– cash paid	6,900
– direct costs relating to the acquisition	100
Total purchase consideration	7,000
– provisional fair value of net identifiable assets acquired (see below)	4,190
Provisional goodwill	2,810

IFRS3p67 The goodwill is attributable to Chanoos Ltd's strong position and profitability in its market
(h) and the significant synergies expected to arise after its acquisition by the group. The goodwill is attributable to the swimwear segment.

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(All amounts in euro thousands unless otherwise stated)

IFRS3p67 The assets and liabilities arising from the acquisition are as follows:

(f)	Acquiree's carrying amount	Provisional fair value
Cash and cash equivalents	150	150
Property, plant and equipment	2,000	1,970
Customer list	–	85
Customer relationships	–	165
Brand	–	750
Inventories	1,120	1,210
Receivables	610	610
Payables	(380)	(380)
Employee benefit liabilities, including pensions	(230)	(170)
Borrowings	(260)	(260)
Net deferred tax assets	90	60
Net identifiable assets acquired	3,100	4,190
Outflow of cash to acquire business, net of cash acquired:		
– cash consideration		6,900
– direct costs relating to acquisition		100
– cash and cash equivalents in subsidiary acquired		(150)
Cash outflow on acquisition		6,850

16 Contingent liabilities

A claim for unspecified damages was lodged against the group during the period. The company has disclaimed liability and is defending the action. No provision in relation to this claim has been recognised in this condensed interim financial information, as legal advice indicates that it is not probable that a significant liability will arise. There were no contingent liabilities as at 31 December 2007 or at 30 June 2007. Further claims for which provisions have been made are reflected in Note 9.

17 Related-party transactions

34p17(j) During the six months to 30 June 2008, sales of €972 (six months to 30 June 2007: €1,020) were made to Swimwear United, a company in which Mr Paddy, a director of Swimodele, is also a director. At 30 June 2008, an amount of €224 (31 December 2007: €182) was due from Swimwear United in respect of those sales.

34p17(j) A loan to Mrs Lulu, a key management executive of Swimodele, has been advanced in May 2008. The loan's term and conditions are as follows:

Name	Amount of loan	Term	Amount reimbursed as at 30 June 2008	Interest rate
Mrs Lulu	70	Repayable monthly over 2 years	6	6.3%

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- 34p17(j)** A termination benefit of €600 was granted to Mr Ewen, the director of Ewenshop. Ewenshop is now classified as a disposal group. See Note 14.

Key management compensation amounted to €2,916 for the six months ended 30 June 2008 (30 June 2007: €2,200). See below.

		30 June 2008	30 June 2007
DV	Salaries and other short-term benefits	1,998	1,985
	Termination benefits	600	–
	Settlement of defined benefit plan (Note 8)	12	–
	Post-employment benefits	123	85
	Other long-term benefits	33	23
	Share-based payments	150	107
		<hr/> 2,916	<hr/> 2,200

18 Events occurring after the balance sheet date

- 34p16(h)** Details of the interim dividend proposed are given in Note 13.

On 2 August 2008 there was severe flooding in one of the group's major Eastern European swimwear factories. Refurbishment costs are expected to exceed the insurance claim payout by €900.

19 Seasonality

- 34p16(b)** The retail sales for swimwear and diving equipment are subject to seasonal fluctuations¹, with peak demand in the second and third quarters of the year. This is due to seasonal weather conditions and holiday periods. For the six months ended 30 June 2008, the level of retail sales represented 59% (six months ended 30 June 2007: 37%) of the annual level of retail sales for swimwear and diving equipment in the year ended 31 December 2007.

¹ For an entity whose business is highly seasonal, IAS 34 encourages (but does not require) the reporting of financial information for the twelve months ending on the interim reporting date, with comparatives. [IAS 34 para 21].

Appendix – IFRS 8, ‘Operating segments’

IFRS 8, ‘Operating segments’, includes consequential amendments to IAS 34. Both are effective for periods beginning on or after 1 January 2009 and early adoption is allowed. If Swimodele were to have adopted IFRS 8 early in the year to 31 December 2008, the following disclosures would have been required in the interim report to 30 June 2008:

3 Accounting policies (extract)

Change in accounting policy

34p16(a) The following standards, amendments to standards and interpretations although not yet effective have been early adopted in the financial year beginning 1 January 2008:

- IFRS 8, ‘Operating segments’, effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, ‘Segment reporting’, and requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported swimwear segment has been split into swimwear Eurozone, swimwear UK and swimwear other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the steering committee that makes strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to a previous acquisition within the diving products segment remains in that segment. Goodwill relating to the acquisition of Chanoos Ltd in the period has been allocated to the swimwear Eurozone segment. The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the company’s assets and liabilities. Comparatives for 2007 have been restated.

34p16 (g)(v) 4 Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. The committee considers the business principally from a product perspective, with the major product area, swimwear, being further evaluated on a geographic basis (eurozone, UK and other). The segments derive their revenue primarily from the manufacture and sale of swimwear, diving products and swimming pool equipment respectively. Included in the ‘other’ category are amounts related to sales of footwear; these amounts are not included in reports provided to the strategic steering committee.

34p16 (g)(iii) The strategic steering committee assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments, as this type of activity is managed on a central group basis. Other information provided to the strategic steering committee is measured in a manner consistent with that in the financial statements.

34p16 (g)(iv) Total assets are allocated to segments based on the operations of the segment and the physical location of the asset. Corporate unallocated assets comprise deferred tax assets

Illustrative interim financial information for existing IFRS preparers

and available-for-sale financial assets, both of which are managed on a central group basis.

34p16 (g)(vi) A reconciliation of total adjusted EBITDA to total profit before income tax and discontinued operations is provided as follows:

	30 June 2008	30 June 2007
Adjusted EBITDA	17,221	13,945
Depreciation	(8,422)	(6,318)
Amortisation	(293)	(182)
Impairments	(1,300)	(1,700)
Inventory write-downs	(730)	–
Restructuring costs	–	(1,200)
Legal claims	(1,279)	–
Operating profit	5,197	4,545
Finance income	1	1
Finance costs	(799)	(609)
Share of post tax profits of associates	145	55
Profit before income tax and discontinued operations	4,564	3,992

	Swimwear		Swimming pool		Diving products		Total discontinued operations		Corporate unallocated		Total group
	eurozone	UK	Other	Swimming pool equipment	Other	Swimming pool equipment	Other	Swimming pool equipment	Other	Swimming pool equipment	Other
Six months ended 30 June 2008											
Total segment revenue	10,984	4,731	1,183	11,275	4,655	250	33,078	4,200	–	–	37,278
34p16 (g)(ii) Inter-segment revenue	(978)	–	–	–	–	–	(978)	–	–	–	(978)
34p16 (g)(i) Revenue (from external customers)¹	10,006	4,731	1,183	11,275	4,655	250	32,100	4,200	–	–	36,300
34p16 (g)(iii) Adjusted EBITDA²	5,185	2,190	413	4,724	4,911	117	17,540	268	(319)	–	17,489
Six months ended 30 June 2007											
Total segment revenue	12,866	4,711	544	8,949	3,500	510	31,080	3,100	–	–	34,180
34p16 (g)(ii) Inter-segment revenue	(906)	–	–	–	–	–	(906)	–	–	–	(906)
34p16 (g)(i) Revenue (from external customers)	11,960	4,711	544	8,949	3,500	510	30,174	3,100	–	–	33,274
34p16 (g)(iii) Adjusted EBITDA	6,610	2,464	316	2,923	1,771	111	14,195	326	(250)	–	14,271
34p16 (g)(iv) Total assets³											
30 June 2008	15,770	6,030	928	17,162	6,030	464	46,383	1,400	4,357	–	52,140
31 December 2007	14,506	5,496	1,334	14,792	8,261	631	45,019	–	4,076	–	49,095
30 June 2007	14,167	5,472	839	12,763	8,574	658	42,473	–	4,273	–	46,746

¹ Revenues from external customers and intersegment revenues should be disclosed if included in the measure of segment profit or loss reviewed by the chief operating decision-maker or otherwise regularly provided to the chief operating decision-maker.

² The measure of segment profit or loss provided to the chief operating decision-maker is 'adjusted EBITDA', and hence a reconciliation of adjusted EBITDA to the entity's profit or loss before tax and discontinued operations has been given.

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The group was involved in two major transactions in March 2008:

- sale of beach accessories division (see Note 14); and
- acquisition of a new subsidiary, Chanoos Ltd, which operates retailing networks for swimwear (see Note 15). The goodwill is attributable to the swimwear UK segment.

Auditors' review report – ISRE 2410

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Report on review of interim financial information to Swimodele plc

Introduction

We have reviewed the accompanying balance sheet of Swimodele Group as of 30 June 2008 and the related statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

PricewaterhouseCoopers LLP

Chartered Accountants

[Location]

[Date]

Notes:

- (a) The format of the report will need to be tailored to reflect the legal framework of particular countries. In some countries, there is no requirement for auditors to report on interim financial information.
- (b) For reports issued on companies in the European Union, a different wording may be more appropriate, such as 'in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34)'.

Interim reporting disclosure checklist

This disclosure checklist outlines the minimum disclosures required by IAS 34, 'Interim financial reporting', and other International Financial Reporting Standards (IFRS) published by the IASB up to and including March 2008 insofar as they affect interim reports.

When preparing interim reports, consideration should be given to whether disclosure of the minimum information required by IAS 34 is sufficient for the purposes of communication with investors. Additional IFRS compliant information should be included when the information is necessary to help explain the current interim period's performance.

This checklist is intended for general reference purposes only; it is not a substitute for reading the standards and interpretations themselves, or for professional judgement as to the fairness of presentation. Further specific information may be required in order to ensure fair presentation under IFRS depending on the circumstances.

This disclosure checklist does not deal with the measurement requirements of IFRS; a thorough understanding of international standards and interpretations that are relevant to the reporting entity's circumstances will be necessary. This checklist is presented in a format designed to facilitate the collection and review of disclosures for each component of the interim report. All disclosures have been grouped by subject, where appropriate. The references in the left-hand margin of the checklist refer to the paragraphs of the standards in which the disclosure requirements appear. Additional notes and explanations in the checklist are shown in *italics*.

The boxes in the right-hand margin of each page are designed to assist in completing the checklist. In the left-hand box (headed 'Y-NA-NM') one of the following should be entered for each disclosure item:

- **Y** ('Yes') – the appropriate disclosure has been made;
- **NA** ('Not applicable') – the item does not apply to the reporting entity; or
- **NM** ('Not material') – the item is regarded as not material to the interim report of the reporting entity.

Materiality is defined in IAS 1 paragraph 11, and in paragraphs 29 and 30 of the IASB's 'Framework for the preparation and presentation of financial statements'. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size or nature of the item. IAS 1 paragraph 31 states that a specific disclosure requirement in a standard or an interpretation need not be satisfied if the information is not material. IAS 34 paragraph 23 requires that materiality, for the purpose of preparing the interim financial report, is assessed in relation to the results of the interim period and not in relation to the annual results.

The right-hand box on each page (headed 'Ref') can be used to insert a reference to the relevant part of the financial statements (such as 'Note 7') for all items that have been marked 'Y' in the left-hand box.

Interim reporting disclosure checklist

		Y-NA-NM	Ref
General			
IAS 34 paras 6, 7, 9, 10	An entity should publish in its interim report either:		
	(a) a complete set of financial statements (described in IAS 1); or		
	(b) a set of condensed financial statements (described in IAS 34).		
	Notes: (a) <i>If a complete set of financial statements is published in the interim report, the form and content of those statements should conform to the requirements of IAS 1 for a complete set of financial statements. All disclosures required by IAS 34 as well as all those required by other standards should be included. Refer to PricewaterhouseCoopers' 'IFRS Disclosure Checklist'.</i> (b) <i>If a condensed set of financial information is published in the interim report, as a minimum, disclosures required by IAS 34 should be included. Disclosures required by other IFRSs are not required for condensed interim financial information, except where they are material to an understanding of the current interim period.</i>		
IAS 34 para 14	If the most recent annual financial statements were consolidated financial statements, is the interim report also prepared on a consolidated basis?		
Income statement			
IAS 34 paras 8, 20	Does the interim report include a condensed income statement prepared for the interim period and cumulatively for the current financial year to date if different?		
IAS 34 para 10	Does the condensed income statement include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements?		
IAS 34 para 10	Does the condensed income statement include additional line items, without which the interim report would be misleading?		
IAS 34 para 20	Does the condensed income statement contain comparative information for the comparable interim periods (current period and financial year to date, if different) of the immediately preceding year?		
IAS 34 para 11	If IAS 33 is applicable, are basic and diluted earnings per share presented on the face of the condensed income statement?		
Balance sheet			
IAS 34 paras 8, 20	Does the interim report include a condensed balance sheet prepared as at the end of the interim period?		
IAS 34 para 10	Does the condensed balance sheet include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements?		
IAS 34 para 10	Does the condensed balance sheet include additional line items, without which the interim report would be misleading?		
IAS 34 para 20	Does the condensed balance sheet contain comparative information as at the end of the immediately preceding financial year?		

		Y-NA-NM	Ref
Statement of changes in equity/ Statement of total recognised income and expense			
IAS 34 para 8	Does the interim report include either:		
	(a) a condensed statement of changes in equity showing all changes in equity; or		
	(b) a condensed statement of total recognised income and expense showing changes in equity other than those arising from capital transactions with owners and distributions to owners?		
IAS 34 para 13, IAS 1 para 101	<i>Notes:</i> (a) <i>The same format should be followed in the interim statement of changes in equity as was followed in the most recent annual financial statements (that is, either a statement of changes in equity or a statement of recognised income and expenses with a reconciliation of opening and closing balances of share capital, reserves and accumulated profit in the notes).</i>		
IAS 19 para 120A(i)	(b) <i>A statement of total recognised income and expense must be used where actuarial gains and losses are recognised in equity as permitted by IAS 19. In this case a statement of changes in equity, if presented, must be relegated to the notes.</i>		
IAS 34 para 10	Does the condensed statement of changes in equity/statement of total recognised income and expense include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements?		
IAS 34 para 10	Does the condensed statement of changes in equity/statement of recognised income and expense include additional line items, without which the interim report would be misleading?		
IAS 34 para 20	Is the condensed statement of changes in equity/statement of total recognised income and expense include prepared cumulatively for the financial year to date?		
IAS 34 para 20	Is a comparative statement of changes in equity/statement of total recognised income and expense for the comparable year-to-date period of the immediately preceding financial year included in the interim report?		
Cash flow statement			
IAS 34 paras 8, 20	Does the interim report include a condensed cash flow statement prepared cumulatively for the current financial year to date?		
IAS 34 para 10	Does the condensed cash flow statement include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements?		
IAS 34 para 10	Does the condensed cash flow statement include additional line items, without which the interim report would be misleading?		
IAS 34 para 20	Does the condensed cash flow statement show comparative information for the comparable year-to-date period of the immediately preceding financial year?		
Explanatory notes			
IAS 34 para 15	<i>IAS 34 assumes that a reader of the interim report will also have access to the most recent annual financial statements. It is not necessary for the notes to duplicate information already given in the most recent annual financial statements. Instead, an explanation of material events and transactions that are significant to an understanding of the changes in financial position and performance since the last annual financial statements should be given.</i>		

Interim reporting disclosure checklist

		Y-NA-NM	Ref
IAS 34 paras 6, 15	Does the interim report focus on new activities, events and circumstances and provide explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the last annual reporting date?		
IAS 34 paras 6, 15	Does the interim report include a discussion of the effect of economic turbulence and market conditions, liquidity difficulties or any going concern issues, together with management's plans for addressing them?		
IAS 34 paras 8, 19	Does the interim report contain a basis of preparation paragraph that states clearly whether the interim report has been prepared in accordance with IAS 34?		
IAS 34 para 19	<i>Note:</i> <i>An interim report should not be described as complying with IFRS unless it complies with all the requirements of each applicable standard and each applicable IFRIC interpretation.</i>		
IAS 34 para 16(a)	Does the interim report contain a statement that the same accounting policies, methods of computation and presentation have been followed in its preparation as were applied in the most recent annual financial statements; or, if those policies, methods or presentation have been changed, include a description of the nature and effect of the change?		
IAS 34 para 43	<i>Note:</i> <i>A change in accounting policy, other than one for which the transition is specified by a new Standard or Interpretation should be effected by restating the comparative information presented in the interim report in accordance with IAS 8.</i>		
IAS 34 para 16(b)	Does the interim report contain explanatory comments about the seasonality or cyclicity of interim operations?		
IAS 34 para 21	<i>Note:</i> <i>Financial information for the 12 months ending on the interim reporting date and comparative information for the prior 12-month period may be useful for an entity whose business is highly seasonal. Such entities are encouraged to consider reporting such information in addition to the information required by IAS 34 para 20.</i>		
IAS 34 para 16(c)	Does the interim report contain the nature and amount of items occurring in the financial year-to-date affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence?		
IAS 34 para 17(d)	Does the interim report contain details of any property, plant and equipment acquired or disposed of during the financial year to date?		
IAS 34 para 17(e)	Does the interim report contain details of any commitments to purchase property, plant and equipment after the end of the interim period?		
IAS 34 para 16(d)	Does the interim report contain the nature and amount of changes in estimates of amounts reported in prior interim periods of the current year, or in prior years, if those changes have a material effect in the current interim period (for example, changes in estimates relating to inventory write-downs, impairment losses, provision re-estimates etc)?		
IAS 34 paras 16(j), 17(f)	Does the interim report contain details of changes in contingent liabilities and contingent assets, including litigation settlements, since the last annual balance sheet date?		
IAS 34 para 17(i)	Does the interim report contain details of any loan default or breach of a loan agreement since the last annual balance sheet date that has not been remedied on or before the end of the interim period?		

Interim reporting disclosure checklist

		Y-NA-NM	Ref
IAS 34 para 16(e)	Does the interim report contain details of issuances, repurchases, and repayments of debt and equity securities since the last annual balance sheet date?		
IAS 34 para 16(f)	Does the interim report contain details of dividends paid (aggregate or per share), separately for ordinary shares and other shares during the financial year to date?		
IAS 34 para 16(h)	Does the interim report contain details of material events subsequent to the end of the interim period that have not been reflected in the interim financial statements?		
IAS 34 para 16(i)	Does the interim report detail the effect of changes in the composition of the entity during the interim period (for example, business combinations, acquisitions and disposals of subsidiaries and long-term investments, restructurings and discontinued operations)?		
IAS 34 para 17(g)	Does the interim report contain details of the correction of prior period errors (as defined in IAS 8)?		
IAS 34 para 17(j)	Does the interim report contain details of related-party transactions (as defined in IAS 24) for the financial year-to-date?		
IAS 34 para 16	Does the interim report contain details of any other events or transactions that are material to an understanding of the current interim period?		
Segment information			
IAS 34 para 16(g)	Where IAS 14 applies, does the interim report contain segment revenue and segment result for the financial year-to-date for segments in primary segment format?		
	Where IFRS 8 applies, does the interim report contain:		
IAS 34 para 16(g)(i)	<ul style="list-style-type: none"> ■ Revenues from external customers, if included in the measure of segment profit or loss provided to the chief operating decision maker? 		
IAS 34 para 16(g)(ii)	<ul style="list-style-type: none"> ■ Intersegment revenues, if included in the measure of segment profit or loss provided to the chief operating decision maker? 		
IAS 34 para 16(g)(iii)	<ul style="list-style-type: none"> ■ A measure of segment profit or loss? 		
IAS 34 para 16(g)(iv)	<ul style="list-style-type: none"> ■ Total assets for which there has been a material change from the amount disclosed in the last annual financial statements? 		
IAS 34 para 16(g)(v)	<ul style="list-style-type: none"> ■ A description of the differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss? 		
IAS 34 para 16(g)(vi)	<ul style="list-style-type: none"> ■ A reconciliation of the total of the segments' profit or loss to the entity's profit or loss before tax and discontinued operations, with material reconciling items separately identified and described? 		
IFRS 8 para 29	<p>Notes:</p> <p>(a) <i>IFRS 8 and its consequential amendments to IAS 34 are effective for periods beginning on or after 1 January 2009. Early adoption is permitted.</i></p> <p>(b) <i>If an entity changes the structure of its internal organisation such that the composition of its reportable segments change, the corresponding information for earlier periods, including interim periods, should be restated unless the information is not available and the cost to develop it would be excessive.</i></p>		
IFRS 8 para 30	<p>(c) <i>Following a change in reportable segments, an entity should disclose whether it has restated the corresponding amounts. If corresponding amounts are not restated, the entity shall</i></p>		

Interim reporting disclosure checklist

		Y-NA-NM	Ref
	<i>disclose current period segment information on both the old and new bases, unless the information is not available and the cost to develop it would be excessive.</i>		
Business combinations			
IAS 34 para 16(i), IFRS 3 para 66	<i>Where the reporting entity has executed a business combination during the period covered by the interim report the following disclosures are required in the interim report.</i>		
IFRS 3 para 71	<i>Where the reporting entity has executed a business combination after the interim balance sheet date but before the interim report is authorised for issue, the same disclosures are required, unless such disclosures would be impracticable, in which case that fact and the reason why should be disclosed.</i>		
IFRS 3 paras 67, 71	For each business combination (or in aggregate if each is individually immaterial) are the following details disclosed?		
	<ul style="list-style-type: none"> ■ The names and descriptions of the combining entities or businesses. 		
	<ul style="list-style-type: none"> ■ The acquisition date. 		
	<ul style="list-style-type: none"> ■ The percentage of voting equity instruments acquired. 		
	<ul style="list-style-type: none"> ■ The cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination. 		
	<ul style="list-style-type: none"> ■ When equity instruments are issued or issuable as part of the cost, the number of equity instruments issued or issuable, the fair value of those instruments and the basis for determining that fair value. 		
	<p><i>Note:</i> <i>If a published price does not exist for the instruments at the date of exchange, the significant assumptions used to determine fair value shall be disclosed. If a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, that fact shall be disclosed together with: the reasons the published price was not used; the method and significant assumptions used to attribute a value to the equity instruments; and the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments.</i></p>		
	<ul style="list-style-type: none"> ■ Details of any operations the entity has decided to dispose of as a result of the combination. 		
	<ul style="list-style-type: none"> ■ The amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, and, unless disclosure would be impracticable, the carrying amounts of each of those classes, determined in accordance with IFRSs, immediately before the combination. 		
	<p><i>Note:</i> <i>If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.</i></p>		
	<ul style="list-style-type: none"> ■ The amount of any negative goodwill recognised in profit or loss and the line item in the income statement in which the negative goodwill is recognised. 		
	<ul style="list-style-type: none"> ■ A description of the factors that contributed to a cost that results in the recognition of goodwill (that is, a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably) or a description of the nature of any negative goodwill recognised in profit or loss. 		

Interim reporting disclosure checklist

		Y-NA-NM	Ref
	<ul style="list-style-type: none"> The amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period, unless disclosure would be impracticable. 		
	<p><i>Note:</i> If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.</p>		
IFRS 3 para 69	If the initial accounting for a business combination that was effected during the period was determined only provisionally, is that fact disclosed, together with an explanation of why this is the case?		
IFRS 3 para 70	Are the revenue and profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of that period disclosed?		
	<p><i>Note:</i> If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.</p>		
IFRS 3 paras 72, 73	Are the following details disclosed in order to enable users of the interim financial statements to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods?		
	<ul style="list-style-type: none"> The amount and an explanation of any gain or loss recognised in the current period that relates to the identifiable assets acquired or liabilities or contingent liabilities assumed in a business combination that was effected in the current or a previous period and is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance. 		
	<ul style="list-style-type: none"> If the initial accounting for a business combination that took place in the immediately preceding period was determined only provisionally at the end of that period, the amounts and explanations of the adjustments to the provisional values recognised during the current period. 		
	<ul style="list-style-type: none"> The information about error corrections required to be disclosed by IAS 8 for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items that the acquirer recognises during the current period in accordance with IFRS 3 paras 63 and 64. 		
First time adoption of IFRS			
	<i>If an entity presents an interim report under IAS 34 for part of the period covered by its first IFRS financial statements, the following disclosures are required.</i>		
IFRS 1 para 45(a)(i)	Is a reconciliation of the entity's equity under previous GAAP at the end of the comparable interim period in the immediately preceding financial year to its equity under IFRSs at that date disclosed?		
IFRS 1 para 45(a)(ii)	Is a reconciliation of the entity's profit and loss under previous GAAP for the comparable interim periods (current period and year-to-date) in the immediately preceding financial year to its profit and loss under IFRSs for those periods disclosed?		
IFRS 1 para 39(a)	Are reconciliations of the entity's equity reported under previous GAAP to its equity under IFRSs at the date of transition to IFRSs and the end of the latest period presented in the entity's most recent annual financial statements under previous GAAP disclosed?		

Interim reporting disclosure checklist

		Y-NA-NM	Ref
IFRS 1 para 39(b)	Is a reconciliation of the entity's profit or loss for the latest period in the entity's most recent annual financial statements reported under previous GAAP to its profit or loss under IFRS disclosed?		
IFRS 1 para 40	Is an explanation of the material adjustments to the cash flow statement included in the last set of previous GAAP financial statements, resulting from adoption of IFRSs disclosed?		
	<p><i>Notes:</i></p> <p>(a) <i>If an entity becomes aware of errors made in previous GAAP published information, the reconciliations outlined above shall distinguish the correction of those errors from changes in accounting policies.</i></p> <p>(b) <i>If the annual reconciliations have been included in previously published information, the interim report may refer to that information and need not reproduce the reconciliations in full.</i></p>		
Auditor involvement			
ISRE 2410	Where local legislation requires it, or where the entity has engaged the auditor to perform a review, has an appropriate auditors' interim review report been included in the interim report?		

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Illustrative interim financial information for existing IFRS preparers

Although there is no requirement under IFRS for entities to publish interim financial reports, a number of territories around the world either require or recommend their publication, often stipulating that they should be prepared in accordance with IFRS.

This practical guide to applying IAS 34, 'Interim financial reporting' reflects standards issued up to 31 March 2008. It provides an illustrative set of condensed interim financial information prepared in accordance with IAS 34 for a fictional manufacturing and retail group. It also contains a disclosure checklist and an overview of IAS 34.

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