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*Quality In Everything We Do*

# Good Group (International) Limited

International GAAP<sup>®</sup>

Illustrative Interim Condensed Consolidated  
Financial Statements

Based on International Financial Reporting Standards in issue at 31 March 2007



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## ABBREVIATIONS AND KEY

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
IAS 1BC.13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 4.6	International Financial Reporting Interpretations Committee Interpretation No.4, paragraph 6
IAS 39IG.G.2	IAS 39 'Financial Instruments: Recognition and Measurement'-Guidance on Implementing IAS 39 Section G: Other, paragraph G.2
IAS 39AG.71	IAS 39 'Financial Instruments: Recognition and Measurement'-Appendix A-Application Guidance, paragraph AG 71
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure.
GAAP	Generally Accepted Accounting Practice
IASB	International Accounting Standards Board

## INTRODUCTION

This edition 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 an annual reporting date 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*. Euroland is a fictitious country within Europe, whose currency is euros. The functional currency of the parent and the presentation currency of the Group is euros.

Commentary is included throughout this edition in grey shaded boxes. The purpose of the commentary is to explain how the requirements of IFRS have been implemented in these interim condensed consolidated financial statements.

IFRS references are shown on the right hand side of each page of the financial statements indicating the specific IFRS paragraph that outlines the disclosure requirements 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 have to be altered 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 that may be necessary. 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.

### **Interim Financial Reporting**

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 (International) Limited only publishes half-year interim financial statements. If the Group published quarterly interim financial statements, the second quarter information would include, in addition to the information included in this publication, income statements for the three months ending 30 June 2007 and 2006, irrespective of whether the Group presents a condensed or a complete set of interim financial statements. The income statement, balance sheet, statement of changes in equity and cash flow statement are presented in the same format as the annual financial statements. IAS 34, paragraph 10, requires the statements to include at a minimum, each of the headings and sub totals that were included in the most recent annual financial statements.

These interim condensed consolidated financial statements include disclosures not specifically required by IAS 34 (such as notes regarding financial instruments and share based payments). This disclosure has been included as it was considered to be material and important for an understanding of the Group's financial position as at the half year and its performance during the interim period.

IAS 34 requires entities to include 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 also requires comparatives to be included for the comparable interim period of the previous financial year in the income statement, statement of changes in equity and cash flow statement. A comparative balance sheet must be provided for the preceding annual period. IAS 34 does not provide any further guidance about what comparative information should be included in the explanatory notes. In these interim condensed consolidated financial statements we have included comparative information for the comparable interim period of the previous financial year in notes relating to the income statement, statement of changes in equity and cash flow statement. Notes relating to balance sheet items do not include comparatives as the interim condensed consolidated financial statements should be read in conjunction with the previous annual statements. Similarly, disclosure about significant one-off events for the interim period do not include comparatives.

### **International Financial Reporting Standards (IFRS)**

The abbreviation IFRS 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 IFRS, 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 and not issues of concern to only a small set of entities. The interpretations cover both:

- newly identified financial reporting issues not specifically addressed in IFRS; and
- 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 have issued 12 interpretations. However, IFRIC 3 *Emission Rights* has since been withdrawn by the IASB.

## IFRS as at 31 March 2007

The standards applied in these interim condensed consolidated financial statements are those that were in issue as at 31 March 2007. The measurement and recognition requirements of these standards have been applied in these interim condensed consolidated financial statements. However, the disclosure requirements do not apply as IAS 34 is applied. 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 (IFRS)

IFRS 2	<i>Share-based Payment</i>
IFRS 3	<i>Business Combinations</i>
IFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
IFRS 7	<i>Financial Instruments: Disclosures</i>
IFRS 8*	<i>Operating Segments</i>

### International Accounting Standards (IAS)

IAS 1	<i>Presentation of Financial Statements</i>
IAS 2	<i>Inventories</i>
IAS 7	<i>Cash Flow Statements</i>
IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
IAS 10	<i>Events after the Balance Sheet Date</i>
IAS 12	<i>Income Taxes</i>
IAS 14	<i>Segment Reporting (illustrated in appendix 3)</i>
IAS 16	<i>Property, Plant and Equipment</i>
IAS 17	<i>Leases</i>
IAS 18	<i>Revenue</i>
IAS 19	<i>Employee Benefits</i>
IAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
IAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>
IAS 23	<i>Borrowing Costs</i>
IAS 24	<i>Related Party Disclosures</i>
IAS 27	<i>Consolidated and Separate Financial Statements</i>
IAS 28	<i>Investments in Associates</i>
IAS 31	<i>Interests in Joint Ventures</i>
IAS 32	<i>Financial Instruments: Presentation</i>
IAS 33	<i>Earnings per Share</i>
IAS 34	<i>Interim Financial Reporting</i>
IAS 36	<i>Impairment of Assets</i>

IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
IAS 38	<i>Intangible Assets</i>
IAS 39	<i>Financial Instruments: Recognition and Measurement</i>
IAS 40	<i>Investment Property</i>

#### Interpretations

IFRIC 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>
IFRIC 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>
IFRIC 8	<i>Scope of IFRS 2</i>
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>
IFRIC 11*	<i>IFRS 2 - Group and Treasury Share Transactions</i>
SIC 12	<i>Consolidation - Special Purpose Entities</i>
SIC 13	<i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>
SIC 15	<i>Operating Leases - Incentives</i>
SIC 21	<i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>
SIC 27	<i>Evaluating the Substance of Transactions In the Legal Form of a Lease</i>
SIC 32	<i>Intangible Assets - Web Site Costs</i>

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

IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 4	<i>Insurance Contracts</i>
IFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>
IAS 11	<i>Construction Contracts</i>
IAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>
IAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>
IAS 41	<i>Agriculture</i>
IFRIC 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>
IFRIC 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IFRIC 12	<i>Service Concession Arrangements</i>
SIC 7	<i>Introduction of the Euro</i>
SIC 10	<i>Government Assistance - No Specific Relation to Operating Activities</i>
SIC 25	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>
SIC 29	<i>Disclosure - Service Concession Arrangements</i>
SIC 31	<i>Revenue - Barter Transactions Involving Advertising Services</i>

Therefore, users of this publication are cautioned to check that there has been no change in requirements of IFRS between 31 March 2007 and their reporting date.

The pronouncements that have an asterisk (\*) beside them have been early adopted by the Group during 2007.

## Changes in 2007

The Good Group (International) Limited illustrative interim condensed consolidated financial statements have changed since the 2006 edition due to new standards and interpretations issued since 31 March 2006. The following standards and interpretations have been illustrated for the first time in 2007, resulting in consequential changes to the accounting policies and other note disclosures.

### *IFRS 8 Operating Segments*

IFRS 8 was issued in November 2006 and becomes effective for financial years beginning on or after 1 January 2009. Good Group (International) Limited illustrates early adoption of the standard in 2007. The new disclosures are shown in Note 8 *Operating Segments*. Entities that do not early adopt IFRS 8 will continue to apply IAS 14 *Segment Reporting*. Appendix 3 illustrates the applicable disclosures if IAS 14 was applied rather than IFRS 8.

### *IFRIC 9 Reassessment of Embedded Derivatives*

IFRIC 9 is effective for financial years beginning on or after 1 June 2006, and establishes that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change that significantly modifies the cash flows. Good Group (International) Limited illustrates application with an amended accounting policy as disclosed in note 2.

### *IFRIC 10 Interim Financial Reporting and Impairment*

IFRIC 10 became effective for financial years beginning on or after 1 November 2006, and establishes that an entity must 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 instrument carried at cost. Good Group (International) Limited illustrates application with an amended accounting policy as disclosed in note 2.

### *IFRIC 11 IFRS 2 – Group and Treasury Share Transactions*

IFRIC 11 was issued in November 2006 and becomes effective for financial years beginning on or after 1 March 2007. Good Group (International) Limited illustrates early adoption of this interpretation with an amended accounting policy, as disclosed in note 2.

# ***Good Group (International) Limited***

## **Unaudited Interim Condensed Consolidated Financial Statements**

**30 June 2007**

## **GENERAL INFORMATION**

### **Directors**

M O'Driscoll (Chairman)

M P Boiteau (Chief Executive)

C P Muller

F van den Berg

S K Pinelli

M Evans

S E Sippo

C Smart

P R García

### **Company Secretary**

J Harris

### **Registered Office**

Homefire House

Ashdown Square

Euroville

### **Solicitor**

Solicitors & Co.

7 Scott Street

Euroville

### **Bankers**

Bank P.L.C.

George Street

Euroville

### **Auditor**

Chartered Accountants & Co.

17 Euroville High Street

Euroville

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

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (“the Group”) as at 30 June 2007, comprising of the interim consolidated balance sheet as at 30 June 2007 and the related interim 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.

10 August 2007

17 Euroville High Street

Euroville

## **Commentary**

The review report has been prepared in accordance with International Standard on Review Engagements (‘ISRE’) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’, effective for reviews of interim financial information for periods beginning on or after 15 December 2006.

**INTERIM CONSOLIDATED INCOME STATEMENT**

for the six months ended 30 June 2007

IAS 1.8(b)  
IAS 1.46  
IAS 34.10

	Notes	For the six months ended 30 June		
		2007	2006	
		Unaudited		
		€000	€000	IAS 1.46(d), (e)
<b>Continuing operations</b>				
Sale of goods		95,780	78,460	IAS 18.35(b)(i)
Rendering of services		8,578	8,093	IAS 18.35(b)(ii)
Rental income		715	715	IAS 17.50
<b>Revenue</b>		<u>105,073</u>	<u>87,268</u>	IAS 1.81(a)
Cost of sales		(79,612)	(67,216)	IAS 1.88
<b>Gross profit</b>		<u>25,461</u>	<u>20,052</u>	IAS 1.83, IAS 1.92
Other income		617	1,728	IAS 1.92
Selling and distribution costs		(8,566)	(6,666)	IAS 1.92
Administrative expenses		(10,579)	(10,043)	IAS 1.92
Other expenses		(1,167)	(91)	IAS 1.92
Operating profit		<u>5,766</u>	<u>4,980</u>	
Finance revenue		204	166	
Finance costs		(587)	(487)	IAS 1.81(b)
Share of profit of an associate		43	35	IAS 1.81(c)
<b>Profit before tax</b>		<u>5,426</u>	<u>4,694</u>	IAS 1.83
Income tax expense	6	(1,615)	(1,592)	IAS 1.81(d)
<b>Profit for the period from continuing operations</b>		<u>3,811</u>	<u>3,102</u>	IAS 1.83
<b>Discontinued operation</b>				IFRS 5.32
Gain/(loss) after tax for the period from a discontinued operation	12	573	(18)	IAS 1.81(e), IFRS 5.33(a)
<b>PROFIT FOR THE PERIOD</b>		<u><b>4,384</b></u>	<u><b>3,084</b></u>	IAS 1.81(f)
Attributable to:				
Equity holders of the parent		4,337	3,145	IAS 1.82(b)
Minority interests		47	(61)	IAS 1.82(a)
		<u><b>4,384</b></u>	<u><b>3,084</b></u>	
Earnings per share				IAS 33.66, IAS 34.11
• basic, for profit for the period attributable to ordinary equity holders of the parent		€0.200	€0.145	
• diluted, for profit for the period attributable to ordinary equity holders of the parent		€0.190	€0.140	
Earnings per share for continuing operations				
• basic, for profit from continuing operations attributable to ordinary equity holders of the parent		€0.174	€0.146	
• diluted, for profit from continuing operations attributable to ordinary equity holders of the parent		€0.165	€0.140	

**Commentary**

IAS 1.88 requires expenses to be analysed by nature of expense or by their function within the entity, whichever provides information that is reliable and more relevant. Good Group (International) Limited has presented the analysis of expenses by function. Appendix 1 illustrates the income statement if the analysis by nature was used.

IAS 33.68 requires presentation of basic and diluted amounts per share for discontinued operations either on the face of the income statement or in the notes to the financial statements. Good Group (International) Limited has elected to show this information with other disclosures required for discontinued operations in Note 8, and elected to show information for continuing operations on the face of the financial statements.

**INTERIM CONSOLIDATED BALANCE SHEET**

at 30 June 2007

IAS 1.8(a)  
IAS 1.46(c)  
IAS 34.10

	Notes	30 June	31 December	
		2007	2006	
		Unaudited	Audited	
		€000	€000	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	36,501	31,411	IAS 1.51, IAS 1.57 IAS 1.68(a)
Investment properties		8,893	8,893	IAS 1.68(b)
Intangible assets		7,126	6,195	IAS 1.68(c)
Investment in an associate		807	764	IAS 1.68(e)
Available-for-sale investments		2,121	2,141	IAS 1.68(d)
Other financial assets		3,629	3,887	IAS 1.68(d)
Deferred tax asset		1,020	383	IAS 1.68(n), IAS 1.70
		<u>60,097</u>	<u>53,674</u>	
<b>Current assets</b>				
Inventories	10	25,496	24,875	IAS 1.51, IAS 1.57 IAS 1.68(g)
Trade and other receivables		30,900	28,027	IAS 1.68(h)
Prepayments		208	168	IAS 1.69
Derivative financial instruments	18	122	152	IAS 1.68(d)
Cash and short-term deposits		16,832	16,460	IAS 1.68(i)
		<u>73,558</u>	<u>69,682</u>	
Assets of disposal group classified as held for sale	12	-	12,811	IAS 1.68A(a)
		<u>73,558</u>	<u>82,493</u>	
<b>TOTAL ASSETS</b>		<b>133,655</b>	<b>136,167</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Issued capital		22,028	22,028	IAS 1.68(p)
Share premium		6,385	6,385	IAS 1.68(p), IAS 1.75(e)
Treasury shares		(774)	(774)	IAS 1.68(p), IAS 1.75(e)
Other capital reserves		228	228	IAS 1.68(p), IAS 1.75(e)
Retained earnings		42,254	38,759	IAS 1.68(p), IAS 1.75(e)
Other reserves		123	203	IAS 1.68(p), IAS 1.75(e)
		<u>70,244</u>	<u>66,829</u>	
<b>Minority interests</b>		748	713	IAS 1.68(o)
<b>Total equity</b>		<u>70,992</u>	<u>67,542</u>	
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	14	15,409	15,078	IAS 1.51, IAS 1.60 IAS 1.68(l)
Convertible preference shares		2,850	2,778	IAS 1.68(l)
Provisions	11	1,551	1,800	IAS 1.68(k)
Government grants		2,852	3,300	IAS 20.24
Employee benefit liability		976	949	
Other liabilities		274	1,595	
Deferred tax liability		5,225	3,103	IAS 1.68(n), IAS 1.70
		<u>29,137</u>	<u>28,603</u>	
<b>Current liabilities</b>				
Trade and other payables		25,841	18,467	IAS 1.51, IAS 1.60 IAS 1.68(j)
Interest-bearing loans and borrowings	14	2,381	2,460	IAS 1.68(l)
Derivative financial instruments	18	185	205	IAS 1.68(l)
Government grants		80	149	IAS 20.24
Income tax payable		4,756	4,664	IAS 1.68(m), IAS 12.73
Provisions	11	283	450	IAS 1.68(k)
		<u>33,526</u>	<u>26,395</u>	
Liabilities directly associated with the assets classified as held for sale	12	-	13,627	IAS 1.68A(b)
		<u>33,526</u>	<u>40,022</u>	
<b>Total liabilities</b>		<u>62,663</u>	<u>68,625</u>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,655</b>	<b>136,167</b>	

**Commentary**

In accordance with IAS 1.51, Good Group (International) Limited has presented separate classifications on the face of the balance sheet for current and non-current assets, and current and non-current liabilities. IAS 1 requires that entities should present assets and liabilities broadly in order of their liquidity when this presents information that is reliable and more relevant.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2007

	Attributable to equity holders of the parent								IAS 1.8(c)(i)	
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Other Reserves (Note 16)	Total	Minority interests	Total equity	IAS 1.46 IAS 34.10 IAS 34.13
	€000	€000	€000	€000	€000	€000	€000	€000	€000	IAS 1.97 IAS 1.46(d), (e)
<b>At 1 January 2007</b>	<b>22,028</b>	<b>6,385</b>	<b>(774)</b>	<b>228</b>	<b>38,761</b>	<b>203</b>	<b>66,831</b>	<b>713</b>	<b>67,544</b>	
Depreciation transfer for land and buildings	–	–	–	–	40	(40)	–	–	–	IAS 1.96(b), IAS 16.41
Net losses on available-for-sale financial assets	–	–	–	–	–	(20)	(20)	–	(20)	IAS 1.96(b)
Net losses on cash flow hedges (Note 18)	–	–	–	–	–	(7)	(7)	–	(7)	IAS 1.96(b), IFRS 7.23(c)
Foreign currency translation	–	–	–	–	–	(205)	(205)	–	(205)	IAS 1.96(b), IAS 21.52(b)
Net gain on hedge of net investment (Note 18)	–	–	–	–	–	192	192	–	192	IAS 1.96(b), IAS 39.102
Total income and expense for the period recognised directly in equity	–	–	–	–	40	(80)	(40)	–	(40)	IAS 1.96(b)
Profit for the period	–	–	–	–	4,337	–	4,337	47	4,384	IAS 1.96(a)
Total income and expense for the period	–	–	–	–	4,377	(80)	4,297	47	4,344	IAS 1.96(c)
Share-based payment (Note 13)	–	–	–	–	203	–	203	–	203	IAS 1.97(c), IFRS 2.50
Dividends paid (Note 5)	–	–	–	–	(1,087)	–	(1,087)	–	(1,087)	IAS 1.97(a)
Dividends of subsidiaries	–	–	–	–	–	–	–	(12)	(12)	
<b>At 30 June 2007 (unaudited)</b>	<b>22,028</b>	<b>6,385</b>	<b>(774)</b>	<b>228</b>	<b>42,254</b>	<b>123</b>	<b>70,244</b>	<b>748</b>	<b>70,992</b>	

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2007

IAS 1.8(c)(i)

IAS 1.46

IAS 34.10

IAS 34.13

	Attributable to equity holders of the parent									IAS 1.97
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Other Reserves (Note 16)	Total	Minority interests	Total equity	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>At 1 January 2006</b>	<b>19,453</b>	<b>135</b>	<b>(774)</b>	<b>228</b>	<b>31,218</b>	<b>(335)</b>	<b>49,925</b>	<b>740</b>	<b>50,665</b>	
Net gains on available-for-sale financial assets	–	–	–	–	–	40	40	–	40	IAS 1.96(b)
Net gains on cash flow hedges	–	–	–	–	–	28	28	–	28	IAS 1.96(b), IFRS 7.23(c)
Foreign currency translation	–	–	–	–	–	(96)	(96)	–	(96)	IAS 1.96(b), IAS 21.52(b)
Net gain on hedge of net investment	–	–	–	–	–	90	90	–	90	IAS 1.96(b), IAS 39.102
Total income and expense for the period recognised directly in equity	–	–	–	–	–	62	62	–	62	IAS 1.96(b)
Profit for the period	–	–	–	–	3,145	–	3,145	(61)	3,084	IAS 1.96(a)
Total income and expense for the period	–	–	–	–	3,145	62	3,207	(61)	3,146	IAS 1.96(c)
Issue of share capital	2,500	6,150	–	–	–	–	8,650	–	8,650	
Transaction costs	–	–	–	–	(32)	–	(32)	–	(32)	IAS 32.39
Share-based payment	–	–	–	–	150	–	150	–	150	IFRS 2.50
Dividends paid (Note 5)	–	–	–	–	(1,082)	–	(1,082)	–	(1,082)	IAS 1.97(a)
Dividends of subsidiaries	–	–	–	–	–	–	–	(20)	(20)	
<b>At 30 June 2006 (unaudited)</b>	<b>21,953</b>	<b>6,285</b>	<b>(774)</b>	<b>228</b>	<b>33,399</b>	<b>(273)</b>	<b>60,818</b>	<b>659</b>	<b>61,477</b>	

**Commentary**

IAS 1.96 requires entities to present a statement of changes in equity or a statement of recognised income and expense. Good Group (International) Limited has elected to present a statement of changes in equity.

If entities apply the policy in IAS 19 to recognise all actuarial gains and losses in the period in which they occur outside of profit or loss, then IAS 19.93B requires entities to present a statement of recognised income and expense.

Good Group (International) Limited has elected to present all the information required for the statement of changes in equity on the face of the statement. However, transactions with equity holders acting in their capacity as equity holders and the reconciliations of retained earnings, contributed equity and other reserves could alternatively be presented in the notes to the financial statements.

IFRS 2.7 requires entities to recognise an increase in equity where goods or services are received in an equity-settled share-based payment transaction. However, IFRS 2 does not specify where in equity this should be recognised. The Group has chosen to recognise the credit in retained earnings.

IAS 32.35 requires transaction costs of an equity transaction to be accounted for as a deduction from equity but does not specify where in equity this should be recognised. The Group has chosen to recognise the charge in retained earnings.

**INTERIM CONSOLIDATED CASH FLOW STATEMENT****for the six months ended 30 June 2007**IAS 1.8(d)  
IAS 1.46  
IAS 34.10

	Notes	For the six months ended 30 June		IAS 7.10
		2007	2006	
		Unaudited		
		€000	€000	IAS 1.46(d),(e), IAS 7.18(a)
<b>Operating activities</b>				
Profit before tax from continuing operations		5,426	4,694	
Profit/(loss) before tax from discontinued operations	12	5	(30)	
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and impairment of property, plant and equipment		1,873	1,905	
Amortisation and impairment of intangible assets		73	70	
Share-based payments expense		203	150	
Gain on disposal of property, plant and equipment		(53)	(5)	
Gain on disposal of discontinued operation	12	(817)	-	
Other losses		973	567	
Interest income		(204)	(166)	
Interest expense		587	487	
Share of net profit of associate		(43)	(35)	
Movements in provisions, pensions and government grants		906	(356)	
Increase in trade and other receivables		(1,360)	(2,147)	
(Increase)/decrease in inventories		(360)	987	
Increase in trade and other payables		4,807	1,473	
Income tax paid		(1,591)	(1,243)	IAS 7.35
<b>Net cash flows from operating activities</b>		<b>10,425</b>	<b>6,351</b>	
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	9	210	1,415	IAS 7.21 IAS 7.16(b)
Interest received		250	319	IAS 7.31
Purchase of property, plant and equipment	9	(2,587)	(1,320)	IAS 7.16(a)
Acquisition of a subsidiary, net of cash acquired	7	(6,348)	(370)	IAS 7.39
Proceeds from sale of a subsidiary, net of cash disposed	12	(1,193)	-	IAS 7.39
Disbursement of loan		(210)	-	
<b>Net cash flows (used in)/from investing activities</b>		<b>(9,878)</b>	<b>44</b>	
<b>Cash flows from financing activities</b>				
Transaction costs of issue of shares		-	(32)	IAS 7.21 IAS 7.17(a)
Proceeds from borrowings	14	1,270	2,271	IAS 7.17(c)
Repayment of borrowings	14	(1,065)	(108)	IAS 7.17(d)
Interest paid		(488)	(424)	IAS 7.31
Dividends paid to equity holders of the parent	5	(1,087)	(1,082)	IAS 7.31
Dividends paid to minority interests		(12)	(20)	IAS 7.31
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,382)</b>	<b>605</b>	
Net (decrease)/ increase in cash and cash equivalents		(835)	7,000	
Net foreign exchange difference		(21)	(17)	IAS 7.28
Cash and cash equivalents at 1 January		16,788	12,266	
<b>Cash and cash equivalents at 30 June</b>	<b>4</b>	<b>15,932</b>	<b>19,249</b>	<b>IAS 7.45</b>

**Commentary**

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. Good Group (International) Limited presents its cash flows using the indirect method. However, the cash flow statement prepared using the direct method for operating activities is presented in Appendix 2 for illustrative purposes.

IAS 7 does not specify which profit or loss figure should be used in the indirect method. Good Group (International) Limited has reconciled from profit before tax from continuing operations to net cash flows from operating activities. However, alternative profit or loss subtotals would also be permissible.

Good Group (International) Limited classifies interest received as an investing activity as it mainly relates to investments. Interest paid is classified as a financing activity as it relates to the cost of obtaining financial resources. IAS 7 permits interest paid and interest received to be shown as operating, investing or financing activities, as deemed relevant for the entity.

# NOTES TO THE ILLUSTRATIVE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate information

IAS 1.126(a)

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 10 August 2007. IAS 1.126(b)

Good Group (International) Limited is a limited company incorporated and domiciled in Euroland whose shares are publicly traded. IAS 10.17

The principal activities of the company and its subsidiaries ("the Group") are described in Note 8.

## 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 2007 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 2006.

### Significant accounting policies

IAS 34.16(a)

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 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- IFRIC 9 *Reassessment of Embedded Derivatives*

The Group adopted IFRIC Interpretation 9 as of 1 January 2007, which states that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10 *Interim Financial Reporting and Impairment*

The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must 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.

## 2. Basis of preparation and accounting policies (continued)

The Group has also early adopted the following Standards and Interpretations.

- IFRS 8 *Operating Segments*

The Group has elected to adopt IFRS 8 as of 1 January 2007. This standard requires disclosure of information about the Group's operating segments. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14. Additional disclosures about each of these segments are shown in Note 8, including revised comparative information.

- IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*

The Group has elected to adopt IFRIC Interpretation 11 as of 1 January 2007. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

### Commentary

In addition to the new Standards and Interpretations disclosed in these interim financial statements, IFRIC 8 *Scope of IFRS 2* was effective for accounting periods beginning on or after 1 May 2006 and additional disclosure is required on adoption of the Interpretation.

Good Group (International) Limited early adopted this Interpretation in the year ended 31 December 2006, and so disclosure of its adoption is not included in these interim condensed consolidated financial statements. Entities adopting this Interpretation for the first time for the financial year beginning 1 January 2007, should refer to the Good Group (International) Limited financial statements for the year ended 31 December 2006 for the illustrative disclosure requirements.

## 3. Seasonality of operations

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 period June to August are mainly attributed to the increased demand for aviation electronic equipment during the peak holiday season. IAS 34.16 (b)

### Commentary

The business of Good Group (International) Limited is seasonal and therefore the interim condensed consolidated financial statements include disclosure according to IAS 34.16(b). However, the business is not regarded as highly seasonal and therefore the additional disclosure of financial information for the twelve month period ending on the interim reporting date referred to in IAS 34.21 is not provided.

## 4. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following: IAS 34.16(c)

	30 June	
	2007	2006
	<i>Unaudited</i>	
	€000	€000
Cash at bank and in hand	13,336	17,216
Short term deposits	3,496	3,500
Bank overdraft	(900)	(2,617)
	15,932	18,099
Cash at bank and in hand attributable to a discontinued operation	–	1,150
	<b>15,932</b>	<b>19,249</b>

### Commentary

IAS 34.16(c) requires entities to disclose 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.

Good Group (International) Limited has disclosed the breakdown of the cash and cash equivalent balance as it provides further useful information for the cash flow statement.

### 5. Dividends paid and proposed

	30 June		IAS 34.16(f)
	2007	2006	
	<i>Unaudited</i>		
	€000	€000	
<i>Dividends on ordinary shares declared and paid during the six month period:</i>			
Final dividend for 2006: 4.93 cents (2005: 5.56 cents)	<b>1,087</b>	<b>1,082</b>	
<i>Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 June):</i>			
First dividend for 2007: 4.55 cents (2006:4.96 cents)	<b>1,002</b>	<b>1,090</b>	
The 2007 proposed dividend was approved on 1 August 2007.			

### 6. Income tax

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

	For the six months ended 30 June		IAS 34.16(c)
	2007	2006	
	<i>Unaudited</i>		
	€000	€000	
<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	140	260	
Income tax expense	<b>1,615</b>	<b>1,592</b>	

### Commentary

In accordance with IAS 34.16(c), Good Group(International) Limited has disclosed the major components of the Group income tax expense as this provides useful information to understand the amount reported in the interim consolidated income statement.

IAS 34.16(i)

IFRS 3.67

## 7. Business combination

### Acquisition of Electra Limited

On 1 June 2007, 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>Fair value recognised on acquisition</i>	<i>Previous carrying value</i>
	<i>Unaudited</i>	
	€000	€000
Property, plant and equipment	4,571	3,743
Patents	375	–
Deferred income tax asset	175	175
Inventories	961	843
Trade receivables	1,763	1,763
Cash	642	642
	<u>8,487</u>	<u>7,166</u>
Deferred tax liability	(880)	(860)
Trade payables	(1,246)	(1,246)
	<u>(2,126)</u>	<u>(2,106)</u>
Net assets	6,361	<u>5,060</u>
Goodwill arising on acquisition	629	
<b>Total acquisition cost</b>	<u><b>6,990</b></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>
	€000
Net cash acquired with the subsidiary	642
Cash paid	(6,990)
<b>Net cash outflow</b>	<u><b>(6,348)</b></u>

From the date of acquisition, Electra has contributed €42,000 to the net 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.

## 8. Segment information

The group is comprised of the following operating 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* – leases offices and manufacturing sites owned by the Group that are surplus to the Group's requirements.
- *Rubber equipment* – production of rubber hosepipes for commercial applications. This segment was disposed of in February 2007 (see Note 12).

During the period, the Rubber equipment segment was disposed of and as a result ceased to be a reportable operating segment. The Rubber equipment segment has also been reclassified in the comparative disclosures. Detailed information regarding this discontinued operation is included in Note 12.

Segment profit or loss reflects the measure of segment performance reviewed by the Board of Directors (the Chief Operating Decision Maker). This measure differs from the numbers used in the financial statements prepared in accordance with IFRS as follows:

- *Finance revenue* – Interest revenue from loans receivable and cash at bank is not included in the measure of segment profit or loss as it is not considered part of the core operations of any segment.
- *Finance costs* – Finance costs (including adjustments to provisions due to discounting) are not included in the measure of segment profit or loss.
- *Available-for-sale financial assets* – Gains or losses arising from the movement in fair value of available-for-sale financial assets is included in the measure of segment profit or loss.
- *Impairment of assets* – Impairment losses on non-financial assets including goodwill are not included in the measure of segment profit or loss where they are not considered part of continuing operations and are not expected to recur. In the current period, the group incurred losses due to a flooded storage facility (refer to Notes 9 & 10), which are not included in the measure of segment profit or loss as they are not expected to recur.
- *Elimination of inter-segment profit* – Effects of transactions with other segments are included in the measure of segment profit or loss (that is there are no eliminations for inter-segment activities).

There are no differences between total segment revenue and consolidated revenue except for the elimination of inter-segment revenues.

Segment assets excludes current and deferred tax balances, the loan to associate, loan notes receivable and goodwill, as these assets are considered corporate in nature and are not allocated to a specific operating segment.

### Commentary

As IFRS 8 is being applied for the first time, these interim condensed consolidated financial statements include disclosures about the determination of segment profit or loss, segment revenue and segment assets which would not normally be required as this would have been included in the most recent annual financial statements.

## 8. Segment information (continued)

### Operating Segments

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2007 and 2006, respectively. IAS 34.16(g)

Six months ended 30 June 2007 (unaudited)	Continuing Operations				IAS 34.16(g)(vi)*
	Fire prevention equipment	Electronics	Investment property	Total	
	€000	€000	€000	€000	
<b>Revenue</b>					
Revenue from external customers	69,496	34,862	715	105,073	
Inter-segment sales	1,484	4,249	–	5,733	
Total revenue	<u>70,980</u>	<u>39,111</u>	<u>715</u>	<u>110,806</u>	
<b>Results</b>					
Segment profit	<u>4,194</u>	<u>3,032</u>	<u>164</u>	<u>7,390</u>	
Finance revenue				<u>204</u>	IAS 34.16(g)(vi)
Finance costs				<u>(587)</u>	IAS 34.16(g)(vi)
Loss on available-for-sale financial assets				<u>20</u>	IAS 35.16(g)(vi)
Write down of assets				<u>(1,400)</u>	IAS 35.16(g)(vi)
Elimination of inter-segment profit				<u>(201)</u>	
<b>Profit before tax from continuing operations</b>				<u><b>5,426</b></u>	
<b>Six months ended 30 June 2006 (unaudited)</b>	<b>Continuing Operations</b>				
	Fire prevention equipment	Electronics	Investment property	Total	
	€000	€000	€000	€000	
<b>Revenue</b>					
Revenue from external customers	57,545	29,008	715	87,268	
Inter-segment sales	1,084	4,094	–	5,178	
Total revenue	<u>58,629</u>	<u>33,102</u>	<u>715</u>	<u>92,446</u>	
<b>Results</b>					
Segment profit/(loss)	<u>3,747</u>	<u>1,304</u>	<u>179</u>	<u>5,230</u>	
Finance revenue				<u>166</u>	
Finance costs				<u>(487)</u>	
Gain on available-for-sale financial instruments				<u>(40)</u>	
Elimination of inter-segment profit				<u>(175)</u>	
<b>Profit before tax from continuing operations</b>				<u><b>4,694</b></u>	

## 8. Segment information (continued)

### Commentary

Good Group (International) Limited has disposed of an entire operating segment in the period. This operating segment did not meet the quantitative thresholds to be reported and has not been shown in the disclosures above. If, however, the discontinued operation was less than a segment, and therefore included in another reportable segment, the information relating to the discontinued operation would still be disclosed within the segment, if it was included in the measure of segment profit or loss reported to the chief operating decision maker.

\* IAS 34.16(g)(vi) is a new paragraph inserted in IAS 34 by IFRS 8.

### Total Segment Assets

The following table compares total segment assets as at 30 June 2007 and as at the date of the last annual financial statements (31 December 2006).

	30 June 2007	31 December 2006
	€000	€000
Fire prevention equipment	55,226	56,870
Electronics	53,297	44,324
Investment property	17,541	15,648
<b>Total segment assets</b>	<b>126,069</b>	<b>129,653</b>
Goodwill	3,086	2,457
Loan notes	3,054	3,674
Loan to associate	431	-
Deferred tax	1,020	383
Discontinued operation - Rubber equipment	-	12,811
<b>Total consolidated assets</b>	<b>133,655</b>	<b>136,167</b>

The significant increase in segment assets for the Electronics operating segment is due to the acquisition of Electra Limited. Refer to Note 7 for further information relating to the acquisition.

### Commentary

IAS 34.16(g)(iv) requires disclosure of total assets where there has been a material change from the total assets disclosed in the last annual financial statements. In order to fulfil this requirement, Good Group has disclosed segment assets at the end of the current period, and segment assets at the end of the most recent annual financial year. This disclosure highlights where there has been a significant change in a segment's assets. A narrative description, with a cross-reference to further information, is included to assist in understanding the material movements in segment assets that have occurred.

## 9. Property, plant and equipment

### Acquisitions and disposals

During the six months ended 30 June 2007, the Group acquired assets with a cost of €2,587,000 (2006: €1,320,000), not including property and equipment acquired through a business combination (See Note 7). IAS 34.16(c)

Assets with a net book value of €157,000 were disposed of by the Group during the six months ended 30 June 2007 (2006: €1,410,000), resulting in a net gain on disposal of €53,000 (2006: €5,000).

### Write down of storage facilities

On 14 January 2007, 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 15 for capital commitments.

IAS 34.16(c)

## 9. Property, plant and equipment (continued)

### Commentary

In accordance with IAS 34.16(c), Good Group(International) Limited has disclosed the acquisitions and disposals of property, plant and equipment made during the interim period.

## 10. Inventories

During the six months ended 30 June 2007, the Group wrote down €700,000 of inventories that had been damaged by flooding. This expense is included in the "other expenses" line item. IAS 34.16(c)

### Commentary

In accordance with IAS 34.16(c), Good Group(International) Limited has disclosed the write-down of inventory as it is significant to understanding the financial performance of the Group during the interim period.

## 11. Reversal of restructuring provision

As at 31 December 2006, a restructuring provision of €458,000 had been recognised for the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2007 were charged against the provision and the remaining unused provision of €258,000 was reversed. The reversal arises from contract termination costs being lower than expected. IAS 34.16(d)

## 12. Discontinued operation

IAS 34.16(i)

On 1 March 2006, Good Group (International) Limited publicly announced the decision of its Board of Directors to dispose of Hose Limited, the Rubber Equipment operating segment (see note 8). By the end of May 2006, 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. On 28 February 2007 the Group completed the sale of Hose Limited for €1,000 in cash, resulting in a pre-tax gain of €817,000. The results of Hose Limited are as follows:

	<i>For the six months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	<i>Unaudited</i>	
	<i>€000</i>	<i>€000</i>
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	817	–
– attributable tax expense	(244)	–
<b>Gain/(loss) after tax for the period from a discontinued operation</b>	<b>573</b>	<b>(18)</b>

## 12. Discontinued operation (continued)

Cash outflow on sale:	<i>Unaudited</i>
	€000
Consideration received	1
Net cash disposed of with the subsidiary	(1,194)
<b>Net cash outflow</b>	<b>(1,193)</b>

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

	<i>For the six months ended 30 June</i>	
	2007	2006
	<i>Unaudited</i>	
	€000	€000
Operating	244	(1,020)
<b>Net cash inflow/(outflow)</b>	<b>244</b>	<b>(1,020)</b>
Earnings/(Loss) per share from discontinued operation:		
Basic	€0.026	(€0.001)
Diluted	€0.025	(€0.001)

As Hose Limited was sold prior to 30 June 2007, the assets and liabilities classified as part of a disposal group held for sale as at 31 December 2006 are no longer included in the balance sheet.

## 13. Share-based payment

In March 2007, 450,000 share 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% within three years from the date of grant. If this increase is not met the options lapse. The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is five years. There are no cash settlement options. The fair value of options granted during the six months ended 30 June 2007 was estimated on the date of grant using the following assumptions:

IAS 34.16(c)

Dividend yield (%)	3.15
Expected volatility (%)	15.50
Risk-free interest rate (%)	5.15
Expected life (years)	3.00
Weighted average share price (€)	3.15

### Commentary

In accordance with IAS 34.16(c), Good Group(International) Limited has disclosed the number of share options granted to senior executives in the period to 30 June 2007 and the terms of the options, as it was considered to be a significant event impacting the results for the period and gives an understanding of the impact for future periods.

## 14. Interest-bearing loans and borrowings

### Borrowing and repayment of debt

IAS 34.16(e)

On 2 March 2007, the Group borrowed €1,270,000 from a bank. The loan is unsecured and is repayable in full on 2 June 2010. The loan bears interest of Euribor + 2%. On 1 May 2007, the Group repaid €1,000,000 of a secured bank loan bearing an interest rate of Libor +2%.

### Debt refinancing

On 30 June 2007, the Group exercised its right to refinance the secured bank loan at Euribor + 2% under the six-year multi-option facility (MOF). The loan was classified as long-term as at 31 December 2006, even though it was repayable within 12 months of the year end, as the Group expected to exercise its rights under the MOF to refinance this funding.

## 15. Commitments and contingencies

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payment is €850,000 should the action be successful. A trial date has been scheduled for 4 September 2007. The Group has been advised by its legal advisers 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.

IAS 34.16(j)

### Capital commitments

IAS 34.17(e)

At 30 June 2007, the Group had capital commitments of €3,213,000 (2006: €4,550,000) principally relating to the completion of the operating facilities of Sprinklers Inc. and capital commitments of €300,000 (2006: €317,000) in relation to the Group's interest in the joint venture entity. These capital commitments are for the acquisition of new machinery.

## 16. Other reserves

	Asset revaluation €000	Net unrealised gains reserve €000	Foreign currency translation reserve €000	Total €000
At 1 January 2007	512	168	(477)	203
Depreciation transfer	(57)	–	–	(57)
Tax effect of depreciation transfer	17	–	–	17
Net unrealised losses on available-for-sale investments	–	(28)	–	(28)
Tax effect on net losses on available-for-sale investments	–	8	–	8
Net movement on cash flow hedges	–	(10)	–	(10)
Tax effect on net movement on cash flow hedges	–	3	–	3
Currency translation differences	–	–	(205)	(205)
Net gain on hedge of net investment	–	–	274	274
Tax effect of net gain on hedge of net investment	–	–	(82)	(82)
At 30 June 2007	<b>472</b>	<b>141</b>	<b>(490)</b>	<b>123</b>

	Net unrealised gains reserve €000	Foreign currency translation reserve €000	Total €000
At 1 January 2006	109	(444)	(335)
Net unrealised gains on available-for-sale investments	57	–	57
Tax effect on net gains on available-for-sale investments	(17)	–	(17)
Net movement on cash flow hedges	40	–	40
Tax effect on net movement on cash flow hedges	(12)	–	(12)
Currency translation differences	–	(96)	(96)
Net gain on hedge of net investment	–	129	129
Tax effect of net gain on hedge of net investment	–	(39)	(39)
At 30 June 2006	<b>177</b>	<b>(450)</b>	<b>(273)</b>

### Commentary

IAS 34.8 and IAS 34.13 require the interim financial report to include a statement of changes in equity, presented in the same format as the statement of changes in equity in the most recent annual report. However, IAS 34 does not specify whether the information required by IAS 1 *Presentation of Financial Statements*, which may be presented either on the face of the statement or in the notes, should also be disclosed in the interim report. Good Group (International) Limited has chosen to present a reconciliation between the carrying amount of each reserve at the beginning and end of the period, consistent with the presentation in the most recent annual report.

### 17. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2007 and 2006: IAS 34.17(j)

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		<i>Unaudited</i>			
		€000	€000	€000	€000
Entity with significant influence over the Group:					
International Fires P.L.C.	2007	3,382	–	412	–
	2006	3,620	–	320	–
Associate:					
Power Works Limited	2007	1,380	–	865	–
	2006	1,458	–	980	–
Joint venture in which the parent is a venturer:					
Showers Limited	2007	–	327	–	75
	2006	–	285	–	20
Key management personnel of the Group:					
Other directors' interests	2007	132	270	6	18
	2006	–	220	15	7
		Interest received		Amounts owed by related parties	
<i>Loans to related parties</i>					
Associate:					
Power Works Limited	2007	27		431	
	2006	–		–	
Key management personnel of the Group:					
	2007	1		13	
	2006	–		–	

**18. Financial instruments**

IAS 34.16(c)

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 2007.

**Cash flow hedges**

At 30 June 2007, 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 2007 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.

	30 June 2007	
	Assets	Liabilities
	€000	€000
<i>Forward exchange contracts</i>		
Fair value	122	(185)

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 2007 were assessed to be highly effective and as at 30 June 2007 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 2007 were assessed to be highly effective and as at 30 June 2007, 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 2007 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 2007, 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.

**Commentary**

In accordance with IAS 34.16(c), Good Group(International) Limited has disclosed details of the new hedging contracts entered into by the group as they are significant to understanding the financial performance of the Group in the period to 30 June 2007.

Good Group (International) Limited adopted IFRS 7 *Financial Instruments (Disclosures)* for the year beginning 1 January 2006. In the 2006 annual accounts, the Group disclosed the financial risk management objectives and policies. Although IAS 34 does not specifically require disclosures relating to IFRS 7 in the interim report, if there were significant changes in the activities and therefore the risk profile, additional disclosures would be included.

**19. Events after the balance sheet date**

IAS 34.16(f)

On 15 July 2007, a building was broken into and a number of computers and items of inventory with a net book value of €537,000 were stolen. The Group has submitted an insurance claim for the replacement of these items.

## APPENDIX 1 – INTERIM CONSOLIDATED INCOME STATEMENT (EXAMPLE OF EXPENSES DISCLOSED BY NATURE)

for the six months ended 30 June 2007

### Commentary

Good Group (International) Limited presents the income statement disclosing expenses by function. For illustrative purposes, the income statement disclosing expenses by nature is presented in this appendix.

	Notes	For the six months ended 30 June		IAS 1.8(b)
		2007	2006	IAS 1.46
		Unaudited		IAS 34.10
		€000	€000	IAS 1.46(d),(e)
<b>Continuing operations</b>				
Sale of goods		95,780	78,460	IAS 18.35(b)(i)
Rendering of services		8,578	8,093	IAS 18.35(b)(ii)
Rental income		715	715	IAS 17.50
<b>Revenue</b>		<u>105,073</u>	<u>87,268</u>	IAS 1.81(a)
Other income		617	1,728	IAS 1.92
Changes in inventories of finished goods and work in progress		(1,567)	(985)	IAS 1.92
Raw materials and consumables used		(73,487)	(58,792)	
Employee benefits expense		(21,757)	(21,872)	
Depreciation and amortisation expense		(1,946)	(1,975)	
Impairment of non-current assets		-	(301)	
Other expenses		(1,167)	(91)	
Operating profit		<u>5,766</u>	<u>4,980</u>	
Finance revenue		204	166	
Finance costs		(587)	(487)	IAS 1.81(b)
Share of profit of an associate		43	35	IAS 1.81(c)
<b>Profit before tax</b>		<u>5,426</u>	<u>4,694</u>	IAS 1.83
Income tax expense	6	(1,615)	(1,592)	IAS 1.81(d)
<b>Profit for the period from continuing operations</b>		<u>3,811</u>	<u>3,102</u>	IAS 1.83
<b>Discontinued operation</b>				IFRS 5.32
Gain/(loss) after tax for the period from a discontinued operation	13	<u>573</u>	<u>(18)</u>	IAS 1.81(e), IFRS 5.33(a)
<b>PROFIT FOR THE PERIOD</b>		<u><b>4,384</b></u>	<u><b>3,084</b></u>	IAS 1.81(f)
Attributable to:				
Equity holders of the parent		4,337	3,145	IAS 1.82(b)
Minority interests		47	(61)	IAS 1.82(a)
		<u><b>4,384</b></u>	<u><b>3,084</b></u>	
Earnings per share				IAS 33.66, IAS 34.11
• basic, for profit for the period attributable to ordinary equity holders of the parent		€0.200	€0.145	
• diluted, for profit for the period attributable to ordinary equity holders of the parent		€0.190	€0.140	
Earnings per share for continuing operations				
• basic, for profit from continuing operations attributable to ordinary equity holders of the parent		€0.174	€0.146	
• diluted, for profit from continuing operations attributable to ordinary equity holders of the parent		€0.165	€0.140	

## APPENDIX 2 – INTERIM CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD)

for the six months ended 30 June 2007

IAS 1.8(d)  
IAS 1.46  
IAS 34.10

### Commentary

Good Group (International) Limited presents cash flows using the indirect method. For illustrative purposes, the cash flow statement prepared using the direct method is presented in this appendix.

	Notes	For the six months ended 30 June		IAS 7.10
		2007	2006	
		Unaudited		
		€000	€000	IAS 1.46(d),(e), IAS 7.18(a)
<b>Cash flows from operating activities</b>				
Receipts from customers		105,670	109,040	
Payments to suppliers and employees		(93,654)	(101,446)	
Income tax paid		(1,591)	(1,243)	IAS 7.35
<b>Net cash flows from operating activities</b>		<u>10,425</u>	<u>6,351</u>	
<b>Cash flows from investing activities</b>				IAS 7.21
Proceeds from sale of property, plant and equipment	9	210	1,415	IAS 7.16(b)
Interest received		250	319	IAS 7.31
Purchase of property, plant and equipment	9	(2,587)	(1,320)	IAS 7.16(a)
Acquisition of a subsidiary, net of cash acquired	7	(6,348)	(370)	IAS 7.39
Proceeds from sale of a subsidiary, net of cash disposed	12	(1,193)	–	IAS 7.39
Disbursement of loan		(210)	–	
<b>Net cash flows (used in)/from investing activities</b>		<u>(9,878)</u>	<u>44</u>	
<b>Cash flows from financing activities</b>				IAS 7.21
Transaction costs of issue of shares		–	(32)	IAS 7.17(a)
Proceeds from borrowings	14	1,270	2,271	IAS 7.17(c)
Repayment of borrowings	14	(1,065)	(108)	IAS 7.17(d)
Interest paid		(488)	(424)	IAS 7.31
Dividends paid to equity holders of the parent	5	(1,087)	(1,082)	IAS 7.31
Dividends paid to minority interests		(12)	(20)	IAS 7.31
<b>Net cash flows (used in)/from financing activities</b>		<u>(1,382)</u>	<u>605</u>	
Net (decrease)/ increase in cash and cash equivalents		(835)	7,000	
Net foreign exchange difference		(21)	(17)	IAS 7.28
Cash and cash equivalents at 1 January		16,788	12,266	
<b>Cash and cash equivalents at end of period</b>	4	<u>15,932</u>	<u>19,249</u>	IAS 7.45

## APPENDIX 3 – SEGMENT REPORTING UNDER IAS 14

### SEGMENT REPORTING

#### Commentary

The Good Group (International) Limited illustrative interim condensed financial statements illustrate early adoption of IFRS 8 *Operating Segments* for the financial year beginning 1 January 2007.

For entities that do not early adopt IFRS 8, IAS 14 *Segment Reporting* will continue to apply for accounting periods beginning before 1 January 2009.

The following disclosures are an extract from Note 8 of Good Group (International) Limited illustrative interim condensed consolidated financial statements, assuming that IAS 14 would be applied in the annual financial statements.

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 2007 (see Note 12).

**Segment information****Business Segments**

The following tables present revenue and profit information regarding the Group's business segments for the six months ended 30 June 2007 and 2006, respectively.

IAS 34.16  
IAS 34.16(g)

Six months  
ended  
30 June 2007  
(unaudited)

	Continuing Operations					Discontinued Operation	Total Operations
	Fire prevention equipment	Electronics	Investment property	Eliminations	Total	Rubber equipment	
	€000	€000	€000	€000	€000	€000	€000
<b>Revenue</b>							
Sales to external customers	69,496	34,862	715	–	105,073	3,329	108,402
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>
<b>Results</b>							
Segment results	<u>4,194</u>	<u>2,231</u>	<u>164</u>	<u>–</u>	<u>6,589</u>	<u>44</u>	<u>6,633</u>
Unallocated expenses					(823)	–	(823)
<b>Profit before tax, finance costs and finance revenue</b>					<u>5,766</u>	<u>44</u>	<u>5,810</u>

Six months  
ended  
30 June 2006  
(unaudited)

	Continuing Operations					Discontinued Operation	Total Operations
	Fire prevention equipment	Electronics	Investment property	Eliminations	Total	Rubber equipment	
	€000	€000	€000	€000	€000	€000	€000
<b>Revenue</b>							
Sales to external customers	57,545	29,008	715	–	87,268	21,548	108,816
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>
<b>Results</b>							
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)
<b>Profit before tax, finance costs and finance revenue</b>					<u>4,980</u>	<u>368</u>	<u>5,348</u>

**Commentary**

IAS 34.16(g) requires disclosure of the segment result for the business segments. Good Group (International) Limited has also included a reconciliation of the segment result to profit before tax, finance costs and finance revenue to provide further information to enable users to see the relationship with the result for the period.





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