KPMG

cutting through complexity

IFRS

Guide to condensed interim financial statements – Illustrative disclosures

May 2013

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Contents

Notes to the condensed consolidated interim financial statements

What's new?

2013 sees a number of new and revised IFRSs, all of which add to the complexity of preparing condensed interim financial statements.

To better help you meet the challenges when preparing your 2013 condensed interim financial statements, we have refreshed the presentation of our previous *IFRS illustrative condensed interim financial report*. This publication, together with our *IFRS disclosure checklist: Interim financial reports*, have now become part of the *Guide to condensed interim financial statements* suite.

This new *Guide to condensed interim financial statements – Illustrative disclosures* takes account of the impact of the following new or revised IFRSs, which are effective for the first time for entities with an annual reporting period beginning on 1 January 2013:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits* (2011)
- *Annual Improvements to IFRSs 2009–2011 Cycle.*

This publication has also taken account of *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1), which is effective for annual reporting periods beginning on or after 1 July 2012.

In addition to the above, a number of other IFRSs and amendments to IFRSs are effective for the first time as of 1 January 2013 – e.g. *Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7).* However, we have assumed that these other IFRSs and amendments have no impact on these illustrative interim financial statements. Our publication *In the Headlines – Reminder: Effective dates of IFRS* (March 2013) provides a list of IFRSs that are effective for the first time for annual reporting periods beginning on 1 January 2013, and those that are available for early adoption in the period. It also includes the sources of relevant KPMG guidance on these other IFRSs and amendments.

Major changes since the previous edition of this publication are highlighted by a double line running down the left margin of the text in this publication.

About this publication

Content

Standards covered

This publication is part of our *Guide to condensed interim financial statements* suite of publications that helps you to prepare condensed interim financial statements in accordance with IFRS – in particular, IAS 34 *Interim Financial Reporting*. It illustrates a set of condensed interim financial statements for a fictitious multinational corporation involved in general business, which is not a first-time adopter of IFRS.

This publication is based on standards and interpretations that have been issued by the IASB by 15 May 2013 and that are required to be applied by an entity with an annual reporting period beginning on 1 January 2013. IFRSs that are effective for annual periods beginning after 1 January 2013 have not been adopted early. However, example disclosures for the early adoption of IFRS 9 *Financial Instruments* (October 2010) are included in Appendix III.

Although this publication focuses on compliance with IAS 34, it does not repeat all of that standard's requirements and related implementation guidance. In addition, IFRSs other than IAS 34 are not discussed in this publication, except in the context of disclosures in condensed interim financial statements. The impact of any requirements that may result from exposure drafts or other current projects of the IASB or the IFRS Interpretations Committee are not illustrated.

Legal or regulatory requirements

This publication does not consider legal or regulatory requirements for interim financial statements. An entity should consider its local legal and regulatory requirements, which may require additional disclosures to be made in its interim financial statements. For example, IFRS does not require the parent entity to present separate financial statements, and these illustrative interim financial statements include only consolidated interim financial information. However, in some jurisdictions parent entity interim financial information may also be required.

IAS 34 addresses only the condensed interim financial statements contained within an interim report, and this publication illustrates only that component. However, an interim report will typically include at least some additional commentary by management, either in accordance with local laws and regulations or at the election of the entity.

Need for judgement

Although these illustrative interim financial statements help you understand international reporting requirements, they illustrate only one possible format and are not intended to be seen as a complete and exhaustive summary of all disclosure requirements that are applicable under IFRS. You are also encouraged to refer to our other publication in the suite *Guide to condensed interim financial statements – Disclosure checklist* (April 2013).

In addition, the example disclosures presented are based on the particular circumstances of the example entity; the appropriate format and level of disclosures may also vary depending on the circumstances of the individual entity – in particular, the information that is regarded as significant to an understanding of the current interim reporting period. Accordingly, this publication does not replace the need for judgement regarding both the disclosure requirements and all relevant circumstances; also, it should not be used as a substitute for referring to the standards and interpretations themselves, particularly if a specific requirement is not addressed in this publication or if there is uncertainty regarding the correct interpretation of an IFRS.

Half-year vs quarterly interim report

These illustrative interim financial statements assume that the entity prepares a half-year interim report, but does not prepare quarterly interim reports. If the entity illustrated in this publication also prepared quarterly interim reports, then an additional statement of profit or loss and other comprehensive income for the period from 1 April to 30 June 2013 (and comparatives for the period from 1 April to 30 June 2012) would have been presented.

Appendix II includes an example condensed statement of profit or loss and other comprehensive income for a quarterly reporter.

References and abbreviations

References are included in the left-hand margin of this publication to identify their sources. Generally, the references relate only to presentation and disclosure requirements.

IAS 34.15	Paragraph 15 of IAS 34
[IFRS 2.45]	Paragraph 45 of IFRS 2. The bracket indicates that the paragraph relates to presentation or disclosure requirements in annual financial statements. Such presentation or disclosures are not specifically required in condensed interim financial statements, but are referred to in this publication in determining the extent of disclosures.
Insights 2.3.60.10	Paragraph 2.3.60.10 of our publication *Insights into IFRS* (9th edition 2012/13)
	Disclosures and notes that are applicable only to entities in the scope of IFRS 8 *Operating Segments* and IAS 33 *Earnings per Share*. These are entities whose ordinary shares or potential ordinary shares are traded in a public market, or entities that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation to issue any class of ordinary shares in a public market.
||	Major changes since the previous edition of this publication

Technical guide

Items to consider when preparing interim financial statements

Scope

IFRS does not require entities to publish interim financial statements; generally, local laws and regulations determine such requirements. IAS 34 applies to entities that either are required to, or elect to, publish interim financial statements in accordance with IFRS. IAS 34 encourages entities that are publicly traded to:

- provide an interim financial report at least at the end of the first half of the financial year; and
- make that report available within 60 days of the end of the reporting period.

General considerations

IAS 34 defines the minimum content of interim financial statements, including disclosures, and identifies the recognition and measurement principles that should be applied in preparing interim financial statements. For the most part, the recognition and measurement principles are consistent with IFRS used in the preparation of annual financial statements. However, differences do exist – e.g. in the measurement of income tax expense. In addition, a greater use of estimation may be required than in the preparation of annual financial statements.

IAS 34 permits the disclosures in interim financial statements to be condensed on the assumption that users of the interim financial statements have access to the most recent annual financial statements. However, the overriding goal of IAS 34 is to include all information that is relevant to an understanding of the current interim reporting period. In making these decisions, materiality is assessed based on interim period data; some items, such as related party transactions, may be considered material because of their nature rather than their size. This is an area in which significant judgement is required by management.

If an entity's interim financial statements are in compliance with IAS 34, that fact is disclosed. A set of interim financial statements should not be described as complying with IAS 34 unless it complies with all the requirements of that standard.

Condensed vs complete financial statements

IAS 34 permits the presentation of either a condensed or a complete set of interim financial statements.

If an entity chooses to publish a complete set of financial statements, then their form and content conform to the requirements of IAS 1 *Presentation of Financial Statements* in addition to the measurement and any supplementary disclosure requirements of IAS 34.

If an entity chooses to publish a set of condensed interim financial statements, then the financial statements contain at least each of the headings and subtotals that were included in its most recent annual financial statements, together with the selected note disclosures required by IAS 34. However, if that presentation will be amended in the next annual financial statements – e.g. as a result of the adoption of a new or revised standard – then the revised presentation should also be adopted in the condensed interim financial statements. An entity also considers the criteria for the selection and application of accounting policies, as well as disclosure requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Additional line items or notes are required if their omission would make the condensed interim financial statements misleading.

Consolidated and separate financial statements

Interim financial statements are prepared on a consolidated basis if the most recent annual financial statements were prepared on a consolidated basis. If the most recent annual report included the parent's separate financial statements, then an entity is neither required to include nor prohibited from including separate financial statements of the parent in its interim financial statements.

Accounting policies

In preparing interim financial statements, an entity applies the same accounting policies as in its most recent annual financial statements, with the exception of changes to accounting policies made after the most recent annual financial statements. If an IFRS is issued or amended between the preparation of interim financial statements and the following annual financial statements, and if changes to previous policies are necessary, then the prior interim periods of the current financial year and comparative interim periods are normally restated.

Items measured at fair value

The carrying amount of assets that are measured based on fair value is determined at the end of the interim reporting period. This includes property, plant and equipment accounted for in accordance with the revaluation model. The fair value assessment at the end of an interim reporting period may involve a higher degree of estimation than is used for the annual financial statements. This issue is discussed in our publication *Insights into IFRS* (5.9.140.10).

Comparative information

Unless an entity is a new company, condensed interim financial statements include comparative information; otherwise, the interim financial statements cannot claim to be in compliance with IFRS or IAS 34. This is particularly important for entities that did not produce interim financial statements in prior years. This issue is discussed in our publication *Insights into IFRS* (5.9.70).

Presentation and disclosure

Generally, the interim financial statements, including the comparative information, are included in a single section in an interim report. However, IFRS does not prohibit presentation or disclosure in another manner – e.g. as may be prescribed by local regulatory requirements or in response to other factors. Normally, the disclosures should be reported on a financial year-to-date basis.

With the exception of the requirements of paragraphs 16A(i) and 16A(j) of IAS 34, the disclosure requirements of other IFRSs are not required in condensed interim financial statements. However, the annual disclosure requirements do provide helpful guidance in considering appropriate disclosures in respect of events and transactions that are significant to an understanding of the current interim reporting period. IAS 34 acknowledges the role of individual IFRSs in determining the extent of disclosure. In these illustrative interim financial statements, a number of additional disclosures are provided on the basis that the information is significant to an understanding of the current interim reporting period for this example entity.

IAS 34 includes specific disclosure requirements for interim financial statements. In addition, IAS 34 requires disclosure about significant events and transactions. Paragraph 15B of IAS 34 lists the types of events and transactions for which disclosures would be required if they were significant. This list is not exhaustive and many other events and transactions may require disclosure if they are considered significant. The assessment of the events and transactions that are significant is an area of judgement, and is not limited to significant amounts in the financial statements, but rather events and transactions that have a pervasive effect.

First-time adopters of IFRS

These illustrative interim financial statements assume that the entity is not a first-time adopter of IFRS, and therefore that the interim financial statements provide an update on the latest annual IFRS financial statements. Because a first-time adopter of IFRS does not have any previous annual IFRS financial statements, any interim financial statements cannot be seen as simply an update. In our view, an entity may publish condensed interim financial statements in accordance with IAS 34 even if it has not published IFRS annual financial statements for the prior period. However, the minimum disclosures prescribed by IAS 34 would be insufficient to provide an understanding of the interim reporting period, and therefore further disclosure is required.

In our view, a first-time adopter of IFRS should include a complete set of significant accounting policies in its condensed interim financial statements. Significant judgement is then required in determining other areas that may require additional disclosure; these may include, but are not limited to:

- significant judgements made in applying accounting policies and key sources of estimation uncertainty
- operating and reportable segments
- non-current assets held for sale and discontinued operations
- income tax expense
- earnings per share
- employee benefits
- financial instruments.

Examples of the detailed disclosures required by a first-time adopter of IFRS, including reconciliations from previous GAAP, can be found in our publications *Illustrative financial statements: First-time adopters* (February 2010) and *Illustrative condensed interim financial statements: First-time adopters* (July 2011).

Insights into IFRS

Our publication *Insights into IFRS* is a practical guide to applying IFRS. It includes additional interpretative guidance on interim financial reporting in Chapter 5.9.

[*Name of the Company*]

Independent auditors' report on review of interim financial information

Independent auditors' report on review of interim financial information[a]

[Addressee]

[Name]

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of [name of the company] as at 30 June 2013, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ('the condensed consolidated interim financial information'). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 condensed consolidated interim financial information as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG
[Date of report]
[Address]

a. This example report has been prepared based on International Standards on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Its format does not reflect any legal requirements of particular jurisdictions.

[*Name of the Company*]

Condensed consolidated interim financial statements

30 June 2013

IAS 34.8(a), 10, 20(a)

Condensed consolidated statement of financial position[a,b]

In thousands of euro	Note	30 June 2013	31 December 2012 Restated*[c]
Assets			
Property, plant and equipment	12	**24,235**	31,049
Intangible assets and goodwill	13	**6,290**	4,661
Biological assets		**7,629**	8,716
Trade and other receivables	14	**171**	-
Investment property		**1,405**	250
Equity-accounted investees		**1,791**	1,948
Other investments, including derivatives	14	**3,767**	3,525
Deferred tax assets		**1,568**	1,376
Employee benefits	18	**300**	731
Non-current assets		**47,156**	52,256
Inventories	10	**12,005**	12,119
Biological assets		**156**	140
Other investments, including derivatives	14	**526**	1,032
Current tax assets		**-**	228
Trade and other receivables	14	**21,700**	17,999
Prepayments		**-**	1,200
Cash and cash equivalents	14	**2,356**	1,850
Assets held for sale[d]	7	**12,891**	-
Current assets		**49,634**	34,568
Total assets		**96,790**	86,824

[IFRS 5.38, 40]

* See Note 3.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

a. When the interim financial statements are unaudited, this fact may, in practice, be disclosed. This may also be a requirement in some jurisdictions.

IAS 1.BC33, 34.8, 16A(a), 20, Insights 5.9.30.22

b. Under IAS 34, the minimum components of *condensed* interim financial statements do not include a statement of financial position as at the beginning of the preceding period when comparative information is restated following a retrospective change in accounting policy, correction of an error or reclassification of items. However, disclosure is required in respect of any change of accounting policy or material prior-period error.

Insights 2.8.40.110

c. In our view, although it is not specifically required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the heading 'restated' is necessary to highlight that the comparatives are not the same as the financial information published previously.

IFRS 5.30, IAS 34.10 Insights 5.9.40.20

d. Although it is not specifically required by IAS 34, in our view non-current assets or assets and liabilities of a disposal group classified as held-for-sale or held-for-distribution at the end of the interim reporting period should be presented separately from other assets and liabilities in the condensed statement of financial position.

IFRS 5.38, IAS 1.66, 69, Insights 5.4.110.30

In our view, the presentation of a 'three-column statement of financial position' with the headings 'Assets/Liabilities not for sale', 'Assets/Liabilities held for sale', and 'Total' would not generally be appropriate if the assets and liabilities held for sale are included in non-current line items.

Condensed consolidated statement of financial position (continued)

IAS 34.8(a), 10, 20(a)

In thousands of euro	*Note*	30 June 2013	31 December 2012 Restated*
Equity			
Share capital	*15*	**14,979**	14,550
Share premium	*15*	**4,777**	3,500
Reserves		**1,179**	449
Retained earnings		**16,132**	13,886
Equity attributable to owners of the Company		**37,067**	32,385
Non-controlling interests		**3,519**	3,109
Total equity		**40,586**	35,494
Liabilities			
Loans and borrowings	*14, 16*	**19,218**	19,206
Employee benefits	*17, 18*	**606**	841
Deferred income/revenue		**1,172**	1,462
Provisions	*19*	**1,100**	400
Trade and other payables	*8, 14*	**252**	5
Deferred tax liabilities		**2,587**	1,567
Non-current liabilities		**24,935**	23,481
Bank overdraft	*14*	**120**	282
Current tax liabilities		**323**	-
Loans and borrowings	*14, 16*	**6,559**	4,386
Trade and other payables	*14*	**20,429**	21,813
Deferred income/revenue		**38**	168
Provisions	*8, 19*	**150**	1,200
Liabilities held for sale[d on page 11]	*7*	**3,650**	-
Current liabilities		**31,269**	27,849
Total liabilities		**56,204**	51,330
Total equity and liabilities		**96,790**	86,824

[IFRS 5.38, 40]

* See Note 3.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

IAS 34.8(b), 10, 20(b)

Condensed consolidated statement of profit or loss and other comprehensive income[a]

In thousands of euro	Note	For the six months ended 30 June 2013	2012 Restated*
Continuing operations			
Revenue		**52,536**	51,593
Cost of sales	*10, 12, 13, 19*	**(31,460)**	(31,920)
Gross profit		**21,076**	19,673
Other income	*12*	**620**	190
Selling and distribution expenses		**(7,698)**	(7,498)
Administrative expenses	*8, 18*	**(8,474)**	(8,358)
Research and development expenses		**(605)**	(349)
Other expenses	*7, 8, 9*	**(710)**	-
Results from operating activities		**4,209**	3,658
Finance income	*8, 14*	**456**	345
Finance costs		**(880)**	(1,004)
Net finance costs		**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**233**	278
Profit before tax	*4*	**4,018**	3,277
Tax expense	*11*	**(1,147)**	(744)
Profit from continuing operations		**2,871**	2,533
Discontinued operation[b]			
Profit (loss) from discontinued operation, net of tax	*6*	**379**	(422)
Profit for the period		**3,250**	2,111
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Revaluation of property, plant and equipment		**200**	-
Remeasurements of the defined benefit liability (asset)		**72**	(15)
Tax on items that will never be reclassified to profit or loss[c]		**(90)**	5
		182	(10)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**457**	330
Foreign currency translation differences – equity-accounted investees		**10**	-
Net loss on hedge of net investment in foreign operation		**(3)**	(8)
Effective portion of changes in fair value of cash flow hedges		**(93)**	97
Net change in fair value of cash flow hedges reclassified to profit or loss[d]		**(17)**	(11)
Net change in fair value of available-for-sale financial assets		**199**	74
Net change in fair value of available-for-sale financial assets reclassified to profit or loss[d]		**(47)**	-
Tax on items that are or may be reclassified subsequently to profit or loss[c]		**(14)**	(53)
		492	429
Other comprehensive income for the period, net of tax		**674**	419
Total comprehensive income for the period		**3,924**	2,530

* See Notes 3 and 6.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

IAS 1.99, 34.8(b), 8A, 10, 20(b)

a. The entity has presented comprehensive income following a one-statement approach and has analysed expenses based on functions with the entity, because these are the approaches adopted in its most recent annual financial statements. Appendix I provides an illustration of the alternative two-statement approach.

IFRS 5.30, IAS 34.10, 15, 15C, Insights 5.9.40.20

b. Although it is not specifically required by IAS 34, in our view operations that are discontinued at the end of the interim reporting period or disposed of during the interim reporting period should be presented separately, following the principles in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

IAS 1.91, 34.10

c. Alternatively, individual components of other comprehensive income may be presented net of related tax effects.

IAS 1.94, 34.10

d. Alternatively, reclassification adjustments may be presented in the notes.

Condensed consolidated statement of profit or loss and other comprehensive income (continued)

IAS 34.8(b), 10, 20(b)

In thousands of euro	For the six months ended 30 June 2013	2012 Restated*
Profit attributable to:		
Owners of the Company	**3,053**	2,023
Non-controlling interests	**197**	88
	3,250	2,111
Total comprehensive income attributable to:		
Owners of the Company	**3,703**	2,396
Non-controlling interests	**221**	134
	3,924	2,530
Earnings per share		
IAS 34.11 Basic earnings per share (euro)	**0.84**	0.52
IAS 34.11 Diluted earnings per share (euro)	**0.80**	0.51
Earnings per share – continuing operations[a]		
Basic earnings per share (euro)	**0.72**	0.66
Diluted earnings per share (euro)	**0.69**	0.65

* See Notes 3 and 6.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

Insights 5.9.50.10

a. Although it is not specifically required by IAS 34, the entity has disclosed:

- the earnings per share from continuing operations on the face of the condensed consolidated statement of profit or loss and other comprehensive income; and
- the earnings per share from discontinued operations in the notes (see Note 6).

The appropriate level of disclosure for an interim reporting period may vary depending on materiality.

IAS 34.8(c), 10, 20(c)

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2012

In thousands of euro	Note	Attributable to owners of the Company											
		Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Reserve for own shares	Convertible notes	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012, as previously reported		14,550	3,500	(129)	434	17	-	-	-	8,479	26,851	601	27,452
[IAS 1.106(b)] Impact of changes in accounting policies	3	-	-	-	-	-	-	-	-	-	-	2,119	2,119
Restated balance at 1 January 2012		14,550	3,500	(129)	434	17	-	-	-	8,479	26,851	2,720	29,571
Total comprehensive income for the period													
Profit for the period, as restated		-	-	-	-	-	-	-	-	2,023	2,023	88	2,111
Total other comprehensive income, as restated		-	-	248	73	62	-	-	-	(10)	373	46	419
Total comprehensive income for the period		-	-	248	73	62	-	-	-	2,013	2,396	134	2,530
Transactions with owners of the Company, recognised directly in equity													
Dividends to owners of the Company	15	-	-	-	-	-	-	-	-	(524)	(524)	-	(524)
Share-based payment transactions[a]	17	-	-	-	-	-	-	-	-	173	173	-	173
Total transactions with owners of the Company		-	-	-	-	-	-	-	-	(351)	(351)	-	(351)
Restated balance at 30 June 2012		14,550	3,500	119	507	79	-	-	-	10,141	28,896	2,854	31,750

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

Insights 4.5.1230.30

a. IFRS 2 *Share-based Payment* does not specifically address how share-based payment transactions are presented within equity. The entity has presented the increase in equity recognised in connection with a share-based payment transaction within retained earnings. In our view, the increase may also be presented in a separate item within equity.

Condensed consolidated statement of changes in equity (continued)

IAS 34.8(c), 10, 20(c)

For the six months ended 30 June 2013

		Attributable to owners of the Company											
In thousands of euro	***Note***	**Share capital**	**Share premium**	**Translation reserve**	**Hedging reserve**	**Fair value reserve**	**Revaluation reserve**	**Reserve for own shares**	**Convertible notes**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013, as previously reported		**14,550**	**3,500**	**143**	**490**	**96**	**-**	**(280)**	**-**	**13,886**	**32,385**	**842**	**33,227**
[IAS 1.106(b)] Impact of changes in accounting policies	*3*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,267**	**2,267**
Restated balance at 1 January 2013		**14,550**	**3,500**	**143**	**490**	**96**	**-**	**(280)**	**-**	**13,886**	**32,385**	**3,109**	**35,494**
Total comprehensive income for the period													
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,053**	**3,053**	**197**	**3,250**
Total other comprehensive income		**-**	**-**	**440**	**(74)**	**102**	**134**	**-**	**-**	**48**	**650**	**24**	**674**
Total comprehensive income for the period		**-**	**-**	**440**	**(74)**	**102**	**134**	**-**	**-**	**3,101**	**3,703**	**221**	**3,924**
Transactions with owners of the Company, recognised directly in equity													
Contributions by and distributions to owners of the Company													
Issue of ordinary shares related to business combinations	*8*	**24**	**63**	**-**	**-**	**-**	**-**	**-**	**-**	**120**	**207**	**-**	**207**
Issue of ordinary shares	*15*	**390**	**1,160**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,550**	**-**	**1,550**
Issue of convertible notes, net of tax	*16*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**109**	**-**	**109**	**-**	**109**
Own shares sold[a]		**-**	**19**	**-**	**-**	**-**	**-**	**11**	**-**	**-**	**30**	**-**	**30**
Dividends to owners of the Company	*15*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,243)**	**(1,243)**	**-**	**(1,243)**
Share-based payment transactions[a on page 15]	*17*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**361**	**361**	**-**	**361**
Share options exercised	*15*	**15**	**35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**-**	**50**
Total contributions by and distributions to owners of the Company		**429**	**1,277**	**-**	**-**	**-**	**-**	**11**	**109**	**(762)**	**1,064**	**-**	**1,064**

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

Insights 7.3.480

a. IFRS does not mandate a specific method of presenting treasury shares in equity. Local laws may prescribe the presentation. In addition, depending on the applicable legislation, an entity may or may not be allowed to recognise a portion of the treasury share transaction against share premium. Therefore, an entity should take into account its legal environment when determining how to present its own shares within equity. Whichever method is selected, it should be applied consistently.

IAS 34.8(c), 10, 20(c)

Condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2013

		Attributable to owners of the Company											
In thousands of euro	***Note***	**Share capital**	**Share premium**	**Translation reserve**	**Hedging reserve**	**Fair value reserve**	**Revaluation reserve**	**Reserve for own shares**	**Convertible notes**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Changes in ownership interests in subsidiaries													
Acquisition of non-controlling interests without a change in control	*8*	-	-	**8**	-	-	-	-	-	**(93)**	**(85)**	**(115)**	**(200)**
Acquisition of subsidiary with non-controlling interests	*8*	-	-	-	-	-	-	-	-	-	-	**304**	**304**
Total changes in ownership interests in subsidiaries		-	-	**8**	-	-	-	-	-	**(93)**	**(85)**	**189**	**104**
Total transactions with owners of the Company		**429**	**1,277**	**8**	-	-	-	**11**	**109**	**(855)**	**979**	**189**	**1,168**
Balance at 30 June 2013		**14,979**	**4,777**	**591**	**416**	**198**	**134**	**(269)**	**109**	**16,132**	**37,067**	**3,519**	**40,586**

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

IAS 34.8(d), 10, 20(d)

Condensed consolidated statement of cash flows

For the six months ended 30 June

In thousands of euro	*Note*	2013	2012 Restated*
Cash flows from operating activities[a]			
Profit for the period[b]		**3,250**	2,111
Adjustments for:			
- Depreciation		**2,435**	2,490
- Amortisation of intangible assets		**295**	355
- (Reversal of) impairment losses on property, plant and equipment	*12*	**(393)**	643
- Impairment losses on intangible assets and goodwill	*13*	**116**	-
- Reversal of impairment losses on intangible assets and goodwill	*13*	**(100)**	-
- Impairment losses on remeasurement of disposal group	*7*	**25**	-
- Change in fair value of biological assets		**67**	(30)
- Net increase in biological assets due to births		**(7)**	(8)
- Change in fair value of investment property		**(55)**	(50)
- Net finance costs		**424**	659
- Share of profit of equity-accounted investees, net of tax		**(233)**	(278)
- Gain on sale of property, plant and equipment	*12*	**(26)**	(25)
- Gain on sale of discontinued operation, net of tax	*6*	**(516)**	-
- Equity-settled share-based payment transactions		**361**	173
- Tax expense		**1,122**	700
		6,765	6,740
Change in:			
- inventories		**(751)**	1,215
- trade and other receivables		**(7,990)**	2,126
- prepayments		**1,200**	(1,200)
- trade and other payables		**3,939**	(1,765)
- provisions and employee benefits		**(329)**	132
- deferred income/revenue, including government grant		**(420)**	-
Cash generated from operating activities		**2,414**	7,248
Interest paid[c, d]		**(920)**	(800)
Taxes paid		**(200)**	(950)
Net cash from operating activities		**1,294**	5,498

[IAS 7.35]

* See Note 3.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

IAS 7.18, 34.10

a. The entity has elected to present cash flows from operating activities using the indirect method.

Alternatively, an entity may present operating cash flows using the direct method, disclosing major classes of gross cash receipts and payments related to operating activities. An example of such presentation is illustrated in Appendix III to our publication *Illustrative financial statements* (October 2012).

IAS 7.18, 20, App A, Insights 2.3.30.20

b. IAS 7 *Statement of Cash Flows* refers to 'profit or loss' as the starting point for presenting operating cash flows using the indirect method, but the example provided in the appendix to the standard starts with a different figure – 'profit before tax'. Because the appendix does not have the same status as the standard, it would be more appropriate to follow the standard.

IAS 7.31, Insights 2.3.50

c. In the absence of specific guidance in IFRS, an entity should choose an accounting policy, to be applied consistently, for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities.

Insights 2.3.50.40

d. In our view, to the extent that borrowing costs are capitalised in respect of qualifying assets, the cost of acquiring those assets, which would include borrowing costs, should be split in the statement of cash flows.

IAS 34.8(d), 10, 20(d)

Condensed consolidated statement of cash flows (continued)

In thousands of euro	Note	For the six months ended 30 June 2013	2012 Restated*
Cash flows from investing activities			
Interest received[c on page 18]		**116**	85
Dividends received[c on page 18]		**51**	100
Proceeds from sale of property, plant and equipment		**1,177**	406
Proceeds from sale of investments		**495**	359
Disposal of discontinued operation, net of cash disposed of[a]	6	**10,890**	-
Acquisition of subsidiary, net of cash acquired[b]	8	**(1,799)**	-
Acquisition of property, plant and equipment	12	**(11,983)**	(2,315)
Acquisition of investment property		**(300)**	-
Plantations and acquisition of non-current biological assets		**(155)**	(219)
Acquisition of other investments		**(215)**	-
Development expenditure		**(846)**	(881)
Net cash used in investing activities		**(2,569)**	(2,465)
Cash flows from financing activities			
Proceeds from the issue of share capital	15	**1,550**	-
Proceeds from the issue of convertible notes	16	**5,000**	-
Proceeds from the issue of redeemable preference shares	16	**2,000**	-
Proceeds from the sale of own shares		**30**	-
Proceeds from exercise of share options	15	**50**	-
Proceeds from settlement of derivatives[c]		**6**	11
Payment of transaction costs related to loans and borrowings	16	**(311)**	-
Acquisition of non-controlling interests	8	**(200)**	-
Repayment of borrowings	16	**(4,811)**	(3,408)
Payment of finance lease liabilities	16	**(130)**	(123)
Dividends paid[c on page 18]	15	**(1,243)**	(524)
Net cash from (used in) financing activities		**1,941**	(4,044)
Net increase (decrease) in cash and cash equivalents		**666**	(1,011)
Cash and cash equivalents at 1 January		**1,568**	2,226
Effect of exchange rate fluctuations on cash held		**2**	7
Cash and cash equivalents at 30 June		**2,236**	1,222

* See Note 3.

The notes on pages 20 to 46 are an integral part of these condensed consolidated interim financial statements.

IFRS 5.33, Insights 5.4.220.40

a. The entity has presented a condensed consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in the notes (see Note 6). However, in our view cash flows from discontinued operations may be presented in other ways.

Insights 2.3.20.14–18

b. In some cases, significant judgement may be needed to classify certain cash flows that relate to business combinations. In particular, an entity may need to consider:

- whether the cash flow relates to obtaining control; and
- whether the expenditure results in a recognised asset in the statement of financial position.

IAS 7.16(h), Insights 2.3.60.10

c. When a hedging instrument is accounted for as a hedge of an identifiable position, the cash flows of the hedging instrument are classified in the same manner as the cash flows of the position being hedged.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements

1. Reporting entity

[Name] (the 'Company') is a company domiciled in [country]. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and a joint venture. The Group is primarily involved in manufacturing paper and paper-related products, cultivating trees and selling wood (see Note 4).

2. Basis of preparation[a]

(a) Statement of compliance

IAS 34.10, 15, 19

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2012.

These interim financial statements were authorised for issue by the Company's Board of Directors on [date].[b]

(b) Judgements and estimates

IAS 34.41

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

IAS 34.16A(d), 28

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.[c]

3. Significant accounting policies

IAS 34.16A(a)

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2012. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

IAS 1.4, 25, 10.14, 34.15

a. Although it is not illustrated, an entity considers whether it is relevant to disclose the adoption of a going concern basis in its interim financial statements. Taking account of specific requirements in its jurisdiction, an entity discloses any material uncertainties related to events or conditions that may cast significant doubt on its ability to continue as a going concern, whether they arise during the period or after the end of the reporting period. See Appendix X to our publication *Illustrative financial statements* (October 2012) for example disclosures for entities that require going concern disclosures.

IAS 10.17–18

b. Although it is not specifically required by IAS 34, it may be relevant to a user's understanding to disclose the date of authorisation and who gave the authorisation, since any event that occurs after that date is not disclosed or adjusted in the interim financial statements of the current interim reporting period. Such disclosures may also be required by local laws.

IAS 34.16A(d)

c. Although it is not illustrated, an entity discloses the nature and amount of material changes in estimates of amounts reported in prior interim reporting periods or in prior financial years.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Significant accounting policies (continued)

Changes in accounting policies[a]

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- IFRS 10 *Consolidated Financial Statements* (2011) (see (a))
- IFRS 11 *Joint Arrangements* (see (b))
- IFRS 13 *Fair Value Measurement* (see (c))
- *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1) (see (d))
- IAS 19 *Employee Benefits* (2011) (see (e))
- *Annual Improvements to IFRS 2009–2011 Cycle* (see (f)).

The nature and the effect of the changes are further explained below.

(a) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has changed its control conclusion in respect of its investment in Silver Fir S.A, which was previously accounted for as an associate using the equity method. Although the Group owns less than half of the voting power of the investee, Management have determined that the Group has acquired de facto control over the investee since it acquired the investment on 1 January 2010. This is because the Group has held significantly more voting rights of the investee than any other vote holders or organised group of vote holders, and the other shareholdings of the investee are widely dispersed. Accordingly, the Group applied acquisition accounting to the investment at 1 January 2010, as if the investee had been consolidated from that date. Further details of the effect of the change are set out in Note (g) below.

(b) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has reclassified the investment from jointly controlled entity to joint venture. Notwithstanding the reclassification, the investment continues to be accounted for using the equity method; accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

IAS 34.16A(a)

a. The description of the nature and effect of the changes in accounting policies presented is only illustrative, and may not be representative of the nature and effect of the changes for individual entities. For example, for the entity the only change as a result of IAS 19 (2011) is the change in the measurement of expected return on plan assets, because the entity already recognised all actuarial gains and losses immediately in other comprehensive income under the previous IAS 19 and all other changes as a result of IAS 19 (2011) are assumed to be immaterial. In addition, we have illustrated the requirements of IAS 34 in a tabular format; however, other forms of presentation may be possible.

These illustrative interim financial statements have not included any additional disclosures based on the new or revised annual disclosure requirements in IFRS – e.g. disclosures about interests in unconsolidated structured entities under IFRS 12 *Disclosure of Interests in Other Entities*. However, these annual disclosure requirements may provide helpful guidance in considering the appropriate disclosures in respect of significant events and transactions for the current interim reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

(c) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 14).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(d) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its condensed consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(e) Defined benefit plans

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit.

Under IAS 19 (2011), the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- interest cost on the defined benefit obligation;
- interest income on plan assets; and
- interest on the effect on the asset ceiling.

Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Further details of the effect of the change are set out in Note (g) below.

(f) Segment information

The amendment to IAS 34 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. As a result of this amendment, the Group has included additional disclosure of segment liabilities (see Note 4).

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

(g) Summary of quantitative impact

The following tables summarise the material impacts resulting from the above changes in accounting policies on the Group's financial position, comprehensive income and cash flows.

As the Group has taken advantage of the transitional provisions of *Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12), the following tables do not include the effect of the change in accounting policy for subsidiaries on the current period.[a]

Condensed consolidated statement of financial position

1 January 2012		Effect of changes in accounting policies	
In thousands of euro	As previously reported	Subsidiaries (see Note (a))	As restated
Property, plant and equipment	31,139	3,798	34,937
Intangible assets and goodwill	5,204	225	5,429
Biological assets (non-current)	7,751	360	8,111
Equity-accounted investees	5,058	(1,959)	3,099
Trade and other receivables (current)	16,533	(222)	16,311
Cash and cash equivalents	2,307	222	2,529
Others	19,485	-	19,485
Total assets	87,477	2,424	89,901
Trade and other payables (current)	(30,322)	(305)	(30,627)
Others	(29,701)	-	(29,701)
Total liabilities	(60,023)	(305)	(60,328)
Non-controlling interests	(601)	(2,119)	(2,720)
Others	(26,851)	-	(26,851)
Total equity	(27,452)	(2,119)	(29,571)

31 December 2012		Effect of changes in accounting policies	
In thousands of euro	As previously reported	Subsidiaries (see Note (a))	As restated
Property, plant and equipment	26,827	4,222	31,049
Intangible assets and goodwill	4,436	225	4,661
Biological assets (non-current)	8,286	430	8,716
Equity-accounted investees	4,028	(2,080)	1,948
Trade and other receivables (current)	18,121	(122)	17,999
Cash and cash equivalents	1,606	244	1,850
Others	20,601	-	20,601
Total assets	83,905	2,919	86,824
Trade and other payables (current)	(21,161)	(652)	(21,813)
Others	(29,517)	-	(29,517)
Total liabilities	(50,678)	(652)	(51,330)
Non-controlling interests	(842)	(2,267)	(3,109)
Others	(32,385)	-	(32,385)
Total equity	(33,227)	(2,267)	(35,494)

IFRS 10.C2A, IFRS 11.C1B

a. An entity need only present the quantitative impact of the change in accounting policy resulting from IFRSs 10 and 11 for the immediately preceding period. It may elect also to present the quantitative impact for the current period, but it is not required to do so.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

(g) Summary of quantitative impact (continued)

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2012		Effect of changes in accounting policies		
In thousands of euro	As previously reported	Subsidiaries (see Note (a))	Defined benefit plans (see Note (e))	As restated
Revenue	51,345	248	-	51,593
Cost of sales	(31,866)	(46)	(8)	(31,920)
Selling and distribution expenses	(7,494)	-	(4)	(7,498)
Administrative expenses	(8,349)	(8)	(1)	(8,358)
Finance costs	(1,003)	(1)	-	(1,004)
Share of profit of equity-accounted investees, net of tax	339	(61)	-	278
Tax expense	(690)	(58)	4	(744)
Others	(236)	-	-	(236)
Profit for the period	2,046	74	(9)	2,111
Remeasurements of the defined benefit liability (asset) / Defined benefit plan actuarial gains (losses)	(28)	-	13	(15)
Tax on items that will never be reclassified to profit or loss	9	-	(4)	5
Others	429	-	-	429
Other comprehensive income for the period, net of tax	410	-	9	419
Total comprehensive income for the period	2,456	74	-	2,530

For the six months ended 30 June 2013	Effect of changes in accounting policies
In thousands of euro	Defined benefit plans (see Note (e))
Cost of sales	**5**
Selling and distribution expenses	**2**
Administrative expenses	**2**
Tax expense	**(3)**
Overall decrease in profit for the period	**6**
Remeasurements of the defined benefit liability (asset) / Defined benefit plan actuarial gains (losses)	**(9)**
Tax on items that will never be reclassified to profit or loss	**3**
Overall increase in other comprehensive income for the period, net of tax	**(6)**
Overall impact on total comprehensive income for the period	**-**

Condensed consolidated statement of cash flows

For the six months ended 30 June 2012		Effect of changes in accounting policies	
In thousands of euro	As previously reported	Subsidiaries (see Note (a))	As restated
Net cash from operating activities	5,598	(100)	5,498
Others	(4,276)	-	(4,276)
Cash and cash equivalents	1,322	(100)	1,222

IAS 34.8(e)

4. Operating segments

Information about reportable segments

In thousands of euro	Standard Papers		Recycled Papers		Packaging (Discontinued)*[a]		Forestry		Timber Products		Research and Development		All other segments		Total	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
IAS 34.16A(g)(i) External revenues	**34,315**	36,821	**13,656**	11,030	**7,543**	23,193	**1,984**	1,823	**1,550**	1,493	**-**	-	**1,031**	426	**60,079**	74,786
IAS 34.16A(g)(ii) Inter-segment revenue	**-**	-	**159**	161	**940**	2,835	**1,341**	1,338	**923**	962	**438**	497	**444**	383	**4,245**	6,176
IAS 34.16A(g)(iii) Reportable segment profit before tax	**1,847**	2,382	**3,509**	1,101	**(162)**	(466)	**695**	490	**(120)**	640	**50**	33	**385**	98	**6,204**	4,278

In thousands of euro	Standard Papers		Recycled Papers		Packaging (Discontinued)*[a]		Forestry		Timber Products		Research and Development		All other segments		Total	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
IAS 34.16A(g)(iv) Reportable segment assets[b]	**39,054**	25,267	**21,025**	16,003	**-**	13,250	**20,046**	16,942	**4,521**	3,664	**2,323**	1,946	**6,398**	3,683	**93,367**	80,755
IAS 34.16A(g)(iv) Reportable segment liabilities[b]	**37,399**	26,907	**9,875**	14,316	**-**	2,959	**4,769**	7,097	**1,236**	1,456	**169**	158	**237**	454	**53,685**	53,347

* See Note 6.

IAS 34.16A(g)(v) **a.** The entity has presented the packaging segment, which is also a discontinued operation, as an operating segment. If it no longer met the definition of an operating segment, then it would not have been included in the segment disclosures; however, a description of the difference from the last annual financial statements in the basis of segmentation would have been provided.

IAS 34.16A(g)(iv) **b.** The entity has disclosed measures of segment asset and segment liability for all reportable segments, although they are required only if they are regularly provided to an entity's chief operating decision maker, and are materially different from the amounts disclosed in the entity's latest annual financial statements for that reportable segment.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

4. Operating segments (continued)

IAS 34.16A(g)(vi)

Reconciliation of reportable segment profit or loss

For the six months ended 30 June

In thousands of euro	2013	2012
Total profit or loss for reportable segments before tax	**5,819**	4,180
Profit or loss before tax for other business activities and operating segments	**385**	98
	6,204	4,278
Elimination of inter-segment profits	**(1,695)**	(1,235)
Elimination of discontinued operations	**162**	466
Unallocated corporate expenses	**(886)**	(510)
Share of profit of equity-accounted investees, net of tax	**233**	278
Profit before tax	**4,018**	3,277

5. Seasonality of operations

IAS 34.16A(b)

The Group's forestry segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of pine trees and the provision of related services in key geographical areas are adversely affected by winter weather conditions, which occur primarily from January to March. The Group attempts to minimise the seasonal impact by managing inventories to meet demand during this period. However, this segment typically has lower revenues and results for the first half of the year.

IAS 34.21

For the 12 months ended 30 June 2013, the Forestry segment reported revenue of €6,486 thousand (12 months ended 30 June 2012: €6,280 thousand) and profit before tax of €1,184 thousand (12 months ended 30 June 2012: €1,687 thousand).[a]

IAS 34.21

a. An entity whose business is highly seasonal is encouraged to disclose:
- financial information for the 12 months ending at the end of the interim reporting period; and
- comparative information for the comparable 12-month period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

6. Discontinued operation[a]

IAS 34.16A(i)

In May 2013, the Group sold its entire packaging segment (see Note 4). The segment was not previously classified as held for sale or as a discontinued operation; and the comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this division early in 2013, following a strategic decision to place greater focus on the Group's key competencies – being the manufacture of paper used in the printing industry, forestry and the manufacture of timber products.

For the six months ended 30 June

	In thousands of euro	**2013**	**2012**
	Results of discontinued operation		
[IFRS 5.33(b)(i)]	Revenue	**7,543**	23,193
[IFRS 5.33(b)(i)]	Expenses	**(7,705)**	(23,659)
[IFRS 5.33(b)(i)]	**Results from operating activities**	**(162)**	(466)
[IFRS 5.33(b)(ii)]	Income tax benefit	**25**	44
[IFRS 5.33(b)(i)]	**Results from operating activities, net of tax**	**(137)**	(422)
[IFRS 5.33(b)(iii)]	Gain on sale of discontinued operation	**846**	-
[IFRS 5.33(b)(ii)]	Income tax on gain on sale of discontinued operation	**(330)**	-
	Profit (loss) for the period	**379**	(422)
	Basic earnings per share (euro)	**0.12**	(0.14)
	Diluted earnings per share (euro)	**0.11**	(0.14)

[IFRS 5.33(d)]

The profit from discontinued operation of €379 thousand (2012: loss of €422 thousand) is attributable entirely to the owners of the Company. Of the profit from continuing operations of €2,871 thousand (2012: €2,533 thousand), an amount of €2,412 thousand is attributable to the owners of the Company (2012: €2,022 thousand).

[IFRS 5.33(c), 34]

Cash flows from (used in) discontinued operation

For the six months ended 30 June

In thousands of euro	**2013**	**2012**
Net cash used in operating activities	**(225)**	(910)
Net cash from investing activities	**10,890**	852
Effect on cash flows	**10,665**	(58)

[IAS 7.40(d)]

Effect of disposal on the financial position of the Group

In thousands of euro	***Note***	**2013**
Property, plant and equipment	*12*	**(7,986)**
Inventories		**(134)**
Trade and other receivables		**(3,955)**
[IAS 7.40(c)] Cash and cash equivalents		**(110)**
Deferred tax liabilities		**110**
Trade and other payables		**1,921**
Net assets and liabilities		**(10,154)**
[IAS 7.40(a)–(b)] Consideration received, satisfied in cash		**11,100**
Cash and cash equivalents disposed of		**(110)**
Net cash inflow		**10,890**

IAS 34.16A(i), 15C

a. An entity discloses the effects of changes in its composition during an interim reporting period.

Although it is not specifically required by IAS 34, the entity has disclosed information that would be required by IFRS 5 in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the discontinued operation.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

7. Disposal group held for sale[a]

IAS 34.16A(i), [IFRS 5.38, 41]

On 15 June 2013, Management committed to a plan to sell part of a manufacturing facility within the standard papers segment. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group have commenced, and a sale is expected by June 2014.

As at 30 June 2013, the disposal group comprised assets of €12,891 thousand less liabilities of €3,650 thousand detailed as follows.

In thousands of euro	***Note***	
Property, plant and equipment	*12*	**8,756**
Inventories		**2,750**
Trade and other receivables		**1,385**
Trade and other payables		**(3,650)**
		9,241

IAS 34.15B(b)

An impairment loss of €25 thousand writing down the carrying amount of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been included in 'other expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.[b]

8. Acquisition of subsidiary and non-controlling interests

IAS 34.16A(i)

Acquisition of subsidiary[c]

IFRS 3.B64(a)–(c)

On 31 March 2013, the Group acquired 65% of the shares and voting interests in Papyrus Pty Limited ('Papyrus'). As a result, the Group's equity interest in Papyrus increased from 25% to 90% and obtained control of Papyrus.

IFRS 3.B64(d)

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is expected to provide the Group with an increased share of the standard paper market through access to the acquiree's customer base. The Group also expects to reduce costs through economies of scale.

IFRS 3.B64(q)

In the three months to 30 June 2013, Papyrus contributed revenue of €4,500 thousand and profit of €90 thousand to the Group's results. Management estimate that if the acquisition had occurred on 1 January 2013, then consolidated revenue would have been €58,480 thousand, and consolidated profit for the period would have been €3,427 thousand. In determining these amounts, Management has assumed that the provisional fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2013.

IAS 34.16(i)

a. An entity discloses the effects of changes in its composition during an interim reporting period. Although it is not specifically required by IAS 34, the entity has disclosed details of non-current assets and non-current liabilities held for sale that would be required in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the non-current assets and non-current liabilities held for sale. See Appendix XI to our publication *Illustrative Financial Statements* (October 2012) for example disclosures for distribution of non-cash assets to owners.

IAS 34.15B

b. This is an example of disclosures that, if they are significant, are required by IAS 34.

IFRS 3.59, 61, 63, IAS 34.16A(i)

c. An entity discloses the effects of changes in its composition as a result of business combinations during an interim reporting period by providing information required by IFRS 3 *Business Combinations*.

If the specific disclosures under the requirements of IFRS 3 and other IFRSs are not sufficient to enable evaluation of the nature and financial effects of:

- business combinations effected in the current period; or
- any adjustments recognised in the current period relating to business combinations effected in prior periods,

then additional information necessary to meet these objectives is disclosed.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

8. Acquisition of subsidiary and non-controlling interests (continued)

Acquisition of subsidiary (continued)

Consideration transferred

IFRS 3.B64(f)

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

[IAS 7.40(a)–(b)]

In thousands of euro	*Note*	
Cash		**2,500**
Equity instruments (8,000 ordinary shares)	*15*	**87**
Replacement share-based payment awards	*17*	**120**
Contingent consideration	*14*	**250**
Settlement of pre-existing relationship		**(326)**
		2,631

Equity instruments issued

IFRS 3.B64(f)(iv)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 31 March 2013 of €10.88 per share.

Replacement share-based payment awards

IFRS 3.B64(l)

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus (the acquiree's awards) for equity-settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards are as follows.

	Acquiree's awards	**Replacement awards**
Terms and conditions	• Grant date 1 April 2012 • Vesting date 31 March 2016 • Service condition	• Vesting date 31 March 2016 • Service condition
Market-based measure at acquisition date	€527 thousand	€571 thousand

The consideration for the business combination includes €120 thousand transferred to employees of Papyrus when the acquiree's awards were substituted by the replacement awards. An amount of €400 thousand will be recognised as post-acquisition compensation cost. These amounts were determined using an estimated forfeiture rate of 9%. See Note 17 for further details on the replacement awards.

Contingent consideration

IFRS 3.B64(g), B67(b)

The Group has agreed to pay the selling shareholders in three years' time an additional amount of €600 thousand if Papyrus's cumulative earnings before interest, tax, depreciation and amortisation (EBITDA) over the next three years exceeds €10,000 thousand. The Group has included €250 thousand as contingent consideration related to the additional consideration. This represents its fair value at the acquisition date based upon a discount rate of 11%. At 30 June 2013, the fair value of the obligation had decreased to €232 thousand (see Note 14).

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

8. Acquisition of subsidiary and non-controlling interests (continued)

Acquisition of subsidiary (continued)

Consideration transferred (continued)

Settlement of pre-existing relationship

IFRS 3.B64(l)

The Group and Papyrus are parties to a supply contract under which Papyrus supplies the Group with timber at a fixed price under a long-term contractual agreement. The agreement contains a clause allowing the Group to terminate the agreement by paying Papyrus €326 thousand. At the acquisition date, this pre-existing relationship was effectively terminated as part of the acquisition. The fair value of the agreement at the acquisition date was €600 thousand, of which €400 thousand related to the unfavourable aspect of the contract to the Group relative to market prices. The Group has attributed €326 thousand of the consideration transferred, being the lower of the termination amount and the value of the off-market element of the contract, to the extinguishment of the supply contract with Papyrus. This amount has been included in 'other expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

Identifiable assets acquired and liabilities assumed

IFRS 3.B64(i), [IAS 7.40(c)–(d)]

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

In thousands of euro	***Note***	
Property, plant and equipment	*12*	**1,955**
Intangible assets		**250**
Inventories		**825**
Trade and other receivables		**848**
Cash and cash equivalents		**375**
Loans and borrowings	*16*	**(500)**
Deferred tax liabilities		**(79)**
Contingent liabilities		**(20)**
Site restoration provision	*19*	**(150)**
Trade and other payables		**(460)**
Total identifiable net assets		**3,044**

IFRS 3.B64(h)(i)

[IAS 7.40(c)]

IFRS 3.B67(a)(i), (ii)

The following fair values have been determined on a provisional basis.

- The fair value of intangible assets (Papyrus's patented technology and customer relationships) has been determined provisionally, pending completion of an independent valuation.

IFRS 3.B64(j), B67(c), [IAS 37.85]

- The contingent liability of €20 thousand represents a present obligation in respect of a claim for contractual penalties made by one of Papyrus's customers. Although the Group acknowledges responsibility, it disputes the amount claimed by the customer of €100 thousand. The claim is expected to go to arbitration in April 2014. The recognised fair value of €20 thousand is based on the Group's interpretation of the underlying contract, taking the range of possible outcomes of the arbitration process into account and supported by independent legal advice. There are no reimbursement rights related to the obligation.

- Papyrus's operations are subject to specific environmental regulations. The Group had conducted a preliminary assessment of the site restoration provisions arising from these regulations, and has recognised a provisional amount in its initial accounting. However, the Group will continue its review of these matters during the measurement period.

IFRS 3.B64(h)(ii)–(h)(iii)

The trade and other receivables comprise gross contractual amounts due of €900 thousand, of which €52 thousand was expected to be uncollectible at the acquisition date.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

8. Acquisition of subsidiary and non-controlling interests (continued)

Acquisition of subsidiary (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

In thousands of euro	*Note*	
Total consideration transferred		**2,631**
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of Papyrus		**304**
Fair value of existing interest in Papyrus		**650**
Fair value of identifiable assets		**(3,044)**
Goodwill	*13*	**541**

IFRS 3.B64(o)(i)

IFRS 3.B64(p)(i)

IFRS 3.B64(p)(ii)

The remeasurement to fair value of the Group's existing 25% interest in Papyrus resulted in a gain of €250 thousand. This amount has been included in 'finance income' in the condensed consolidated statement of profit or loss and other comprehensive income.

IFRS 3.B64(e), (k)

The goodwill is attributable mainly to the skills and technical talent of Papyrus's work force, and the synergies expected to be achieved from integrating the company into the Group's existing standard paper business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

IFRS 3.B64(l), (m)

The Group incurred acquisition-related costs of €50 thousand relating to external legal fees and due diligence costs. These amounts have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

IAS 34.16A(i)

Acquisition of non-controlling interests

In June 2013, the Group acquired an additional 15% interest in Swisolote AG for €200 thousand in cash, increasing its ownership from 60% to 75%. The carrying amount of Swisolote's net assets in the Group's financial statements on the date of the acquisition was €767 thousand. The Group recognised a decrease in non-controlling interests of €115 thousand, a decrease in retained earnings of €93 thousand and an increase in the translation reserve of €8 thousand.

[IFRS 12.18]

The following table summarises the effect of changes in the Company's ownership interest in Swisolote.

In thousands of euro	
Company's ownership interest at 1 January	**392**
Effect of increase in Company's ownership interest	**115**
Share of comprehensive income	**290**
Company's ownership interest at 30 June	**797**

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.16A(c)

9. Earthquake-related expenses[a]

During the six months ended 30 June 2013, expenses of €359 thousand were incurred due to an earthquake near production facilities in [country]. The expenses relate to the survey of production facilities and the removal of damaged items. These are included in 'other expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

IAS 34.15B(a)

10. Write-down of inventories[b] on page 28

During the six months ended 30 June 2013, the Group wrote down its finished goods inventory by €258 thousand. This related to paper bought for a specific customer who subsequently declared bankruptcy. The write-down is included in 'cost of sales' in the condensed consolidated statement of profit or loss and other comprehensive income. There were no inventory write-downs recognised during the six months ended 30 June 2012.

IAS 34.15

11. Tax expense[b]

Tax expense is recognised based on Management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

- The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2013 was 29% (six months ended 30 June 2012: 23%). The change in effective tax rate was caused mainly by the following factors.
- During the second quarter of 2013, a tax incentive granted in previous years in [country] was withdrawn and is not expected to be available in the future.
- On 31 March 2013, Papyrus, which operates in a tax jurisdiction with higher tax rates, became a subsidiary (see Note 8).
- During the six months ended 30 June 2013, the tax rate in [country], in which the Group generates 50% of its taxable income, increased by 3%. The effect of the change in tax rate was recognised immediately during the period.
- During the six months ended 30 June 2013, adjustments regarding transfer pricing at a subsidiary [entity name] caused an additional tax expense as a result of different tax rates between [entity name] and the Group. The Group recognised this obligation during the period.
- During the six months ended 30 June 2013, additional tax expenses were recognised. These expenses relate to tax assessments raised by tax authorities upon review of filed tax returns for open tax years in certain jurisdictions.

IAS 34.16A(c)

a. This is an example of disclosures about 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 34.15

b. Although it is not explicitly required by IAS 34, this is an example of events and transactions for which disclosures are provided because these events and transactions are significant to an understanding of the current interim reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

12. Property, plant and equipment

IAS 34.15B(d)

Acquisitions and disposals[a]

During the six months ended 30 June 2013, the Group acquired assets with a cost of €12,156 thousand (six months ended 30 June 2012: €2,315 thousand). This amount excludes capitalised borrowing costs, but includes assets acquired through a business combination (see Note 8) of €1,955 thousand (six months ended 30 June 2012: zero). In addition, the Group acquired a piece of land with the intention of constructing a new factory on the site. The cost of acquisition was €1,100 thousand. The Group commenced construction of the new factory, and costs incurred up to the end of the reporting period totalled €682 thousand.

Assets with a carrying amount of €7,986 thousand were disposed of as part of the discontinued operation (see Note 6). Other assets with a carrying amount of €1,151 thousand were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: €381 thousand), resulting in a gain on disposal of €26 thousand (six months ended 30 June 2012: gain of €25 thousand), which is included in 'other income' in the condensed consolidated statement of profit or loss and other comprehensive income. Assets with a carrying amount of €8,756 thousand were transferred to held for sale (see Note 7) (six months ended 30 June 2012: zero).

IAS 34.15B(b), 16A(d)

Reversal of impairment loss[a]

[IAS 36.130(a)–(d)]

In 2012, regulatory restrictions on the manufacture of a new product in the standard paper segment caused the Group to assess the recoverable amount of the related production line.

The production line relates to a cutting-edge new product that was expected to be available for sale in 2013. However, a regulatory inspection in 2012 revealed that the product did not meet certain environmental standards, necessitating substantial changes to the manufacturing process. As a result, production was deferred and the expected launch date was delayed.

[IAS 36.130(e)]

The recoverable amount of the cash-generating unit (CGU; the production line that produces the product) was estimated based on its value in use, assuming that the production line would go live in August 2014. Based on the assessment in 2012, the carrying amount of the production line was determined to be €1,408 thousand higher than its recoverable amount. Accordingly, an impairment loss of this amount was recognised for the year ended 31 December 2012. €1,123 thousand of the loss related to property, plant and equipment and €285 thousand related to capitalised development costs (see Note 13).

[IAS 36.130(a)–(d)]

During the six months ended 30 June 2013, following certain changes to its plans, the Group reassessed its estimates. As a result, €493 thousand of the initially recognised impairment has been reversed; of this amount, €393 thousand relates to property, plant and equipment.

[IAS 36.126(a)–(b)]

The impairment loss and subsequent reversal have been included in 'cost of sales' in the condensed consolidated statement of profit or loss and other comprehensive income.[b]

[IAS 36.130(g)]

The estimate of value in use was determined using a pretax discount rate of 9.5% (2012: 9.8%).

IAS 34.15B(b), 15C, 16A(d), B35–B36

a. IAS 34 requires disclosure of the nature and amount of changes in estimates. In addition, impairment losses and reversals of such impairment losses are examples of disclosures that, if they are significant, are required by IAS 34. Although it is not specifically required by IAS 34, the entity has disclosed information that would be required by IAS 36 *Impairment of Assets* in annual financial statements in respect of the indicator-based impairment testing carried out during the interim reporting period. The appropriate level of disclosures may vary depending on the circumstances of the individual entity.

IAS 36.126, Insights 3.10.430.20–30

b. If an entity classifies expenses based on their function, then any loss should be allocated to the appropriate function. In our view, if an impairment loss cannot be allocated to a function, then it should be included in 'other expenses' as a separate line item if it is significant – e.g. impairment of goodwill – with additional information given in a note. In our view, an impairment loss that is recognised in interim financial statements should be presented in the same line item as in the annual financial statements, even if:

- the asset is subsequently sold; and
- the gain or loss on disposal is included in a line item that is different from impairment losses in the annual financial statements.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

12. Property, plant and equipment (continued)

IAS 34.15B(e)

Capital commitments

During the six months ended 30 June 2013, the Group entered into a contract to buy property, plant and equipment for €1,465 thousand (six months ended 30 June 2012 and year ended 31 December 2012: zero). Delivery is expected in March 2014.

13. Intangible assets and goodwill

Reversal of impairment loss

IAS 34.15B(b), 16A(d), [IAS 36.126(a)–(b)]

As described in Note 12, the Group recognised an impairment loss of €285 thousand in respect of capitalised development costs related to the affected production line in the year ended 31 December 2012. During the six months ended 30 June 2013, €100 thousand of the loss was reversed.

Goodwill

IAS 34.16A(i), IFRS 3.B67(d)

Reconciliation of carrying amount

In thousands of euro	30 June 2013	31 December 2012
Cost		
Balance at beginning of period	**3,545**	3,545
Acquisition through business combination (see Note 8)	**541**	-
Balance at end of period	**4,086**	3,545
Impairment losses		
Balance at beginning of period	**138**	138
Impairment loss	**116**	-
Balance at end of period	**254**	138
Carrying amounts		
Balance at beginning of period	**3,407**	3,407
Balance at end of period	**3,832**	3,407

IAS 34.15B(b), 16A(d)

Following a loss in the timber products segment during the six months ended 30 June 2013 (see Note 4), the Group assessed the recoverable amount of the group of CGUs that comprise that operating segment.[a on page 33] As a result, an impairment loss of €116 thousand (six months ended 30 June 2012: zero) has been recognised. The impairment loss was allocated fully to goodwill, reducing the goodwill included in the timber products segment to €960 thousand; and is included in 'cost of sales' in the condensed consolidated statement of profit or loss and other comprehensive income.

[IAS 36.134(c)]

The recoverable amount of the group of CGUs was based on value in use and was determined with the assistance of independent valuers.

[IAS 1.125, 36.134(d)]

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 30 June 2013 was determined similarly to the 31 December 2012 goodwill impairment test, and was based on the following key assumptions.

- Cash flows were forecast based on past experience, actual operating results and the five-year business plan. Cash flows for a further 20-year period were extrapolated using a constant growth rate of 4% (2012: 5%), which does not exceed the long-term average growth rate for the industry. Management believe that this 25-year forecast period was justified due to the long-term nature of the forestry business.
- Revenue was forecast based on past experience in the first year of the business plan. The anticipated annual revenue growth included in the cash flow projections was 5% to 7% for the years 2013 to 2017.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

13. Intangible assets and goodwill (continued)

Goodwill (continued)

- The timber price growth was forecast to be 1% per annum above inflation in the first five years, which is in line with information obtained from external sources. The estimate was based on statistical analysis of long-term market price trends. Prices were assumed to be in line with inflation for the next five years.
- Environmental cost growth, based on past experience, was estimated to be 25% in 2014 and in line with inflation thereafter. This represents an increase over the 20% estimate used in the impairment testing in 2012, and reflects various regulatory developments in a number of European countries in which the unit operates.
- A pre-tax discount rate of 10.5% (2012: 9.8%) was applied in determining the recoverable amount of the group of CGUs. The discount rate was estimated based on an industry average weighted-average cost of capital, which was based on a possible range of debt leveraging of 40% at a market interest rate of 7%.

The values assigned to the key assumptions represent Management's assessment of future trends in the forestry industry and are based on historical data from both external sources and internal sources.

Following the impairment loss in the timber products CGU, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in a key assumption may result in a further impairment.

Other CGUs were not tested for impairment because there were no impairment indicators at 30 June 2013.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Financial instruments[a, b, c]

IAS 34.16A(j)

IFRS 7.25–26

Carrying amounts versus fair values[d]

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position, are as follows.

In thousands of euro

30 June 2013	Carrying amount	Fair value
Non-current financial assets		
Trade and other receivables	**171**	**170**
Other investments, including derivatives:		
- Corporate debt securities – held-to-maturity	**2,572**	**2,589**
- Corporate debt securities – available-for-sale	**118**	**118**
- Equity securities – available-for-sale	**710**	**710**
- Equity securities designated at fair value through profit or loss	**251**	**251**
- Interest rate swaps used for hedging	**116**	**116**
	3,767	**3,784**
Current financial assets		
Other investments, including derivatives:		
- Sovereign debt securities – held-for-trading	**213**	**213**
- Forward exchange contracts used for hedging	**227**	**227**
- Other forward exchange contracts	**86**	**86**
	526	**526**
Trade and other receivables	**21,700**	**21,700**
Cash and cash equivalents	**2,356**	**2,356**

IAS 34.15, 16A(j)

a. IAS 34 is clear that the disclosure requirements relating to fair value measurement in condensed interim financial statements relate only to financial instruments, even though the related disclosure requirements of IFRS 13 *Fair Value Measurement* also apply to other assets and liabilities. In our view, this is also the case on first application of IFRS 13 in an interim reporting period. However, fair value disclosures related to non-financial assets and non-financial liabilities may be necessary if they are significant. This issue is discussed in the electronic version of our publication *Insights into IFRS* (5.9.61.25).

IAS 34.10, 15–15C, 16A(j)

b. The appropriate level of disclosure for financial instruments will depend on the circumstances of the individual entity. IAS 34 requires certain disclosures about fair value of financial instruments. In addition, paragraph 15B of IAS 34 lists certain events and transactions for which disclosures would be required if they were significant. An entity also considers whether:

- disclosures required by IFRS 7 *Financial Instruments: Disclosures* in annual financial statements, including any changes in the entity's financial risk management objectives and policies or to the nature and extent of risks arising from financial instruments during the interim reporting period, are significant; or
- omission of certain disclosures would make the condensed interim financial statements misleading.

IFRS 13.C3

c. The disclosure requirements of IFRS 13 need not be applied in comparative information provided for periods before initial application of IFRS 13.

IAS 34.16A(j), IFRS 7.25–26, 29

d. An entity need not disclose the fair value of a particular class of financial asset or financial liability when the carrying amount is a reasonable approximate of fair value.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Financial instruments (continued)

Carrying amounts versus fair values (continued)

In thousands of euro

30 June 2013	Carrying amount	Fair value
Non-current financial liabilities		
Trade and other payables:		
- Interest rate swaps used for hedging	**(20)**	**(20)**
- Contingent consideration	**(232)**	**(232)**
	(252)	**(252)**
Loans and borrowings:		
- Secured bank loans	**(5,296)**	**(5,622)**
- Unsecured bond issues	**(5,862)**	**(5,391)**
- Convertible notes	**(4,596)**	**(5,134)**
- Redeemable preference shares	**(1,939)**	**(1,936)**
- Finance lease liabilities	**(1,525)**	**(1,968)**
	(19,218)	**(20,051)**
Current financial liabilities		
Bank overdraft	**(120)**	**(120)**
Trade and other payables:		
- Trade payable	**(20,421)**	**(20,421)**
- Forward exchange contracts used for hedging	**(8)**	**(8)**
	(20,429)	**(20,429)**
Loans and borrowings:		
- Secured bank loans	**(5,500)**	**(5,500)**
- Unsecured bond issues	**(524)**	**(523)**
- Finance lease liabilities	**(515)**	**(514)**
- Dividends on redeemable preference shares	**(20)**	**(20)**
	(6,559)	**(6,557)**

Financial risk management – Credit risk of trade and other receivables

IAS 34.15

As a result of the improving economic circumstances in 2013, certain purchase limits have been raised, particularly for customers operating in the standard and recycled papers segments. This is because, in the Group's experience, the economic recovery has had a greater impact in these segments than in the Group's other segments. The Group will continue to monitor and adjust limits as appropriate.

Other aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Financial instruments (continued)

IAS 34.16A(j)

Financial instruments carried at fair value

Fair value hierarchy

IFRS 13.93(a)–(b), 94

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

In thousands of euro

30 June 2013	Level 1	Level 2	Level 3	Total
Other investments, including derivatives (non-current):				
- Corporate debt securities – available-for-sale	78	40	-	118
- Equity securities – available-for-sale	710	-	-	710
- Equity securities designated at fair value through profit or loss	251	-	-	251
- Interest rate swaps used for hedging	-	116	-	116
Other investments, including derivatives (current):				
- Sovereign debt securities – held-for-trading	213	-	-	213
- Forward exchange contracts used for hedging	-	227	-	227
- Other forward exchange contracts	-	86	-	86
Total financial assets carried at fair value	**1,252**	**469**	**-**	**1,721**
Trade and other payables (non-current):				
- Interest rate swaps used for hedging	-	(20)	-	(20)
- Contingent consideration	-	-	(232)	(232)
Trade and other payables (current):				
- Forward exchange contracts used for hedging	-	(8)	-	(8)
Total financial liabilities carried at fair value	**-**	**(28)**	**(232)**	**(260)**

IFRS 13.93(d)

The Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

IFRS 13.93(c), 95, IAS 34.15B(k)

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six months ended 30 June 2013.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Financial instruments (continued)

Financial instruments carried at fair value (continued)

Level 3 fair values

IFRS 13.93(e)

Details of the determination of Level 3 fair value measurements and the transfer out of Level 3 of the fair value hierarchy during the six months ended 30 June 2013 are set out below.

	In thousands of euro	Equity securities – available-for-sale	Contingent consideration
	Balance at 1 January 2013	**225**	**-**
IFRS 13.93(e)(iii)	Arising from business combination	**-**	**(250)**
IFRS 13.93(e)(i), (f)	Total unrealised gains and losses for the period included in profit or loss:		
	- finance income	**-**	**18**
IFRS 13.93(e)(ii)	Total gains and losses for the period included in other comprehensive income:		
	- net change in fair value of available-for-sale financial assets	**18**	**-**
IFRS 13.93(e)(iv)	Transfers out of Level 3	**(243)**	**-**
	Balance at 30 June 2013	**-**	**(232)**

IFRS 13.93(g)

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Group Audit Committee.

Equity securities – available-for-sale

IAS 34.15B(h), (k)

The Group holds an investment in equity shares of MSE Limited with a fair value of €243 thousand at 30 June 2013 (31 December 2012: €225 thousand). The fair value of the investment was previously determined to be Level 3 under the fair value hierarchy at 31 December 2012. The fair value of the investment was then determined using a valuation technique that used significant unobservable inputs including the forecast earnings of MSE Limited and an appropriate price-earnings ratio. This was because the shares were not listed on an exchange, and there were no recent observable arm's length transactions in the shares.

During the current period, MSE Limited listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy during the period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

14. Financial instruments (continued)

Financial instruments carried at fair value (continued)

Level 3 fair values (continued)

Contingent consideration

IFRS 13.93(d), (h)(i)

The contingent consideration liability arose from the acquisition of Papyrus (see Note 8). The following table shows the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration liability.

30 June 2013

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario, and the probability of each scenario.	• Forecast annual revenue growth rate (3% to 8%) • Forecast EBITDA margin (5% to 10%) • Risk-adjusted discount rate (10.5%)	The estimated fair value would increase if: • the annual revenue growth rate was higher; • the EBITDA margin was higher; or • the risk-adjusted discount rate was lower.

IFRS 13.93(h)(ii)

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the following effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the interim reporting period. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

30 June 2013

In thousands of euro	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Annual revenue growth rate	**0.5%**	**(80)**
	(0.5%)	**78**
EBITDA margin	**0.3%**	**(60)**
	(0.3%)	**59**
Risk-adjusted discount rate	**1%**	**90**
	(1%)	**(85)**

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

15. Capital and reserves

Issues of ordinary shares

IAS 34.16A(e)

In April 2013, the general meeting of shareholders authorised the issue of 130,000 ordinary shares at a price of €11.92 per share (2012: zero). These shares were issued and fully paid during the period.

Additionally, 5,000 ordinary shares were issued after vested options arising from the 2008 share option programme were exercised by key management personnel (see the 2012 consolidated financial statements of the Company) (2012: zero). Options were exercised at an average price of €10 per share. All issued shares are fully paid.

Also, 8,000 ordinary shares were issued as a result of the acquisition of Papyrus (see Note 8).

Dividends

IAS 34.16A(f)

The following dividends were declared and paid by the Company.

For the six months ended 30 June

In thousands of euro	2013	2012
25.25 cents per qualifying ordinary share (2012: 2.77 cents)	**805**	86
25.03 cents per non-redeemable preference share (2012: 25.03 cents)	**438**	438
	1,243	524

16. Loans and borrowings[a]

IAS 34.16A(e)

In thousands of euro	Currency	Interest rate nominal *	Face value	Carrying amount	Year of maturity
Balance at 1 January 2013				**23,592**	
New issues					
Convertible notes (see below)	euro	3.00%	5,000	**4,596**	2016
Redeemable preference shares (see below)	euro	4.40%	2,000	**1,939**	2019
Unsecured bank loan assumed (see Note 8)	USD	3.80%	530	**500**	2013
Repayments					
Loan from associate	euro	4.80%	(1,000)	**(1,000)**	-
Secured bank loan	GBP	LIBOR+1%	(3,811)	**(3,811)**	-
Finance lease liabilities	euro	6.5–7.0%	(130)	**(130)**	-
Other movements			-	**91**	-
Balance at 30 June 2013				**25,777**	

* Dividend rate for redeemable preference shares.

IAS 34.16A(e)

a. Although IAS 34 only requires the disclosure of issues and repayments of debt securities, the entity has provided additional disclosure by reconciling the opening and closing balance of total loans and borrowings. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of such transactions.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

16. Loans and borrowings (continued)

Convertible notes issued in the period

In thousands of euro

Proceeds from issue of convertible notes (1,250,000 notes at €4 par value)	**5,000**
Transaction costs	**(250)**
Net proceeds	**4,750**
Amount classified as equity	**(163)**
Accrued interest	**9**
Carrying amount	**4,596**

The notes are convertible into 250 thousand ordinary shares of the Group in June 2016 at the option of the holder, which is a rate of one share for every five convertible notes; unconverted notes become repayable on demand.

Convertible notes become repayable on demand if the Group's net debt to adjusted equity ratio exceeds 1.95.

Redeemable preference shares issued in the period

In thousands of euro

Proceeds from issue of redeemable preference shares	**2,000**
Transaction costs	**(61)**
Carrying amount at date of issue	**1,939**

During the six months ended 30 June 2013, 1 million redeemable preference shares were issued with a par value of €2 per share (2012: zero). All issued shares are fully paid. Redeemable preference shares do not carry the right to vote, and rank equally with other shares held with regard to the Company's residual assets – except that holders of the redeemable preference shares participate only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on 31 May 2019. The Group is obliged to pay holders of redeemable preference shares annual dividends of 4.4% of the par amount on 31 May each year until and on maturity.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

17. Share-based payment[a]

IAS 34.15

At 30 June 2013, the Group had the following share-based payment arrangements.

[IFRS 2.45(a)]

Share option programme (equity-settled)

On 1 January 2008 and 1 January 2012, the Group established a share option programme that entitles key management personnel to buy shares in the Company.

On 1 January 2013, a further grant on similar terms was offered to key management and senior employees.

In accordance with the terms of these programmes, holders of vested options are entitled to buy the Company's shares at the market price of the shares at the date of grant. All options are to be settled by physical delivery of shares. The terms and conditions of the share option programmes are disclosed in the consolidated financial statements as at and for the year ended 31 December 2012. Some of these terms and conditions are highlighted below.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Option grant to key management personnel on 1 January 2013	225	3 years' service and 5% increase in operating income in each of the 3 years	10 years
Option grant to senior employees on 1 January 2013	100	3 years' service	10 years

[IFRS 2.46, 47(a)(i), IAS 1.125]

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model.

Replacement awards (equity-settled)

In connection with the acquisition of Papyrus, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus (the acquiree's awards) for 150 thousand equity-settled share-based payment awards of the Group, with a contractual life of 9 years (the replacement awards) (see Note 8).

[IFRS 2.47(a)(i)]

The fair value of the replacement awards at grant date (business combination acquisition date) was determined using the Black-Scholes model.

Share purchase plan (equity-settled)

[IFRS 2.44, 45(a)]

On 1 January 2013, the Group offered 26 of its employees the opportunity to participate in an employee share purchase plan. To participate in the plan, the employees have to save an amount of 5% of their gross monthly salary, up to a maximum of €300 per month, for a period of 36 months. Under the terms of the plan, at the end of the three-year period the employees are entitled to buy shares using funds saved at a price 20% below the market price as at the grant date. Only employees that remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to buy the shares. Employees who cease their employment, do not save the required amount of their gross monthly salary in any month before the 36-month period expires, or elect not to exercise their options to buy shares – e.g. because the share price is below the exercise price – will be refunded their saved amounts.

The requirement that the employee has to save in order to buy shares under the share purchase plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation based on the Monte Carlo simulation. The discount has been determined by estimating the probability that the employee will stop saving based on historic behaviour. The adjusted fair value at grant date amounts to €4.02 per share.

IAS 34.15

a. Although it is not explicitly required by IAS 34, share-based payment transactions may be significant to an understanding of the current interim reporting period. The entity has provided details of share-based payment transactions in the period, even though the nature and amounts of those transactions are consistent with the previous period. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of the events and transactions.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

17. Share-based payment (continued)

Share appreciation rights (cash-settled)

[IFRS 2.45(a)]

On 1 January 2013, the Group granted 300 thousand share appreciation rights (SARs) to other employees. These entitle the employees to a cash payment after three years of service. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

[IFRS 2.52]

The fair value of the SARs at grant date is determined using the Black-Scholes model. The fair value of the liability, classified as an employee benefit liability, is remeasured at the end of each reporting period and at settlement date.

Inputs for measurement of grant date fair values

[IFRS 2.52]

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans.

[IFRS 2.47(a)]

	Share option programme				
	Key management personnel 2013	Senior employees 2013	Replacement awards 2013	Share purchase plan 2013	SARs 2013
Fair value at grant date	€3.54	€3.14	€3.81	€4.02	€2.82
Share price at grant date	€10.10	€10.10	€10.88	€10.10	€10.10
Exercise price	€10.10	€10.10	€10.30	€8.08	€10.10
Expected volatility (weighted average volatility)	40.1%	40.1%	42.4%	43.3%	40.3%
Option life (expected weighted-average life)	8.6 years	5.4 years	5.9 years	3.0 years	3.0 years
Expected dividends	3.2%	3.2%	3.2%	n/a	3.2%
Risk-free interest rate (based on government bonds)	3.9%	3.8%	3.9%	3.9%	4.4%

Expected volatility is estimated taking into account historic average share price volatility.

18. Employee benefits[a]

IAS 34.15, 16A(d)

As a result of a plan amendment in the pension arrangement for a number of employees in France, the Group's defined benefit pension obligation decreased by €100 thousand during the six months ended 30 June 2013 (six months ended 30 June 2012: zero). Negative past service cost €100 resulting from the plan amendment is included in 'administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013.

IAS 19.99, BC59

a. Determining whether there is a need to remeasure the net defined benefit liability (asset) for interim reporting purposes requires judgement. The entity has remeasured the net defined benefit liability during the interim reporting period due to a plan amendment, and has provided limited note disclosure. The appropriate level of disclosure for an interim reporting period may vary depending on the materiality of the changes in the actuarial valuation.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Provisions[b on page 28]

IAS 34.15B(c)

A provision of €600 thousand was recognised during the year ended 31 December 2012 in respect of the Group's committed restructuring of the American paper manufacturing and distribution division. This was due to a decrease in demand as a result of deteriorating economic circumstances. The restructuring was completed during the six months ended 30 June 2013 at a cost of €500 thousand. The unused provision of €100 thousand was reversed, and has been included in 'cost of sales' in the condensed consolidated statement of profit or loss and other comprehensive income.

In accordance with Romanian law, land contaminated by the Group's subsidiary in Romania has to be restored to its original condition before the end of 2016. During the six months ended 30 June 2013, the Group recognised a provision for €500 thousand for this purpose. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The provision has been calculated using a discount rate of 5.9%. The rehabilitation is expected to occur progressively over the next four years.

As part of the acquisition of Papyrus, the Group recognised provisional environmental liabilities of €150 thousand (see Note 8).

20. Contingencies[b on page 28]

IAS 34.15B(m)

Since 2009, a subsidiary has been defending an action brought by an environmental agency in Europe. The Group initially recognised a provision of €100 thousand in relation to this action because it appeared probable that settlement of the obligation would be enforced by law. However, in July 2013 the Group successfully defended the claim and has derecognised the provision in the current period. The counterparty will appeal the claim and if the appeal is successful, then fines and legal costs could amount to €450 thousand, of which €350 thousand would be reimbursable under an insurance policy. Based on legal advice, the directors do not expect the outcome of the action to have a material effect on the Group's financial position.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.15B(j)

21. Related parties[a, b]

Parent and ultimate controlling party

During the six months ended 30 June 2013, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker.

Transactions with key management personnel

Unsecured loans advanced to directors during the six months ended 30 June 2013 amounted to €65 thousand. No interest is payable by the directors, and the loans are repayable in full 12 months after the issue date. As at 30 June 2013, the balance outstanding was €15 thousand.

[IAS 19.171, 24.17(d)]

As a result of the termination of the employment of one of the Group's executives in France, the executive received an enhanced retirement entitlement. Accordingly, the Group has recognised an expense of €25 thousand for the six months ended 30 June 2013 (six months ended 30 June 2012: zero).

Other related party transactions

	Transaction value for the six months ended		Balance outstanding	
In thousands of euro	**30 June 2013**	**30 June 2012**	**30 June 2013**	**31 December 2012**
Sale of goods				
Cameron Paper Co	**350**	265	**110**	250
Associate	**595**	200	**560**	392
Expenses				
Associate – administrative services	**311**	339	**96**	339
Associate – interest expense	**8**	-	**-**	12

In addition, during the six months ended 30 June 2013 the Group repaid a loan of €1,000 thousand received from one of its associates (see Note 16).

During the six months ended 30 June 2013, there were no transactions and outstanding balances with AJ Pennypacker.

All outstanding balances with related parties are to be settled in cash within six months of the end of the reporting period. None of the balances are secured.

22. Subsequent event

IAS 34.16A(h)

On 22 July 2013, the Group announced its intention to acquire all of the shares of ABC Company for €6,500 thousand. The transaction still has to be approved by the Group's shareholders and by regulatory authorities. Approvals are not expected until late in 2013 or early in 2014.

IAS 34.15B(j), Insights 5.9.60.50

a. In respect of related party transactions, care should be taken in determining the level of disclosure that is necessary in the condensed interim financial statements. If related party transactions are significant, then disclosure may be necessary, even though the nature and amounts of those transactions are consistent with previous periods.

b. See Appendix XII to our publication *Illustrative Financial Statements* (October 2012) for example disclosures for government-related entities that apply the exemption in paragraph 25 of IAS 24 *Related Party Disclosures*.

Appendix I

Condensed consolidated statement of profit or loss[a]

IAS 34.8(b), 8A, 10, 20(b)

For the six months ended 30 June

In thousands of euro	Note	2013	2012 Restated*
Continuing operations			
Revenue		**52,536**	51,593
Cost of sales	*10, 12, 13, 19*	**(31,460)**	(31,920)
Gross profit		**21,076**	19,673
Other income	*12*	**620**	190
Selling and distribution expenses		**(7,698)**	(7,498)
Administrative expenses	*8, 18*	**(8,474)**	(8,358)
Research and development expenses		**(605)**	(349)
Other expenses	*7, 8, 9*	**(710)**	-
Results from operating activities		**4,209**	3,658
Finance income	*8, 14*	**456**	345
Finance costs		**(880)**	(1,004)
Net finance costs		**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**233**	278
Profit before tax	*4*	**4,018**	3,277
Tax expense	*11*	**(1,147)**	(744)
Profit from continuing operations		**2,871**	2,533
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	*6*	**379**	(422)
Profit for the period		**3,250**	2,111
Profit attributable to:			
Owners of the Company		**3,053**	2,023
Non-controlling interests		**197**	88
		3,250	2,111
Earnings per share			
Basic earnings per share (euro)		**0.84**	0.52
Diluted earnings per share (euro)		**0.80**	0.51
Earnings per share – continuing operations			
Basic earnings per share (euro)		**0.72**	0.66
Diluted earnings per share (euro)		**0.69**	0.65

IAS 34.11A

IAS 34.11A

* See Notes 3 and 6.

IAS 1.10A

a. This Appendix illustrates the two-statement approach to the presentation of comprehensive income, consisting of a separate income statement displaying profit or loss, and a second statement displaying the components of other comprehensive income.

IAS 34.8(b), 8A, 10, 20(b)

Condensed consolidated statement of comprehensive income

For the six months ended 30 June

In thousands of euro	2013	2012 Restated*
Profit for the period	**3,250**	2,111
Other comprehensive income		
Items that will never be reclassified to profit or loss:		
Revaluation of property, plant and equipment	**200**	-
Remeasurements of the defined benefit liability (asset)	**72**	(15)
Tax on items that will never be reclassified to profit or loss	**(90)**	5
	182	(10)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**457**	330
Foreign currency translation differences – equity-accounted investees	**10**	-
Net loss on hedge of net investment in foreign operation	**(3)**	(8)
Effective portion of changes in fair value of cash flow hedges	**(93)**	97
Net change in fair value of cash flow hedges reclassified to profit or loss	**(17)**	(11)
Net change in fair value of available-for-sale financial assets	**199**	74
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**(47)**	-
Tax on items that are or may be reclassified subsequently to profit or loss	**(14)**	(53)
	492	429
Other comprehensive income for the period, net of tax	**674**	419
Total comprehensive income for the period	**3,924**	2,530
Total comprehensive income attributable to:		
Owners of the Company	**3,703**	2,396
Non-controlling interests	**221**	134
	3,924	2,530

* See Notes 3 and 6.

Appendix II

Condensed consolidated statement of profit or loss and other comprehensive income – quarterly reporter[a]

IAS 34.20(b)

In thousands of euro	Note	For the three months ended 30 June 2013	For the three months ended 30 June 2012 Restated*	For the six months ended 30 June 2013	For the six months ended 30 June 2012 Restated*
Continuing operations					
Revenue		**27,826**	26,425	**52,536**	51,593
Cost of sales	*10, 12, 13, 19*	**(15,405)**	(16,118)	**(31,460)**	(31,920)
Gross profit		**12,421**	10,307	**21,076**	19,673
Other income	*12*	**370**	101	**620**	190
Selling and distribution expenses		**(4,337)**	(3,802)	**(7,698)**	(7,498)
Administrative expenses	*8, 18*	**(5,508)**	(4,098)	**(8,474)**	(8,358)
Research and development expenses		**(260)**	(155)	**(605)**	(349)
Other expenses	*7, 8, 9*	**(384)**	-	**(710)**	-
Results from operating activities		**2,302**	2,353	**4,209**	3,658
Finance income	*8, 14*	**212**	129	**456**	345
Finance costs		**(496)**	(622)	**(880)**	(1,004)
Net finance costs		**(284)**	(493)	**(424)**	(659)
Share of profit of equity-accounted investees, net of tax		**112**	155	**233**	278
Profit before tax	*4*	**2,130**	2,015	**4,018**	3,277
Tax expense	*11*	**(596)**	(487)	**(1,147)**	(744)
Profit from continuing operations		**1,534**	1,528	**2,871**	2,533
Discontinued operation					
Profit (loss) from discontinued operation, net of tax	*6*	**481**	(220)	**379**	(422)
Profit for the period		**2,015**	1,308	**3,250**	2,111

* See Notes 3 and 6.

IAS 34.20(b)

a. This Appendix illustrates a condensed consolidated statement of profit or loss and other comprehensive income for an entity that publishes quarterly financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income – quarterly reporter (continued)

IAS 34.20(b)

In thousands of euro	For the three months ended 30 June 2013	For the three months ended 30 June 2012 Restated*	For the six months ended 30 June 2013	For the six months ended 30 June 2012 Restated*
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Revaluation of property, plant and equipment	**75**	-	**200**	-
Remeasurements of the defined benefit liability (asset)	**72**	(15)	**72**	(15)
Tax on items that will never be reclassified to profit or loss	**(49)**	5	**(90)**	5
	98	(10)	**182**	(10)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations	**245**	153	**457**	330
Foreign currency translation differences – equity-accounted investees	**10**	-	**10**	-
Net loss on hedge of net investment in foreign operation	**(3)**	(5)	**(3)**	(8)
Effective portion of changes in fair value of cash flow hedges	**(72)**	32	**(93)**	97
Net change in fair value of cash flow hedges reclassified to profit or loss	**(5)**	(11)	**(17)**	(11)
Net change in fair value of available-for-sale financial assets	**89**	32	**199**	74
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**(23)**	-	**(47)**	-
Tax on items that are or may be reclassified subsequently to profit or loss	**2**	(26)	**(14)**	(53)
	243	175	**492**	429
Other comprehensive income for the period, net of tax	**341**	165	**674**	419
Total comprehensive income for the period	**2,536**	1,473	**3,924**	2,530

* See Notes 3 and 6.

Condensed consolidated statement of profit or loss and other comprehensive income – quarterly reporter (continued)

IAS 34.20(b)

In thousands of euro	For the three months ended 30 June 2013	For the three months ended 30 June 2012 Restated*	For the six months ended 30 June 2013	For the six months ended 30 June 2012 Restated*
Profit attributable to:				
Owners of the Company	**1,895**	1,253	**3,053**	2,023
Non-controlling interests	**120**	55	**197**	88
Profit for the period	**2,015**	1,308	**3,250**	2,111
Total comprehensive income attributable to:				
Owners of the Company	**2,214**	1,394	**3,703**	2,396
Non-controlling interests	**142**	79	**221**	134
Total comprehensive income for the period	**2,356**	1,473	**3,924**	2,530
Earnings per share				
IAS 34.11 Basic earnings per share (euro)	**0.51**	0.32	**0.84**	0.52
IAS 34.11 Diluted earnings per share (euro)	**0.49**	0.32	**0.80**	0.51
Earnings per share – continuing operations				
Basic earnings per share (euro)	**0.43**	0.41	**0.72**	0.66
Diluted earnings per share (euro)	**0.41**	0.40	**0.69**	0.65

* See Notes 3 and 6.

Appendix III

Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010)[a]

3. Significant accounting policies

IAS 34.16A(a)

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2012. The following change in accounting policy is also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

Change in accounting policy

Non-derivative financial assets and non-derivative financial liabilities

The Group early adopted IFRS 9 *Financial Instruments* (October 2010) (IFRS 9 (2010)) with a date of initial application of 1 January 2013.

As a result, the Group has classified its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets (see 'Policy for non-derivative financial assets applicable from 1 January 2013' below). In accordance with the transitional provisions of IFRS 9 (2010), the Group did not restate prior periods but has classified the financial assets that the Group held at 1 January 2013 retrospectively based on the facts and circumstances of the business model in which such assets were held at that date. In addition, the Group has provided certain additional transitional disclosures on the impact of adoption of IFRS 9 (2010) in accordance with the transitional provisions (see Note Z)[b].

As a result of IFRS 9 (2010), €20 thousand (€14 thousand net of tax of €6 thousand) was reclassified at 1 January 2013 from the fair value reserve to other investments, because certain debt securities were reclassified from available-for-sale to financial assets measured at amortised cost. The €6 thousand tax adjustment to the fair value reserve was recognised as a decrease in deferred tax liabilities.

As the Group does not have any financial liabilities designated at fair value through profit or loss or embedded derivatives, the adoption of IFRS 9 (2010) did not impact the Group's accounting policy for financial liabilities or derivative financial instruments as disclosed in its consolidated financial statements as at and for the year ended 31 December 2012.

Policy for non-derivative financial assets applicable from 1 January 2013

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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a. This Appendix helps you prepare disclosures in interim financial statements for early adoption of IFRS 9 *Financial Instruments* (October 2010) (IFRS 9 (2010)). It illustrates one possible format for the disclosures required; other formats are possible (see IFRS 9 (2010) implementation guidance for another format). All paragraph references below refer to IFRS 9 (2010), as amended by *Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7* (December 2011), unless otherwise noted.

IFRS 9.7.1.1, 7.2.2, 7.3.2, IG.IE6, Insights 7A.563

We assume that the entity has not already applied IFRS 9 *Financial Instruments* (November 2009) (IFRS 9 (2009)), and is therefore required to apply all of the requirements of IFRS 9 (2010) at the same time. For annual periods beginning before 1 January 2015, an entity may elect to apply IFRS 9 (2009) instead of applying IFRS 9 (2010). Therefore, other IFRS 9 (2009) and IFRS 9 (2010) adoption scenarios are possible. In particular, in our view, for an entity that sequentially adopts IFRS 9 (2009) then IFRS 9 (2010), it is possible to have two different dates of initial application, one for IFRS 9 (2009) and one for IFRS 9 (2010).

IFRS 9.7.2.14

b. An entity that adopts IFRS 9 (2010) on or after 1 January 2013 provides the transitional disclosures set out in paragraphs 44S–44W of IFRS 7, but it need not restate prior periods. Our publication *Disclosure Checklist* (August 2012) provides a list of these disclosure requirements.

Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010) (continued)

3. Significant accounting policies (continued)

Change in accounting policy (continued)

Non-derivative financial assets and non-derivative financial liabilities (continued)

Policy for non-derivative financial assets applicable from 1 January 2013 (continued)

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group's policy on impairment of financial assets measured at amortised cost is the same as that applied in its consolidated financial statements as at and for the year ended 31 December 2012 for loans and receivables and held-to-maturity investments.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value, with all changes in fair value recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairments are recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010) (continued)

Z. Adoption of IFRS 9 (2010)

[IFRS 7.44I–44J] The following summarises the classification and measurement changes for the Group's financial assets and financial liabilities on 1 January 2013, the Group's date of initial application of IFRS 9 (2010).

In thousands of euro	Original measurement category under IAS 39	New measurement category under IFRS 9 (2010)	Original carrying amount under IAS 39	New carrying amount under IFRS 9 (2010)
Financial assets				
Financial assets designated at fair value through profit or loss (see Note (a))	Fair value through profit or loss	Fair value through profit or loss	254	254
Financial assets classified as held-for-trading	Fair value through profit or loss	Fair value through profit or loss	568	568
Forward exchange contracts not used for hedging	Fair value through profit or loss	Fair value through profit or loss	89	89
Debentures	Held-to-maturity investments	Amortised cost	2,256	2,256
Trade receivables due from related parties and loans to directors	Loans and receivables	Amortised cost	674	674
Other trade receivables	Loans and receivables	Amortised cost	17,325	17,325
Cash and cash equivalents	Loans and receivables	Amortised cost	1,850	1,850
Debt securities (see Note (b))	Available-for-sale	Amortised cost	373	353
Equity securities (see Note (c))	Available-for-sale	Fair value through other comprehensive income	511	511
Interest rate swaps used for hedging	Hedging instrument	Hedging instrument	131	131
Forward exchange contracts used for hedging	Hedging instrument	Hedging instrument	375	375

[IFRS 7.44I(c), 44J(b)] (a) These financial assets were previously designated at fair value through profit or loss. They now meet the criteria for measurement at fair value through profit or loss under IFRS 9 (2010). This is because they are investments in equity instruments for which the Group has not made an election to present changes in fair value in other comprehensive income.

[IFRS 7.44J(a)] (b) These debt securities are held by the Group's treasury unit in a separate portfolio to provide interest income, but may be sold to meet unexpected liquidity shortfalls. The Group considers that these securities are held within a portfolio whose objective is to hold assets to collect the contractual cash flows representing principal and interest. These assets have therefore been classified as financial assets measured at amortised cost under IFRS 9 (2010).

[IFRS 7.11A, 44I(c)] (c) These equity investments represent investment holdings that the Group intends to hold for the long-term for strategic purposes. As permitted by IFRS 9 (2010), the Group has designated these investments to be measured at fair value through other comprehensive income at the date of initial application.

Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010) (continued)

Z. Adoption of IFRS 9 (2010) (continued)

In thousands of euro	Original measurement category under IAS 39	New measurement category under IFRS 9 (2010)	Original carrying amount under IAS 39	New carrying amount under IFRS 9 (2010)
Financial liabilities				
Secured bank loans	Other financial liabilities (see Note (a))	Amortised cost	13,272	13,272
Unsecured bond issues	Other financial liabilities (see Note (a))	Amortised cost	9,200	9,200
Loan from associate	Other financial liabilities (see Note (a))	Amortised cost	1,000	1,000
Unsecured bank loans	Other financial liabilities (see Note (a))	Amortised cost	117	117
Trade payables	Other financial liabilities (see Note (a))	Amortised cost	21,813	21,813
Bank overdraft	Other financial liabilities (see Note (a))	Amortised cost	282	282
Interest rate swaps used for hedging	Hedging instrument	Hedging instrument	5	5
Forward exchange contracts used for hedging	Hedging instrument	Hedging instrument	7	7

(a) Other financial liabilities were measured at amortised cost under IAS 39.

[IFRS 7.44S-44W]

Z. Adoption of IFRS 9 (2010) (continued)

Financial assets

In thousands of euro

31 December 2012		31 December 2012		31 December 2012	
Fair value through profit or loss (IAS 39) (see Note (a))	**911**	**Available-for-sale (IAS 39) (see Note (a))**	**884**	**Loans and receivables (IAS 39) (see Note (b))**	**19,569**
				Held-to-maturity (IAS 39) (see Note (a))	**2,256**
Reclassifications:		*Reclassifications:*		*Reclassifications:*	
From available-for-sale (IAS 39)	-	From fair value through profit or loss (IAS 39)	-	From available-for-sale (IAS 39)	373
From amortised cost (IAS 39)	-	From cost (IAS 39)	-	From fair value through profit or loss (IAS 39)	-
To amortised cost (IFRS 9)	-	To fair value through profit or loss (IFRS 9)	-	To fair value through profit or loss (IFRS 9)	-
		To amortised cost (IFRS 9) **(see Note (f))**	(373)		
Remeasurements:		*Remeasurements:*		*Remeasurements:*	
From available-for-sale (IAS 39)	-	From fair value option (IAS 39)	-	From available-for-sale (IAS 39) **(see Note (e))**	(20)
From amortised cost (IAS 39)	-	From cost (IAS 39)	-	From fair value through profit or loss (IAS 39)	-
Fair value through profit or loss (IFRS 9) (see Note (c))		**Fair value through other comprehensive income (IFRS 9) (see Note (c))**		**Amortised cost (IFRS 9) (see Note (d))**	
1 January 2013	**911**	**1 January 2013**	**511**	**1 January 2013**	**22,178**

(a) Included in 'Other investments, including derivatives' in the statement of financial position at 31 December 2012.

(b) Included in 'Cash and cash equivalents' (€1,850 thousand) and 'Trade and other receivables' (€17,719 thousand) in the statement of financial position at 31 December 2012.

(c) Included in 'Other investments, including derivatives' in the statement of financial position at 1 January 2013.

(d) Included in 'Cash and cash equivalents' (€1,850 thousand) and 'Trade and other receivables' (€17,719 thousand) and 'Other investments, including derivatives' (€2,609 thousand) in the statement of financial position at 1 January 2013.

(e) The effects of remeasurements were recognised as an adjustment to the fair value reserve of €14 thousand (net of tax of €6 thousand) at 1 January 2013. There was no effect on retained earnings.

[IFRS 7.44U]

(f) At 30 June 2013, the fair value of the available-for-sale debt securities that were reclassified to amortised cost is €335 thousand. The fair value loss that would have been recognised in other comprehensive income during the six months ended 30 June 2013 if IFRS 9 (2010) had not been applied is €18 thousand. The annual effective interest rates determined on the date of reclassification are 5.2% to 7%. The interest income recognised during the six months ended 30 June 2013 is €11 thousand.

Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010) (continued)

Z. Adoption of IFRS 9 (2010) (continued)

Additionally, at 31 December 2012 the Group had €506 thousand of derivative financial assets measured at fair value designated as hedging instruments recognised in 'Other investments, including derivatives' in the statement of financial position. The accounting for these hedging instruments was unaffected by the adoption of IFRS 9 (2010).

Financial liabilities

At 31 December 2012, the Group had €46,055 thousand of other financial liabilities measured at amortised cost under IAS 39. Those financial liabilities are included in 'loans and borrowings – non-current' (€19,206 thousand), 'bank overdraft' (€282 thousand), 'loans and borrowings – current' (€4,386 thousand) and 'trade and other payables – current' (€21,813 thousand) in the statement of financial position at that date. After adoption of IFRS 9 (2010), these financial liabilities continue to be measured at amortised cost, and there were no reclassifications to or from the amortised cost measurement category. These financial liabilities are also included in the same line items in the statements of financial position at 1 January 2013.

Additionally, at 31 December 2012 the Group had €12 thousand of derivative financial liabilities measured at fair value, which were designated as hedging instruments and included in 'trade and other payables – non-current' (€5 thousand) and 'trade and other payables – current' (€7 thousand) in the statement of financial position. The accounting for these hedging instruments was unaffected by the adoption of IFRS 9 (2010).

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