



 **ERNST & YOUNG**

Quality In Everything We Do

Good Group (International) Limited

International GAAP[®]

Illustrative Interim Condensed Financial Statements

Based on International Financial Reporting Standards in issue at 31 March 2006

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Abbreviations and Key

Abbreviations

The following styles of abbreviation are used in the International GAAP Illustrative Interim Condensed Consolidated Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
Author's Note	Author's notes explain how the requirements of IFRS have been interpreted in arriving at the illustrative disclosure.
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board

Key

When the commentary accompanying the interim condensed consolidated financial statements is italicised, it indicates that the requirement discussed is not illustrated or it refers to an alternative in a particular standard which has not been chosen. Such narrative has not been given for every conceivable disclosure requirement, for which reference should be made to the International GAAP® Disclosure Checklist 2005.

Introduction

This publication contains the interim condensed consolidated financial statements of a fictitious company, Good Group (International) Limited, a manufacturing company with subsidiaries ('the Group'), incorporated and listed in Euroland, with a financial year end of 31 December. The Group publishes half-year interim financial statements as at 30 June each year. These interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* ('IAS 34'). Euroland is a fictitious country within Europe, whose currency is euro (€). The Group's functional and presentation currency is the euro.

A commentary section is included after the interim condensed consolidated financial statements. The purpose of this commentary section is to illustrate the significant IAS 34 requirements. This commentary includes both requirements that are disclosed or followed in these interim condensed financial statements and those that are not (shown in italics).

In addition to this commentary, IFRS references are shown on the right hand side of each page of the financial statements indicating the specific IFRS paragraph that outlines the actual accounting treatment or disclosure adopted for that particular line item or block of narrative.

These interim condensed consolidated financial statements are not intended to satisfy country or stock market regulations in any given jurisdiction and may need additional information to meet such requirements.

These interim condensed consolidated financial statements are illustrative only, and do not attempt to show all possible accounting and disclosure requirements. In case of doubt as to the requirements, it is essential to refer to the relevant source and, when necessary, to seek appropriate professional advice.

International Financial Reporting Standards (IFRSs)

The abbreviation IFRSs is defined in paragraph 5 of the Preface to International Financial Reporting Standards to include "standards and interpretations approved by the IASB, and International Accounting Standards (IASs) and SIC interpretations issued under previous Constitutions." Thus, when financial statements are described as complying with IFRSs, this means that they comply with the entire hierarchy of pronouncements sanctioned by the IASB including International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The International Financial Reporting Interpretations Committee (IFRIC)

The International Financial Reporting Interpretations Committee (IFRIC) is a committee appointed by the IASC Foundation Trustees that assists the IASB in establishing and improving standards of financial accounting and reporting for the benefit of users, preparers and auditors of financial statements.

The IFRIC addresses issues of reasonably widespread importance. The interpretations cover both:

- newly identified financial reporting issues not specifically addressed in IFRSs; or
- issues where unsatisfactory or conflicting interpretations have developed, or seem likely to develop in the absence of authoritative guidance, with a view to reaching a consensus on the appropriate treatment.

At the time of writing, IFRIC had issued nine interpretations, one of which, IFRIC 3 *Emission Rights* has been withdrawn.

IFRSs as at 31 March 2006

The standards applied in these interim condensed consolidated financial statements are the versions that were in issue as at 31 March 2006. It is important to note that these interim condensed consolidated financial statements will require continual update, as standards are issued and/or revised by the IASB. Standards applied in these interim condensed consolidated financial statements are:

International Financial Reporting Standards (IFRSs)

IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations

Introduction

International Accounting Standards (IASs)

IAS 1	Presentation of Financial Statements (with the amendment applicable for annual periods beginning on or after 1 January 2006)
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits (with amendments applicable for annual periods beginning on or after 1 January 2006)
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates (with amendments applicable for annual periods beginning on or after 1 January 2006)
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Disclosures and Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement (with amendments applicable for annual periods beginning on or after 1 January 2006)
IAS 40	Investment Property

International Financial Reporting Interpretations Committee Interpretations (IFRICs)

IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 4	Determining Whether an Arrangement Contains a Lease

Standing Interpretations Committee Interpretations (SICs)

SIC 12	Consolidation – Special Purpose Entities
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
SIC 15	Operating Leases – Incentives
SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC 32	Intangible Assets – Website Costs

The following Standards have not been dealt with in the illustrative interim consolidated financial statements:

International Financial Reporting Standards (IFRSs)

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007)

International Accounting Standards (IASs)

IAS 11	Construction Contracts
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions (superseded by IFRS 7 effective 1 January 2007)
IAS 41	Agriculture

International Financial Reporting Interpretations Committee Interpretations (IFRICs)

IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives

Standing Interpretations Committee Interpretations (SICs)

SIC 7	Introduction of the Euro
SIC 10	Government Assistance—No Specific Relation to Operating Activities
SIC 29	Disclosure—Service Concession Arrangements
SIC 31	Revenue—Barter Transactions Involving Advertising Services

**Good Group
(International) Limited**

Unaudited Interim Condensed
Consolidated Financial Statements

30 June 2006

GENERAL INFORMATION

Directors

M. O' Driscoll (Chairman)

M P Boiteau (Chief Executive)

M J Meghdoot

F van den Berg

S K Pinelli

M Evans

Ms S E Sippo

C Smart

P R García

Company Secretary

J Harris

Registered Office

Homefire House

Ashdown Square

Euroville

Solicitors

Solicitors & Co.

7 Scott Street

Eurotown

Bankers

Bank P.L.C.

George Street

Euroville

Auditors

Chartered Accountants & Co.

Euroville

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GOOD GROUP (INTERNATIONAL) LIMITED¹

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Good Group (International) Limited and its subsidiaries (“the Group”) as at 30 June 2006 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 inquiries, 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Chartered Accountants & Co.
11 August 2006
17 Euroville High Street
Euroville

¹ This review report reflects the early adoption permitted under the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” which is effective for reviews of interim financial information for periods beginning on or after 15 December 2006.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2006

 IAS 1.8(b)
 IAS 1.46
 IAS 34.10

		<i>For the six months ended 30 June</i>		
		2006	2005	
		<i>Unaudited</i>		
<i>Notes</i>		<u>€000</u>	<u>€000</u>	<i>IAS 1.46(d), (e)</i>
Continuing operations				
	Sale of goods	95,780	78,460	<i>IAS 18.35(b)(i)</i>
	Rendering of services	8,578	8,093	<i>IAS 18.35(b)(ii)</i>
	Rental income	715	715	<i>IAS 17.50</i>
	Revenue	<u>105,073</u>	<u>87,268</u>	<i>IAS 1.81(a)</i>
	Cost of sales	<u>(79,612)</u>	<u>(67,216)</u>	<i>IAS 1.88</i>
	Gross profit	25,461	20,052	<i>IAS 1.83, IAS 1.92</i>
	Other income	617	1,728	<i>IAS 1.92</i>
	Selling and distribution costs	(8,566)	(6,666)	<i>IAS 1.92</i>
	Administrative expenses	(10,922)	(10,043)	<i>IAS 1.92</i>
	Other expenses	(1,167)	(91)	
	Finance revenue	204	166	
	Finance costs	(587)	(487)	<i>IAS 1.81(b)</i>
	Share of profit of an associate	43	35	<i>IAS 1.81(c)</i>
	Profit before tax	<u>5,083</u>	<u>4,694</u>	<i>IAS 1.83</i>
	Income tax expense	6 <u>(1,615)</u>	<u>(1,592)</u>	<i>IAS 1.81(d)</i>
	Profit for the period from continuing operations	3,468	3,102	<i>IAS 1.83</i>
Discontinued operation				
	Net gain/(loss) associated with the discontinued operation	13 <u>916</u>	<u>(18)</u>	<i>IFRS 5.32</i> <i>IAS 1.81(e),</i> <i>IFRS 5.33(a)</i>
	Profit for the period	<u>4,384</u>	<u>3,084</u>	<i>IAS 1.81(f)</i>
Attributable to:				
	Equity holders of the parent	4,409	3,145	<i>IAS 1.82(b)</i>
	Minority interests	<u>(25)</u>	<u>(61)</u>	<i>IAS 1.82(a)</i>
		<u>4,384</u>	<u>3,084</u>	
Earnings per share:				
	– basic, for profit for the period attributable to ordinary equity holders of the parent	€0.20	€0.16	<i>IAS 33.66,</i> <i>IAS 34.11</i>
	– basic, for profit from continuing operations attributable to ordinary equity holders of the parent	€0.16	€0.16	
	– diluted, for profit for the period attributable to ordinary equity holders of the parent	€0.19	€0.16	
	– diluted, for profit from continuing operations attributable to ordinary equity holders of the parent	€0.16	€0.16	

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET at 30 June 2006

LAS 1.8(a)
LAS 1.46(c)
LAS 34.10

	Notes	30 June	31 December	
		2006	2005	
		Unaudited	Audited	
		€000	€000	
ASSETS				
Non-current assets				
Property, plant and equipment	9	34,225	31,411	LAS 1.51, LAS 1.57 LAS 1.68(a)
Investment properties		8,893	8,893	LAS 1.68(b)
Intangible assets		6,367	5,438	LAS 1.68(c)
Investment in an associate		807	764	LAS 1.68(e)
Available-for-sale investments		2,121	2,141	LAS 1.68(d)
Other financial assets		3,629	3,553	LAS 1.68(d)
Pension asset	12	501	730	
Deferred tax asset		1,020	850	LAS 1.68(n), LAS 1.70
		<u>57,563</u>	<u>53,780</u>	
Current assets				
Inventories	10	26,075	25,452	LAS 1.51, LAS 1.57 LAS 1.68(g)
Trade and other receivables		30,900	28,027	LAS 1.68(b)
Prepayments		168	168	LAS 1.69
Forward currency contracts	18	122	152	LAS 1.68(d)
Cash and short-term deposits		16,832	16,460	LAS 1.68(i)
		<u>74,097</u>	<u>70,259</u>	
Assets of disposal group classified as held for sale	13	–	12,811	LAS 1.68.A(a)
		<u>74,097</u>	<u>83,070</u>	
TOTAL ASSETS		<u>131,660</u>	<u>136,850</u>	
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital		22,028	22,028	LAS 1.68(p) LAS 1.68(p), LAS 1.75(e)
Share premium		6,385	6,385	LAS 1.68(p), LAS 1.75(e)
Treasury shares		(774)	(774)	LAS 1.68(p), LAS 1.75(e)
Convertible non-cumulative redeemable preference shares – equity, net		228	228	LAS 1.68(p), LAS 1.75(e)
Retained earnings		42,382	38,817	LAS 1.68(p), LAS 1.75(e)
Other reserves		160	238	LAS 1.68(p), LAS 1.75(e)
		<u>70,409</u>	<u>66,922</u>	
Minority interests		811	848	LAS 1.68(o)
Total equity		<u>71,220</u>	<u>67,770</u>	
Non-current liabilities				
Interest-bearing loans and borrowings	15	15,437	15,078	LAS 1.51, LAS 1.60 LAS 1.68(l)
Convertible non-cumulative redeemable preference shares		2,765	2,696	LAS 1.68(l)
Provisions	11	195	478	LAS 1.68(k)
Government grants		2,852	3,300	LAS 20.24
Other liabilities		339	339	
Deferred tax liability		5,225	4,784	LAS 1.68(n), LAS 1.70
		<u>26,813</u>	<u>26,675</u>	
Current liabilities				
Trade and other payables		25,841	20,671	LAS 1.51, LAS 1.60 LAS 1.68(j)
Interest-bearing loans and borrowings	15	2,375	2,460	LAS 1.68(l)
Forward currency contracts	18	185	170	LAS 1.68(l)
Interest rate swap		40	35	LAS 1.68(l)
Government grants		80	149	LAS 20.24
Income tax payable		4,756	4,637	LAS 1.68(m), LAS 12.73
Provisions	11	350	656	LAS 1.68(k)
		<u>33,627</u>	<u>28,778</u>	
Liabilities directly associated with the assets classified as held for sale	13	–	13,627	LAS 1.68.A(b)
		<u>33,627</u>	<u>42,405</u>	
Total liabilities		<u>60,440</u>	<u>69,080</u>	
TOTAL EQUITY AND LIABILITIES		<u>131,660</u>	<u>136,850</u>	

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2006**

	<i>Attributable to equity holders of the parent</i>							<i>Minority interests</i>	<i>Total equity</i>	
(Comment page 19)	<i>Issued capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Convertible redeemable pref. shares – equity component</i>	<i>Retained earnings</i>	<i>Other reserves</i>	<i>Total</i>			<i>LAS 1.97</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>LAS 1.46(d), (e)</i>
At 1 January 2006	<u>22,028</u>	<u>6,385</u>	<u>(774)</u>	<u>228</u>	<u>38,817</u>	<u>238</u>	<u>66,922</u>	<u>848</u>	<u>67,770</u>	
Depreciation transfer for land and buildings	–	–	–	–	40	(40)	–	–	–	<i>LAS 1.96(b)</i> <i>LAS 16.41</i>
Net losses on available-for-sale financial assets	–	–	–	–	–	(20)	(20)	–	(20)	<i>LAS 1.96(b)</i>
Net losses on cash flow hedges (Note 18)	–	–	–	–	–	(5)	(5)	–	(5)	<i>LAS 1.96(b)</i> <i>LAS 32.59</i>
Foreign currency translation	–	–	–	–	–	(205)	(205)	–	(205)	<i>LAS 1.96(b)</i> <i>LAS 21.52(b)</i>
Net gain on hedge of net investment (Note 18)	–	–	–	–	–	192	192	–	192	<i>LAS 1.96(b)</i> <i>LAS 39.102</i>
Total income and expense for the period recognised directly in equity	–	–	–	–	40	(78)	(38)	–	(38)	<i>LAS 1.96(b)</i>
Profit for the period	–	–	–	–	4,409	–	4,409	(25)	4,384	<i>LAS 1.96(a)</i>
Total income and expense for the period	–	–	–	–	4,449	(78)	4,371	(25)	4,346	<i>LAS 1.96(c)</i>
Share-based payment (Note 14)	–	–	–	–	203	–	203	–	203	<i>LAS 1.97(c)</i> <i>IFRS 2.50</i>
Dividends paid (Note 5)	–	–	–	–	(1,087)	–	(1,087)	–	(1,087)	<i>LAS 1.97(a)</i>
Dividends of subsidiaries	–	–	–	–	–	–	–	(12)	(12)	
At 30 June 2006 <i>(unaudited)</i>	<u>22,028</u>	<u>6,385</u>	<u>(774)</u>	<u>228</u>	<u>42,382</u>	<u>160</u>	<u>70,409</u>	<u>811</u>	<u>71,220</u>	

LAS 1.8 (c)(i)
LAS 1.46
LAS 34.10
LAS 34.13

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2005

(Comment page 19)	Attributable to equity holders of the parent						Total	Minority interests	Total equity	LAS 1.8 (c)(f)
	Issued capital	Share premium	Treasury shares	Convertible redeemable pref. shares – equity component	Retained earnings	Other reserves				LAS 1.46
	€000	€000	€000	€000	€000	€000				€000
										LAS 34.13
										LAS 1.97
At 1 January 2005	19,453	135	(774)	228	31,218	(335)	49,925	740	50,665	LAS 1.46(d), (e)
Net gains on available-for-sale financial assets	–	–	–	–	–	40	40	–	40	LAS 1.96(b)
Net gains on cash flow hedges (Note 18)	–	–	–	–	–	28	28	–	28	LAS 1.96(b) LAS 32.59
Foreign currency translation	–	–	–	–	–	(96)	(96)	–	(96)	LAS 1.96(b) LAS 21.52(b)
Net gain on hedge of net investment (Note 18)	–	–	–	–	–	90	90	–	90	LAS 1.96(b), LAS 39.102
Total income and expense for the period recognised directly in equity	–	–	–	–	–	62	62	–	62	LAS 1.96(b)
Profit for the period	–	–	–	–	3,145	–	3,145	(61)	3,084	LAS 1.96(a)
Total income and expense for the period	–	–	–	–	3,145	62	3,207	(61)	3,146	LAS 1.96(c)
Issue of share capital	2,500	6,150	–	–	–	–	8,650	–	8,650	LAS 1.97(c)
Transaction costs	–	–	–	–	(32)	–	(32)	–	(32)	LAS 32.39 LAS 1.97(c), IFRS 2.50
Share-based payment	–	–	–	–	150	–	150	–	150	
Dividends paid (Note 5)	–	–	–	–	(1,082)	–	(1,082)	–	(1,082)	LAS 1.97(a)
Dividends of subsidiaries	–	–	–	–	–	–	–	(20)	(20)	
At 30 June 2005 <i>(unaudited)</i>	<u>21,953</u>	<u>6,285</u>	<u>(774)</u>	<u>228</u>	<u>33,399</u>	<u>(273)</u>	<u>60,818</u>	<u>659</u>	<u>61,477</u>	

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the six months ended 30 June 2006

LAS 1.8(d)
LAS 1.46
LAS 34.10

		<i>For the six months ended 30 June</i>		
		2006	2005	LAS 7.10
		<i>Unaudited</i>		
Notes	€000	€000		LAS 1.46(d), (e) LAS 7.18(a)
Cash flows from operating activities				
	Receipts from customers	105,460	109,040	
	Payments to suppliers and employees	(95,779)	(101,471)	
	Income tax paid	(1,063)	(1,243)	LAS 7.35
	Net cash flows generated from operating activities	8,618	6,326	
Cash flows from investing activities				
	Proceeds from sale of property, plant and equipment	9 210	1,415	LAS 7.21 LAS 7.16(b)
	Interest received	250	319	LAS 7.31
	Purchase of property, plant and equipment	9 (1,320)	–	LAS 7.16(a)
	Disbursement of loans	–	(1,005)	
	Acquisition of a subsidiary, net of cash acquired	7 (6,348)	(370)	LAS 7.39
	Receipt of government grants	–	2,600	LAS 20.28
	Proceeds from sale of a subsidiary, net of cash disposed	13 (1,194)	–	LAS 7.39
	Net cash flows (used in)/generated from investing activities	(8,402)	2,959	
Cash flows from financing activities				
	Transaction costs of issue of shares	–	(32)	LAS 7.21 LAS 7.17(a)
	Proceeds from borrowings	15 1,270	2,271	LAS 7.17(c)
	Repayment of borrowings	15 (1,088)	(108)	LAS 7.17(d)
	Interest paid	(134)	(124)	LAS 7.31
	Dividends paid to equity holders of the parent	5 (1,087)	(1,082)	LAS 7.31
	Dividends paid to minority interests	(12)	(20)	LAS 7.31
	Net cash flows (used in)/generated from financing activities	(1,051)	905	
	Net (decrease)/increase in cash and cash equivalents	(835)	10,190	
	Net foreign exchange difference	(21)	(17)	LAS 7.28
	Cash and cash equivalents at 1 January	16,788	12,266	
	Cash and cash equivalents at end of period	4 15,932	22,439	LAS 7.45

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
1. Corporate information

IAS 1.126(a)

Good Group (International) Limited is a limited company incorporated and domiciled in Euroland whose shares are publicly traded. The principal activities of the company and its subsidiaries (“the Group”) are described in Note 8.

IAS 10.17

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2006 were authorised for issue in accordance with a resolution of the directors on 11 August 2006.

IAS 1.126(b)

2. Basis of preparation and accounting policies**Basis of preparation**

IAS 34.19

The interim condensed consolidated financial statements for the six months ended 30 June 2006 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2005.

Significant accounting policies

IAS 34.14

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2006:

- IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”) - *Amendment for financial guarantee contracts* - which amended the scope of IAS 39 to include financial guarantee contracts issued. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under IAS 39 as amended financial guarantee contracts are recognised initially at fair value and generally remeasured at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*;
- IAS 39 - *Amendment for hedges of forecast intragroup transactions* – which amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the financial statements;
- IAS 39 - *Amendment for the fair value option* – which restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss; and

The adoption of these amendments did not affect the Group results of operations or financial position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Seasonality of operations

LAS 34.16(b)

Due to the seasonal nature of the Electronics segment, higher revenues and operating profits are usually expected in the second half of the year than in the first six months. Higher sales during the summer period are mainly attributed to the increase in demand for thermometers used in the production of air-conditioning systems.

4. Cash and cash equivalents

LAS 34.16

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

	<i>30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>Unaudited</i>	
	<i>€000</i>	<i>€000</i>
Cash at bank and in hand	13,336	20,406
Short term deposits	3,496	3,500
Bank overdraft	(900)	(2,617)
	<u>15,932</u>	<u>21,289</u>
Cash at bank and in hand attributable to a discontinued operation	–	1,150
	<u>15,932</u>	<u>22,439</u>

5. Dividends paid and proposed

LAS 34.16(f)

	<i>30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>Unaudited</i>	
	<i>€000</i>	<i>€000</i>
<i>Declared and paid during the six month period</i>		
dividends on ordinary shares:		
Final dividend for 2005: 5.01 cents (2004: 5.58 cents)	<u>1,087</u>	<u>1,082</u>
<i>Proposed for approval (not recognised as a liability as at 30 June)</i>		
dividends on ordinary shares:		
First dividend for 2006: 4.60 cents (2005: 4.58 cents)	<u>998</u>	<u>1,087</u>

The proposed dividend was approved on 1 August 2006.

6. Income tax

LAS 34.16

The major components of income tax expense in the consolidated income statement are:

	<i>For the six months ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>Unaudited</i>	
	<i>€000</i>	<i>€000</i>
<i>Current income tax</i>		
Current income tax charge	1,475	1,332
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	<u>140</u>	<u>260</u>
Income tax expense reported in the consolidated income statement	<u>1,615</u>	<u>1,592</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Business combination

IAS 34.16(i)

Acquisition of Electra Limited

IFRS 3.67

On 1 June 2006, the Group acquired 100% of the voting shares of Electra Limited (“Electra”), an unlisted company based in Euroland specialising in the manufacture of electronic equipment. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the results of Electra for the one month period from the acquisition date.

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

	<i>Recognised on acquisition</i>	<i>Carrying Value</i>
	<i>Unaudited</i>	
	<i>€000</i>	<i>€000</i>
Property, plant and equipment	4,571	3,743
Patents	375	–
Deferred income tax asset	175	175
Cash	642	642
Trade receivables	1,763	1,763
Inventories	961	843
	<u>8,487</u>	<u>7,166</u>
Trade payables	(1,246)	(1,246)
Deferred tax liability	(880)	(860)
	<u>(2,126)</u>	<u>(2,106)</u>
Fair value of net assets	6,361	5,060
Goodwill arising on acquisition	629	
Total acquisition cost	<u>6,990</u>	

The total acquisition cost of €6,990,000 comprised a cash payment of €6,900,000 and costs of €90,000 directly attributable to the acquisition.

Cash outflow on acquisition:

	<i>Unaudited</i>
	<i>€000</i>
Net cash acquired with the subsidiary	642
Cash paid	(6,900)
Acquisition costs	(90)
Net cash outflow	<u>(6,348)</u>

From the date of acquisition, Electra has contributed €42,000 to the profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been €5,651,000 and revenue from continuing operations would have been €109,073,000.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of Electra with those of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. Segment information

The Group is comprised of the following business segments:

- *Electronics* - supply of electronic equipment for defence, aviation and electrical safety markets.
- *Fire prevention equipment* - production and installation of extinguishers, fire prevention equipment and fire retardant fabrics.
- *Investment property segment* - leases offices and manufacturing sites owned by the Group but which are surplus to the Group's requirements.
- *Rubber equipment* – production of rubber hosepipes for commercial applications. This segment was disposed of in February 2006 (see Note 13).

Business segments

The following tables present revenue and profit information regarding the Group's business segments for the six months ended 30 June 2006 and 2005, respectively.

LAS 34.16

LAS 34.16(g)

Six months ended

30 June 2006 (unaudited)

	Continuing Operations				Total	Discontinued Operation	Total Operations
	Fire prevention equipment	Electronics	Investment property	Eliminations			
	€000	€000	€000	€000	€000	€000	€000
Revenue							
Sales to external customers	69,496	34,862	715			3,329	
Inter-segment sales	1,484	4,249		(5,733)			
Total revenue	<u>70,980</u>	<u>39,111</u>	<u>715</u>	<u>(5,733)</u>	<u>105,073</u>	<u>3,329</u>	<u>108,402</u>
Results							
Segment results	<u>3,950</u>	<u>2,132</u>	<u>164</u>		<u>6,246</u>	<u>44</u>	<u>6,290</u>
Unallocated expenses					(823)		(823)
Profit/(Loss) before tax, finance costs and finance revenue					<u>5,423</u>	<u>44</u>	<u>5,467</u>

Six months ended

30 June 2005 (unaudited)

	Continuing Operations				Total	Discontinued Operation	Total Operations
	Fire prevention equipment	Electronics	Investment property	Eliminations			
	€000	€000	€000	€000	€000	€000	€000
Revenue							
Sales to external customers	57,545	29,008	715			21,548	
Inter-segment sales	1,084	4,094		(5,178)			
Total revenue	<u>58,629</u>	<u>33,102</u>	<u>715</u>	<u>(5,178)</u>	<u>87,268</u>	<u>21,548</u>	<u>108,816</u>
Results							
Segment results	<u>3,747</u>	<u>1,154</u>	<u>179</u>	<u>(175)</u>	<u>5,080</u>	<u>368</u>	<u>5,448</u>
Unallocated expenses					(100)		(100)
Profit/(Loss) before tax, finance costs and finance revenue					<u>4,980</u>	<u>368</u>	<u>5,348</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
9. Property, plant and equipment**Acquisitions and disposals**

During the six months ended 30 June 2006, the Group acquired assets with a cost of €1,320,000 (2005: nil), not including property and equipment acquired through a business combination (See Note 7). *LAS 34.16(c)*
LAS 34.16(d)
LAS 34.C7

Assets with a net book value of €157,000 were disposed of by the Group during the six months ended 30 June 2006 (2005: €1,410,000), resulting in a net gain on disposal of €53,000 (2005: € 5,000).

Write down of storage facilities

On 14 January 2006, one of the Group's storage facilities, a building with a net book value of €1,695,000 had been damaged by flooding. As a result, the carrying amount of the building was written down by €700,000. The write-down is included in the "other expenses" line item.

See also Note 16 for capital commitments.

10. Inventories

During the six months ended 30 June 2006 the Group wrote-down €70,000 of inventories that had been damaged by flooding. This expense is included in the "other expenses" line item. *LAS 34.16(c)*
LAS 34.17(a)

11. Reversal of restructuring provision

As at 31 December 2005 a restructuring provision of €428,000 had been recognised in respect of the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2006 were charged against the provision and the remaining unused provision of €228,000 was reversed. The reversal arises from lower than expected contract termination costs. *LAS 34.27(c)*

12. Pension plans

The Group has two defined benefit pension plans both of which require contributions to be made to separately administered funds. The decrease in the pension asset during the six months ended 30 June 2006 is mainly attributed to retirement of employees and the increase of 0.2% in the discount rate used for valuation of the Euroland plan. *LAS 34.16*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Discontinued operation

IAS 34.16(i)

On 1 March 2005, Good Group (International) Limited publicly announced the decision of its Board of Directors to dispose of Hose Limited, a separate segment (see note 8). By the end of May 2005 management was committed to a plan to sell the operation and an active programme to locate a buyer and complete the plan had been initiated. Hose Limited manufactures rubber hosepipes and was a separate business segment of the Euroland operations. On 28 February 2006 the Group completed the sale of Hose Limited for €344,000 in cash and a pre-tax gain of €1,160,000 was recorded. The results of Hose Limited are presented below:

	<i>For the six months ended 30 June</i>	
	2006	2005
	<i>Unaudited</i>	
	€000	€000
Revenue	3,329	21,548
Expenses	(3,285)	(21,180)
Gross profit	44	368
Finance costs	(39)	(43)
Loss recognised on the remeasurement to fair value	–	(355)
Profit/(Loss) before tax from a discontinued operation	5	(30)
Tax income/(expense):		
– related to current pre-tax profit/(loss)	(2)	9
– related to changes in deferred tax	(3)	3
Profit/(loss) for the period from discontinued operation	–	(18)
– Gain on disposal of the discontinued operation	1,160	–
– Attributable tax expense	(244)	–
Net gain/(loss) associated with the discontinued operation	916	(18)

Cash outflow on sale:

	<i>Unaudited</i>
	€000
Consideration received	344
Net cash disposed of with the subsidiary	(1,538)
Net cash outflow	(1,194)

The net cash flows incurred by Hose Limited are as follows:

	<i>For the six months ended 30 June</i>	
	2006	2005
	<i>Unaudited</i>	
	€000	€000
Operating	244	(1,020)
Net cash inflow/(outflow)	244	(1,020)
Earnings/(Loss) per share from discontinued operation:		
Basic	€0.04	(€0.001)
Diluted	€0.03	–

As Hose Ltd. was sold prior to 30 June 2006, the assets and liabilities classified as part of a disposal group held for sale as at 31 December 2005 are no longer included in the balance sheet.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Share-based payment

IAS 34.16

In March 2006, 450,000 stock options were granted to senior executives under the Senior Executive Plan. The exercise price of the options of €3.45 is equal to the market price of the shares on the date of grant. The options vest if and when the Group's earnings per share amount increases by 12%. If this increase is not met within three years from the date of grant, the options lapse. The fair value of the options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2006 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	3.13
Expected volatility (%)	19.2
Risk-free interest rate (%)	5.35
Expected life (years)	24.25
Contractual life (years)	5

The estimated fair value of each option at grant date is €0.67.

15. Interest-bearing loans and borrowings**Borrowing and repayment of debt**

On 2 March 2006 the Group borrowed €1,270,000 from a bank. The loan is unsecured and is repayable in full on 2 June 2009. The loan bears interest of Euribor + 2%. On 1 May 2006 the Group repaid €1,000,000 of a secured bank loan bearing an interest rate of Euribor+2.2%.

IAS 34.16(e)
IAS 34.16(i)**Debt refinancing**

On 30 June 2006 the Group exercised its right to refinance the secured bank loan at Euribor + 2% under the six-year multi-option facility (MOF). Upon issuance the loan was repayable within 12 months as of the balance sheet date. The loan was classified as long-term in the 2005 financial statements because the Group expected to exercise its rights under the MOF to refinance this funding.

16. Commitments and contingencies

IAS 34.16(f)

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. It has been estimated that the liability is €850,000 should the action be successful. A trial date has been scheduled for 4 September 2006. The Group has been advised by its counsel that it is possible, but not probable, that the customer will succeed and accordingly no provision for any liability has been made in these financial statements.

Capital commitments

IAS 34.17(e)

At 30 June 2006 the Group had capital commitments of €3,213,000 (2005: €4,550,000) principally relating to the completion of the operating facilities of Sprinklers Inc. and capital commitments of €300,000 (2005: €317,000) in relation to the Group's interest in the joint venture entity. These capital commitments are for the acquisition of new machinery.

² Binomial valuation models might incorporate a suboptimal exercise factor instead of using the expected life of the option. In such cases, the suboptimal exercise factor should be disclosed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. Related party transactions

IAS 34.17(f)

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2006 and 2005:

Related party		<i>Sales to</i>	<i>Purchases from</i>	<i>Amounts</i>	<i>Amounts</i>
		<i>related parties</i>	<i>related parties</i>	<i>owed by</i>	<i>owed to related</i>
		<i>Unaudited</i>			
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Entity with significant influence over the Group:					
International Fires P.L.C.	2006	3,382	–	412	–
	2005	3,620	–	320	–
Associate:					
Power Works Limited	2006	1,380	–	865	–
	2005	1,458	–	980	–
Joint venture in which the parent is a venturer:					
Showers Limited	2006	–	327	–	75
	2005	–	285	–	20
Key management personnel of the Group:					
Other directors' interests	2006	132	270	6	18
	2005	–	220	15	7

See also Note 14 for share-based payment to senior executives.

18. Financial instruments

IAS 34.16

Set out below are details of new hedge activities entered into by the Group, and hedges with significant changes in value, during the six months ended 30 June 2006:

Cash flow hedges

At 30 June 2006, the Group held two forward exchange contracts designated as hedges of expected future sales to customers in the United States for which the Group has firm commitments. The Group also has two forward currency contracts outstanding at 30 June 2006 designated as hedges of expected future purchases from suppliers in the United Kingdom for which the Group has firm commitments. The forward currency contracts are being used to hedge the foreign currency risk of the firm commitments. The terms of these contracts are as follows:

	<i>Maturity date</i>	<i>Exchange rate</i>
Forward contracts to hedge expected future sales		
<i>Sell</i>		
US\$352,000	8 October 2006	€/US\$ 1.18
US\$840,000	21 December 2006	€/US\$ 1.19
Forward contracts to hedge expected future purchases		
<i>Buy</i>		
£176,000	3 August 2006	US\$/£ 0.56
£540,000	16 November 2006	US\$/£ 0.57

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The terms of the forward currency contracts have been negotiated to match the terms of the commitments.

The cash flow hedge of the expected future sales in October and December 2006 were assessed to be highly effective and as at 30 June 2006 an unrealised gain of €12,000, with a deferred tax charge of €2,000 relating to the hedging instrument is included in equity.

The cash flow hedges of the expected future purchases in August and November 2006 were assessed to be highly effective and as at 30 June 2006, a net unrealised loss of €18,000, with a related deferred tax charge of €3,000 was included in equity in respect of these contracts.

Hedge of net investments in foreign operations

Included in loans at 30 June 2006 was a borrowing of US\$3,750,000, which has been designated as a hedge of the net investments in the United States subsidiaries, Wireworks Inc. and Sprinklers Inc. and is being used to hedge the Group's exposure to foreign exchange risk on these investments. During the six month period ended 30 June 2006 a gain in the amount of €192,000 on the retranslation of this borrowing was transferred to equity to offset any gains or losses on translation of the net investments in the subsidiaries.

19. Events after the balance sheet date

IAS 34.16(b)

On 15 July 2006 one of the major suppliers of the Group declared bankruptcy. The Group is currently negotiating with other suppliers. The Group is unable to assess the impact of this event on its future operations.

COMMENTS ON INTERIM FINANCIAL REPORTING

General comments

An interim financial report may contain either a complete set of financial statements (as described in IAS 1 – *Presentation of Financial Statements*) or a condensed set of financial statements as described in IAS 34.

These interim condensed consolidated financial statements assume that Good Group only publishes half-yearly interim financial statements. If Good Group published interim financial statements quarterly, the second quarter information would include, in addition to the information included in this publication, income statements for the three months ending 30 June 2006 and 2005, irrespective of whether the Group presents a condensed or a complete set of interim financial statements.

These interim condensed consolidated financial statements include disclosures not specifically required by IAS 34 (such as the Pension plans, Financial instruments, Share based payment, Cash and cash equivalents and Income tax notes). This disclosure has been included as it was felt to be material and important for an understanding of the Group's financial position and performance during the interim period.

This publication **does not** attempt to comply with local statutory or listing authority requirements or disclosures in any particular jurisdiction.

Users of this publication are cautioned to verify that there has been no change in the requirements of IFRSs between 31 March 2006 and their reporting date.

Application of IAS 34

IAS 34.1 This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports. This Standard applies if an entity is required or elects to publish an interim financial report in accordance with International Financial Reporting Standards. The International Accounting Standards Committee encourages publicly traded entities to provide interim financial reports that conform to the recognition, measurement, and disclosure principles set out in this Standard. Specifically, publicly traded entities are encouraged:

- (a) to provide interim financial reports at least as of the end of the first half of their financial year; and
- (b) to make their interim financial reports available not later than 60 days after the end of the interim period.

IAS 34.4 Interim financial report means a financial report containing either a complete set of financial statements (as described in IAS 1 *Presentation of Financial Statements*) or a set of condensed financial statements (as described in this Standard) for an interim period.

IAS 34.9 If an entity publishes a complete set of financial statements in its interim financial report, the form and content of those statements shall conform to the requirements of IAS 1 for a complete set of financial statements.

Condensed set of interim financial statements

IAS 34.6 In the interest of timeliness and cost considerations and to avoid repetition of information previously reported, an entity may be required to or may elect to provide less information at interim dates as compared with its annual financial statements. This Standard defines the minimum content of an interim financial report as including condensed financial statements and selected explanatory notes. The interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported.

COMMENTS ON INTERIM FINANCIAL REPORTING

- IAS 34.8 An interim financial report shall include, at a minimum, the following components:
- (a) condensed balance sheet;
 - (b) condensed income statement;
 - (c) condensed statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capital transactions with owners and distributions to owners;
 - (d) condensed cash flow statement; and
 - (e) selected explanatory notes.
- IAS 34.10 If an entity publishes a set of condensed financial statements in its interim financial report, those condensed statements shall include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes as required by this Standard. Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading.
- IAS 34.11 Basic and diluted earnings per share shall be presented on the face of an income statement, complete or condensed, for an interim period.

Same accounting policies as in annual financial statements

- IAS 34.28 An entity shall apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. However, the frequency of an entity's reporting (annual, half-yearly, or quarterly) shall not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes shall be made on a year-to-date basis.

Materiality and aggregation

- IAS 34.25 While judgement is always required in assessing materiality, this Standard bases the recognition and disclosure decision on data for the interim period by itself for reasons of understandability of the interim figures. Thus, for example, unusual items, changes in accounting policies or estimates, and errors are recognised and disclosed on the basis of materiality in relation to interim period data to avoid misleading inferences that might result from non-disclosure. The overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity's financial position and performance during the interim period.

COMMENTS ON INTERIM FINANCIAL REPORTING

Periods for which interim financial statements are required to be presented

IAS 34.20 Interim reports shall include interim financial statements (condensed or complete) for periods as follows:

- (a) balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;
- (b) income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year;
- (c) statement 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
- (d) cash flow statement 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.

IAS 34.21 *For an entity whose business is highly seasonal, financial information for the twelve months ending on the interim reporting date and comparative information for the prior twelve-month period may be useful. Accordingly, entities whose business is highly seasonal are encouraged to consider reporting such information in addition to the information called for in the preceding paragraph.*

Author's Note: The business of Good Group is seasonal and therefore the interim condensed consolidated financial statements include disclosure according to IAS 34.16(b). However, since the business is not regarded as highly seasonal, the additional disclosure referred to in IAS 34.21 is not provided.

Condensed statement of changes in equity

IAS 34.13 IAS 1 requires a statement of changes in equity be presented as a separate component of an entity's financial statements, and permits information about changes in equity arising from transactions with equity holders acting in their capacity as equity holders (including distributions to equity holders) to be shown either on the face of the statement or in the notes. An entity follows the same format in its interim statement of changes in equity as it did in its most recent annual statement.

COMMENTS ON INTERIM FINANCIAL REPORTING**Comments on the explanatory notes****Basis of preparation and accounting policies**

- IAS 34.2 Each financial report, annual or interim, is evaluated on its own for conformity to International Financial Reporting Standards. The fact that an entity may not have provided interim financial reports during a particular financial year or may have provided interim financial reports that do not comply with this Standard does not prevent the entity's annual financial statements from conforming to International Financial Reporting Standards if they otherwise do so.
- IAS 34.3 If an entity's interim financial report is described as complying with International Financial Reporting Standards, it must comply with all of the requirements of this Standard. Paragraph 19 requires certain disclosures in that regard.
- IAS 34.14 An interim financial report is prepared on a consolidated basis if the entity's most recent annual financial statements were consolidated statements. The parent's separate financial statements are not consistent or comparable with the consolidated statements in the most recent annual financial report. If an entity's annual financial report included the parent's separate financial statements in addition to consolidated financial statements, this Standard neither requires nor prohibits the inclusion of the parent's separate statements in the entity's interim financial report.
- IAS 34.19 If an entity's interim financial report is in compliance with this Standard, that fact shall be disclosed. An interim financial report shall not be described as complying with Standards unless it complies with all of the requirements of International Financial Reporting Standards.

Selected explanatory notes

- IAS 34.15 A user of an entity's interim financial report will also have access to the most recent annual financial report of that entity. It is unnecessary, therefore, for the notes to an interim financial report to provide relatively insignificant updates to the information that was already reported in the notes in the most recent annual report. At an interim date, an explanation 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 is more useful.
- IAS 34.16 An entity shall include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis. However, the entity shall also disclose any events or transactions that are material to an understanding of the current interim period:
- IAS 34.16(a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;
- IAS 34.16(b) explanatory comments about the seasonality or cyclicity of interim operations;
- IAS 34.16(c) the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence;
- IAS 34.16(d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period;
- IAS 34.16(e) issuances, repurchases, and repayments of debt and equity securities;
- IAS 34.16(f) dividends paid (aggregate or per share) separately for ordinary shares and other shares;

COMMENTS ON INTERIM FINANCIAL REPORTING

- IAS 34.16(g) segment revenue and segment result for business segments or geographical segments, whichever is the entity's primary basis of segment reporting (disclosure of segment data is required in an entity's interim financial report only if IAS 14 *Segment Reporting* requires that entity to disclose segment data in its annual financial statements);
- IAS 34.16(h) material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;
- IAS 34.16(i) the effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required to be disclosed under paragraphs 66–73 of IFRS 3 *Business Combinations*; and
- IAS 34.16(j) changes in contingent liabilities or contingent assets since the last annual balance sheet date.
- IAS 34.17 Examples of the kinds of disclosures that are required by paragraph 16 are set out below. Individual Standards and Interpretations provide guidance regarding disclosures for many of these items:
- IAS 34.17(a) the write-down of inventories to net realisable value and the reversal of such a write-down;
- IAS 34.17(b) recognition of a loss from the impairment of property, plant, and equipment, intangible assets, or other assets, and the reversal of such an impairment loss;
- IAS 34.17(c) the reversal of any provisions for the costs of restructuring;
- IAS 34.17(d) acquisitions and disposals of items of property, plant, and equipment;
- IAS 34.17(e) commitments for the purchase of property, plant, and equipment;
- IAS 34.17(f) *litigation settlements*;
- IAS 34.17(g) *corrections of prior period errors*;
- IAS 34.17(i) *any loan default or breach of a loan agreement that has not been remedied on or before the balance sheet date*; and
- IAS 34.17(j) related party transactions.
- IAS 34.C7 Revaluations and fair value accounting: IAS 16 *Property, Plant and Equipment* allows an entity to choose as its accounting policy the revaluation model whereby items of property, plant and equipment are revalued to fair value. Similarly, IAS 40 *Investment Property* requires an entity to determine the fair value of investment property. For those measurements, an entity may rely on professionally qualified valuers at annual reporting dates though not at interim reporting dates.
- Author's Note: The assesment of fair value in accordance with ias 34.C7 did not identify any changes necessary in the recorded values of all investment properties and land and buildings of Good Group as at 30 June 2006.

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