Quality Holdings (Australia) Limited

Interim condensed consolidated financial statements for 30 June 2022 (and 31 December 2022)

Foreword

Welcome to the 2022 edition of *Quality Holdings (Australia) Limited (interim)*, previously *Good Group*. This year's edition of *Quality Holdings (Australia) Limited (interim)* provides illustrative interim condensed consolidated financial statements for the six months ended 30 June 2022. Although the financial statements are referenced against International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, this is equivalent to the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and they have been supplemented with the other Australian reporting requirements of a Directors' Report and Directors' Declaration.

In recent years, entities have transitioned to a suite of new standards following a dynamic period of accounting change and grappled with the impacts of the COVID-19 pandemic. While the pandemic shows signs of easing with many countries lifting restrictions and quarantine measures, we continue to see impacts on the global economy with volatility in financial markets, uncertain economic outlooks and disrupted global supply chains. Throughout this publication you will find commentary on areas we have observed being impacted more significantly by the effects of the pandemic. On top of this, the Ukrainian conflict has caused volatility in currency and commodity markets and significantly disrupted food and energy supply chains. For explanations of more accounting considerations for the financial effects of the COVID-19 pandemic and the Ukrainian conflict, see our publications for accounting considerations and disclosures[1] in the financial statements.

Quality Holdings (Australia) Limited (interim) provides illustrative examples of the types of disclosures which may be required (where material) and follows the format presented in our annual edition. Entities may present disclosures in an alternative format or provide more detail to improve communication effectiveness. Refer also to our annual edition for illustrations of alternative presentations commonly used in Australia. Management should carefully assess their circumstances and the preferences of their primary users before preparing the financial statements. Further discussion on this can be found on pages 4-5.

I trust this publication will prove useful when preparing your financial statements for the next reporting season.

Frank Palmer

Partner, Ernst & Young Australia and EY Oceania IFRS Leader
Ernst & Young Australia

---

[1] *Accounting considerations of the coronavirus pandemic* (Updated April 2021), *Applying IFRS Disclosure of COVID-19 impact* and *Accounting considerations for the war in Ukraine* (Updated March 2022)

Contents

Foreword 1
Contents 2
Abbreviations and key 3
Introduction 4
Directors' report 11
Interim condensed consolidated statement of profit or loss 14
Interim condensed consolidated statement of comprehensive income 16
Interim condensed consolidated statement of financial position 18
Interim condensed consolidated statement of changes in equity 20
Interim condensed consolidated statement of cash flows 23
Index to notes to the interim condensed consolidated financial statements 26
1. Corporate information 27
2. Basis of preparation and changes to the Group's accounting policies 27
3. Revenue from contracts with customers 31
4. Segment information 33
5. Business combinations 35
6. Discontinued operations 37
7. Impairment testing of goodwill and intangible assets with indefinite lives 38
8. Income tax 39
9. Components of other comprehensive income 41
10. Property, plant and equipment 41
11. Inventories 42
12. Financial assets and financial liabilities 43
13. Cash and short-term deposits 52
14. Reversal of restructuring provision 52
15. Share-based payments 52
16. Commitments and contingencies 53
17. Related party disclosures 53
18. Distributions made and proposed 54
19. Events after the reporting period 55
Directors' declaration 56

Caveat

The names of people and corporations included in these illustrative financial statements are fictitious and have been created for the purpose of illustration only. Any resemblance to any person or business is purely coincidental.

Abbreviations and key

The following styles of abbreviation are used in these International GAAP® Illustrative Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
IFRIC 5.6	International Financial Reporting Interpretations Committee Interpretation No. 5, paragraph 6
IFRS 9.IG.G.2	International Financial Reporting Standard No. 9 – Guidance on Implementing IFRS 9 - Section G: Other, paragraph G2
IAS 32.AG3	International Accounting Standard No. 32 – Appendix A-Application Guidance, paragraph AG3
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
COVID-19 Commentary	This edition of Quality Holdings provides commentary on issues that an entity may need to consider due to the impact of the COVID-19 pandemic
GAAP	Generally Accepted Accounting Principles/Practice
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
CA 300A	Corporations Act 2001, section 300A
ASIC CI	Australian Securities & Investments Commission Corporations Instrument

Introduction

This publication contains an illustrative set of interim condensed consolidated financial statements for Quality Holdings (Australia) Limited (the parent) and its subsidiaries (the Group) that is prepared in accordance with International Financial Reporting Standards (IFRS) for the six months ended 30 June 2022. These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, equivalent to AASB 134 *Interim Financial Reporting,* and should be read in conjunction with the Group's annual financial statements as at 31 December 2021. The Group is a fictitious, large publicly listed manufacturing company. The parent company is incorporated in a fictitious country in Europe. The presentation currency of the Group is the euro (€).

Objective

This set of illustrative financial statements is one of many produced by EY to assist you in preparing your own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of entities across a wide variety of industries. Certain disclosures are included in these financial statements for illustrative purposes even though they may be regarded as items or transactions that are not material for Quality Holdings.

How to use these illustrative financial statements to prepare entity-specific disclosures

Users of this publication are encouraged to prepare entity-specific disclosures. Transactions and arrangements other than those applicable to the Group may require additional disclosures. It should be noted that the illustrative financial statements of the Group are not designed to satisfy any stock market or country-specific regulatory requirements, nor is this publication intended to reflect disclosure requirements that apply mainly to regulated or specialised industries.

Notations shown in the right-hand margin of each page are references to IFRS paragraphs that describe the specific disclosure requirements. Commentaries are provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. If questions arise as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

Improving disclosure effectiveness

Terms such as 'disclosure overload' and 'cutting the clutter' and more precisely 'disclosure effectiveness', describe a problem in financial reporting that has become a priority issue for the International Accounting Standards Board (IASB or Board), local standard setters, and regulatory bodies. The growth and complexity of financial statement disclosure is also drawing significant attention from financial statement preparers, and most importantly, the users of financial statements.

Even though there is no formal definition of 'disclosure overload', from the different discussions and debates among stakeholders, two common themes have emerged, namely: financial statements structure and tailoring, including materiality.

Entities should consider using alternative structures that they may find more effective in permitting users to obtain the relevant information more easily. This may involve reorganising the notes according to their nature and perceived importance. By structuring the notes according to their nature and perceived importance, users may find it easier to extract the relevant information. Entities may find that alternative structures provide enhanced disclosure effectiveness in their specific situation. Entities should carefully assess their entity-specific circumstances and the preferences of the primary users before deciding on a particular structure for the notes.

Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure, and inappropriate application of the concept may be another cause of the perceived disclosure overload problem. IFRS sets out a set of minimum disclosure requirements which, in practice, are too often complied with without consideration of the information's relevance for the specific entity. That is, if the transaction or item is immaterial to the entity, then it is not relevant to users of financial statements, in which case, IFRS does not require the item to be disclosed (IAS 34.23). If immaterial information is included in the financial statements, the amount of information may potentially reduce the transparency and usefulness of the financial statements as the material, and thus relevant information, loses prominence.

IFRS Practice Statement 2 *Making Materiality Judgements* provides practical guidance and examples that entities may find helpful when deciding whether information is material. The Practice Statement also provides guidance on how to make materiality judgements specific for interim reporting. Entities are encouraged to consider it when making materiality judgements.

Improving disclosure effectiveness *continued*

As explained above, the primary purpose of these interim condensed consolidated financial statements is to illustrate how the most commonly applicable disclosure requirements in IAS 34 can be met. Therefore, they include disclosures that may, in practice, be deemed not material to Quality Holdings. It is essential that entities consider their particular circumstances in determining which disclosures to include. These illustrative interim condensed consolidated financial statements are not intended to act as guidance for making the materiality assessment; they must always be tailored to ensure that an entity's financial statements reflect and portray its specific circumstances and its own materiality considerations. Only then will the financial statements provide decision-useful financial information.

Furthermore, entities should consider the requirements in IAS 34 when determining the materiality of the interim condensed consolidated financial statements for the purposes of deciding how to recognise, measure, classify, or disclose an item. The materiality judgements at interim dates may differ from those at year-end.

For more guidance on how to improve disclosure effectiveness, please refer to our publication, *Applying IFRS: Enhancing communication effectiveness* (February 2017).

International Financial Reporting Standards (IFRS)

The abbreviation IFRS, defined in paragraph 5 of the *Preface to International Financial Reporting Standards*, includes "standards and interpretations approved by the IASB, and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations issued under previous Constitutions". Thus, when financial statements are described as complying with IFRS, it means that they comply with the entire body of pronouncements sanctioned by the IASB. This includes the IAS, IFRS and Interpretations originated by the IFRS Interpretations Committee (formerly the SIC).

Paragraph 19 of IAS 34 confirms that an interim financial report must not be described as complying with IFRS unless it complies with all the requirements of IFRS. Thus, in the case of interim condensed financial statements such as these illustrative financial statements, the Group is not claiming compliance with IFRS as such, but rather, with the requirements of IAS 34.

IFRS as at 28 February 2022

As a general rule, these illustrative financial statements do not adopt standards or amendments before their effective date.

The standards applied in these interim condensed consolidated financial statements are those in issue as at 28 February 2022 and are effective for annual periods beginning on or after 1 January 2022. Entities with annual periods beginning after 1 January 2022 must consider the impact of new standards and interpretations and amendments that become effective after 1 January 2022, but before or at the beginning of the annual period of the entity. Users of this publication are advised to check that there has been no change in the requirements of IFRS between 28 February 2022 and the date on which their financial statements are authorised for issue. In accordance with paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, specific disclosure requirements applicable to complete financial statements apply for standards and interpretations issued but not yet effective, which may serve as guidance for disclosures in interim condensed financial statements. Furthermore, if the financial year of an entity is other than the calendar year, new and revised standards applied in these interim condensed consolidated financial statements may not be applicable.

For an overview of the upcoming changes in standards and interpretations, please refer to our *New Australian accounting pronouncements* publication.

Interim financial reporting

An interim financial report may contain either a complete set of financial statements (as described in IAS 1) or a condensed set of financial statements as described in IAS 34. This publication contains an illustrative set of interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022. These interim condensed consolidated financial statements assume that the Group only publishes half-year interim financial statements. If the Group issued quarterly interim financial statements, the second quarter information would include, in addition to the information included here, statements of profit or loss for the three months ended 30 June 2022 and 2021, irrespective of whether the Group presents a condensed or complete set of interim financial statements.

Interim financial reporting *continued*

In these interim condensed consolidated financial statements, the Group presents the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows in the same format as the annual financial statements. An acceptable alternative would be to provide condensed primary statements, including a minimum of each of the headings and subtotals that were included in the most recent annual financial statements (IAS 34.10).

As the Group is not including the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'condensed', as per IAS 34.

Disclosure of significant events and transactions

The disclosure requirements applicable to interim condensed financial statements are less prescriptive than those applicable to complete financial statements, but entities must include explanations of events and transactions that are necessary to provide an understanding of the changes in financial position and performance of the entity since the last annual reporting date (IAS 34.15). In a few cases, the requirements are the same as those for complete financial statements (e.g., full disclosure in respect of business combinations is required under IAS 34.16A(i)).

Examples of situations in which disclosures are required are provided in IAS 34, but the exact content and format of such disclosures must generally be determined by the reporting entity.

Comparative information

Financial statements must include the comparable interim period of the previous financial year for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows. A comparative statement of financial position must be provided as of the end of the preceding annual period. IAS 1 requires that complete financial statements include comparative information for disclosures provided outside the primary financial statements (i.e., in the notes). A similar explicit requirement is not applicable to interim condensed financial statements. Nevertheless, where an explanatory note is required by the standard (such as for inventory write-downs, impairment provisions or segment revenues) or otherwise necessary to provide information about changes in the financial position and performance since the end of the last annual reporting period, it would be appropriate to provide information for each period presented. However, it would be unnecessary to provide comparative information if this repeats information that was reported in the notes to the most recent annual financial statements. Such an approach has been applied in these interim condensed financial statements.

Disclosure of required information outside the financial statements

Paragraph 51 of IAS 1 requires each financial statement and the corresponding notes to be clearly identified. Paragraph 50 of IAS 1 requires that the financial statements and the notes be distinguished from other information included in an annual report or similar documents. These requirements are met by including all of the information required by IFRS in a separate document. Paragraph 16A of IAS 34 specifies the information required to be provided in the interim financial statements and explicitly allows some of the required disclosures to be presented elsewhere in the interim financial report.

Paragraph 16A of IAS 34 further clarifies that if disclosures are provided outside the interim financial statements elsewhere in the interim report, a cross-reference from the interim financial statements to the location of this information is required. Entities are required to make available the information incorporated by cross-reference on the same terms as the interim financial statements and at the same time. The Group has included all required disclosures in the notes to the interim financial statements; as such, the issue of cross-referencing is not relevant. However, entities that include required disclosures elsewhere in the interim financial report, must ensure that this information is made available to users at the same basis and at the same time as the interim financial statements. We also encourage entities to ensure that the cross-references are clear to users of the interim financial statements, for example, through separately identifiable headings and/or where possible, page number references.

Changes in 2022 edition of the interim condensed financial statements

The 2022 *Quality Holdings (Australia) Limited Illustrative* interim condensed consolidated financial statements (previously known as *Good Group (Australia) Limited (interim)*) differ from the 2021 edition due to new standards, interpretations and amendments becoming effective. The following amendments to standards have been illustrated as if they were applied for the first time in the 2022 interim financial period, resulting in consequential changes to the accounting policies and other note disclosures, where applicable:

- *Reference to the Conceptual Framework – Amendments to IFRS 3*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
- *Onerous Contracts – Costs of Fulfilling a Contract* – Amendments to IAS 37
- IFRS 1 *First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*
- IFRS 9 *Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*
- IAS 41 *Agriculture – Taxation in fair value measurements*

Not all of these amendments impact the Group's interim condensed consolidated financial statements. If an amendment affects the Group, it is described together with the impact, in Note 2 of these interim condensed consolidated financial statements.

COVID-19

The COVID-19 outbreak was first reported near the end of 2019 in Wuhan, China. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic.

The COVID-19 pandemic shows signs of easing as some countries have lifted travel bans, cancelled lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities. At the same time COVID-19 may continue to affect companies and economies. Many entities are still dealing with lost revenue and disrupted supply chains and, as a result, millions of workers have lost their jobs.

These developments have presented entities with challenges in preparing their IFRS financial statements. This publication provides reminders in commentary boxes of the existing disclosure requirements that should be considered when reporting on the financial effects of the COVID-19 pandemic and its recent developments in IFRS financial statements. However, as the impact largely depends on the nature of an entity's business and the extent to which it has been affected, the potential impact has not been illustrated in these interim condensed consolidated financial statements.

Interim financial reporting presumes that users of the interim financial report also have access to its most recent annual financial report. Thus, an interim financial report should explain events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the previous annual reporting period and provide an update to the relevant information included in the financial statements of the previous year. Given the dynamic nature of both government and business responses to the COVID-19 and recent developments, entities should consider whether additional disclosures are necessary to explain significant events and transactions subsequent to the previous reporting period that are significant to their financial statements.

As noted in our publications *Applying IFRS: Accounting for COVID-19 related rent concessions (Updated April 2021) | Applying IFRS Disclosure of COVID-19 impact* (October 2020) and *Applying IFRS - Impact of coronavirus on APMs and disclosures* (May 2020), entities should, in particular, consider the accounting and disclosure requirements with regards to: going concern, financial instruments, impairment assessment of non-financial assets, government grants, income taxes, liabilities from insurance contracts, leases, insurance recoveries, onerous contract provisions, fair value measurement, revenue recognition, inventories, events after the reporting period, other financial statement disclosure requirements, and other accounting estimates.

The COVID-19 pandemic affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities. Therefore, entities should carefully consider whether additional disclosures are necessary in order to help users of financial statements understand the judgements applied in the financial statements.

The purpose of the COVID-19 commentaries is to aid entities in making their assessments as to the impact of COVID-19 on recognition, measurement, presentation, and disclosures. It should be noted that as the COVID-19 pandemic keeps evolving, entities should consider the latest guidance released by ASIC, along with guidance presented in Good Group (Australia) Limited and other publications available on ey.com/ifrs, for instance the *Applying IFRS* publication mentioned above.

Climate-related matters and financial reporting

Stakeholders are increasingly interested in the impact of climate change on entities' business models, cash flows, financial position and financial performance. While IFRS do not explicitly refer to climate-related matters, entities **must** consider them in applying IFRS when the effect of those matters is material. Entities that are considering climate change in their financial statements should refer to our publications, *IFRS Developments: Effects of climate-related matters on financial statements* (November 2020) and *Applying IFRS: Accounting for Climate Change* (December 2021)

Financial review by management

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although paragraph 13 of IAS 1 gives a brief outline of what might be included in an annual report. IFRS Practice Statement 1, *Management Commentary* provides a broad non-binding framework for the presentation of a management commentary that relates to financial statements prepared in accordance with IFRS. If an entity decides to follow the guidance in the Practice Statement, management is encouraged to explain the extent to which the Practice Statement has been followed. A statement of compliance with the Practice Statement is only permitted if it is followed in its entirety. The content of a financial review by management is often determined by local market requirements or issues specific to a particular jurisdiction.

Preparers of financial statements that comply with Australian Accounting Standards should note that other guidance on management commentary already exists in Australia (for example, ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* and ASIC Regulatory Guide 247 *Effective disclosures in an operating and financial review*) which may take precedence over the IFRS Practice Statement. Further, the content of a financial review by management in relation to the financial statements is often determined by the requirements of the Corporations Act 2001.

Commentary

Interim financial statements are generally not subject to an audit, unlike annual financial statements. Often interim financial statements are the subject of review. It is common practice to state that the interim financial statements have not been audited by marking the title and/or parts of the interim financial statements 'unaudited', as illustrated, although this is not required under IAS 34.

This publication does not contain an illustrative report on the review of the interim condensed consolidated financial statements of Quality Holdings (Australia) Limited because its purpose is not to provide guidance on the application of specific standards and requirements in relation to the review of interim financial statements.

Quality Holdings (Australia) Limited

ABN 00 000 000 000

Interim condensed consolidated financial statements for the half-year ended 30 June 2022 (also applicable for 31 December 2022)

Directors' report

Directors' report

Your directors submit their report for the half-year ended 30 June 2022. CA 302(a)

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated. CA 306(1)(b)

V. Sheen (Chair)
F. Canuck, B.Sc (Managing Director)
P. G. Gerherns (Finance Director)
M. Smith (resigned 31 January 2022)
C. Feens
J. Vargo
K. Chopper
M.A. Pryce

Review and results of operations CA 306(1)(a)

The Group experienced an increase in both revenue and profits during the half-year. Revenue for the half-year was $89,235,000 (2021: $72,807,000) representing an increase of 22.56%. This was largely a result of the strategic acquisitions that occurred in the second half of the previous financial year. Gross profit also increased in the half-year at $24,607,000 (2021: $19,211,000).

Consolidated net profit from continuing operations after income tax for the half-year was $1,875,000 (2021: $3,151,000), down 40.50% on the previous corresponding half-year. This was largely the result of the increased costs of concentrated marketing efforts in both television and newspaper mediums as well as the additional administrative costs of establishing and providing on-site child care and gymnasium facilities so as to ensure the well-being of our staff. We firmly believe that these additional costs will provide on-going benefits in the form of lower staff turnover and improved productivity.

Rounding ASIC CI 2016/191

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Auditor independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young. CA 306(2)

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the Directors of Quality Holdings (Australia) Limited

As lead auditor for the review of the half-year financial report of Quality Holdings (Australia) Limited for the half-year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b) no contraventions of any applicable code of professional conduct in relation to the review; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Quality Holdings (Australia) Limited and the entities it controlled during the financial period.

D.G. Brown
Partner
Sydney
9 August 2022

Ernst & Young

Liability limited by a scheme approved under Professional Standards Legislation.

Signed in accordance with a resolution of the directors. CA 306(3)(a)

CA 306(3)(c)

F. Canuck
Director
Sydney, 9 August 2022

CA 306(3)(b)

Condensed consolidated financial statements

Interim condensed consolidated statement of profit or loss

for the six months ended 30 June

				IAS 1.49 IAS 1.10(b) IAS 1.10A IAS 1.51(c) IAS 1.81A IAS 34.10
		2022	**2021**	IAS 34.20(b)
		Unaudited		
		€000	**€000**	IAS 1.51(d),(e)
	Notes			
Continuing operations				
Revenue from contracts with customers	3	88,465	72,092	IFRS 15.113(a)
Rental income		770	715	
Revenue	4	**89,235**	**72,807**	IAS 1.82(a)
Cost of sales		(64,628)	(53,596)	IAS 1.103
Gross profit		**24,607**	**19,211**	IAS 1.85, IAS 1.103
Other operating income		617	1,728	IAS 1.103
Selling and distribution expenses		(9,253)	(7,228)	IAS 1.99, IAS 1.103
Administrative expenses	3, 7	(11,118)	(9,334)	IAS 1.99, IAS 1.103
Other operating expenses	10, 11, 14	(1,497)	(91)	IAS 1.99, IAS 1.103
Operating profit		**3,356**	**4,286**	IAS 1.85, IAS 1.BC55-56
Finance costs		(1,662)	(436)	IAS 1.82(b), IFRS 7.20, IFRS 16.49
Finance income		204	166	
Share of profit of an associate and a joint venture		366	329	IAS 1.82(c)
Profit before tax from continuing operations	4	**2,264**	**4,345**	IAS 1.85
Income tax expense	8	(389)	(1,194)	IAS 1.82(d), IAS 12.77
Profit for the period from continuing operations		**1,875**	**3,151**	IAS 1.85
Discontinued operations				
Profit/(loss) after tax for the period from discontinued operations	6	619	(18)	IAS 1.82(ea) IFRS 5.33(a)
Profit for the period		**2,494**	**3,133**	IAS 1.81A(a)
Attributable to:				
Equity holders of the parent		2,447	3,072	IAS 1.81B(a)(ii)
Non-controlling interests		47	61	IAS 1.81B(a)(i)
		2,494	**3,133**	
Earnings per share (EPS):				IAS 33.66, IAS 34.11
▸ Basic, profit for the period attributable to ordinary equity holders of the parent		€0.11	€0.15	IAS 33.69 IAS 34.11
▸ Diluted, profit for the period attributable to ordinary equity holders of the parent		€0.10	€0.14	
Earnings per share from continuing operations:				
▸ Basic, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.15	
▸ Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.14	

Commentary

IAS 1.10 suggests titles for the primary financial statements, such as 'Statement of profit or loss and other comprehensive income' or 'Statement of financial position'. However, entities are permitted to use other titles, such as 'Income statement' or 'Balance sheet'.

In an interim condensed financial statement, IAS 34 requires, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements. The Group has chosen to include not only this minimum, but all line items included in the 2021 annual financial statements. As the Group is not providing the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'Condensed', as per IAS 34.

IAS 1.99 requires expenses to be analysed by the nature of the expense or by their function within the entity, whichever provides information that is reliable and more relevant. In line with its annual financial statements, the Group has presented the analysis of expenses by function. Our publication, *Good Group (Australia) Limited - December 2021,* includes an appendix that illustrates a statement of profit or loss presented with an analysis of expenses by nature.

IFRS 15 *Revenue from Contracts with Customers*, paragraph 113(a) requires revenue recognised from contracts with customers to be disclosed separately from other sources of revenue, unless presented separately in the statement of comprehensive income. The Group has elected to present the revenue from contracts with customers as a line item in the statement of profit or loss separate from the other source of revenue.

IAS 33 *Earnings per Share*, paragraph 68 requires presentation of basic and diluted amounts per share for discontinued operations either in the statement of profit or loss or in the notes to the financial statements. The Group has elected to show this information with other disclosures required for discontinued operations in Note 6 and to show the earnings per share information for continuing operations in the statement of profit or loss.

The Group has presented operating profit in the statement of profit or loss although not required by IAS 1. If disclosing operating profit, an entity needs to ensure that the amount disclosed is representative of activities that would normally be regarded as 'operating' and that it is relevant to the understanding of the financial statements.

The interim condensed consolidated financial statements have not been audited. To indicate to the users that the financial statements were not audited, the Group is marking each primary financial statements column as 'Unaudited'. While this may be considered best practice, there is no requirement in IFRS to do so.

IAS 1.82(c) requires 'Share of the profit or loss of associates and joint ventures accounted for using the equity method' to be presented in a separate line item on the face of the statement of profit or loss. In complying with this requirement, the Group combines the share of profit or loss from associates and joint ventures in one line item. Alternatively, two separate line items could be presented if it is considered relevant – one for associates and one for joint ventures. In addition, there is no explicit requirement as to where in the statement of income this line item should be shown, and different approaches can be seen in practice (i.e., either within or outside the operating profit).

IAS 1.82(ba) requires that the statement of profit or loss includes line items that present the impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with IFRS 9 *Financial Instruments*. The Group did not present its impairment losses determined in accordance with IFRS 9 separately in the statement of profit or loss as the amounts are not material. Furthermore, according to IAS 34.10, in interim condensed financial statements entities are allowed to combine lines required to be presented separately in the complete financial statements, as long as those condensed statements include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements.

IFRS 16 *Leases*, paragraph 49 requires a lessee to present in the statement of profit or loss the interest expense on lease liabilities separately from the depreciation charge for the right-of-use assets. The interest expense on the lease liabilities is a component of finance costs, which IAS 1.82(b) requires to be presented separately in the statement of profit or loss. Consistent with this requirement, the Group presented interest expense on lease liabilities under 'Finance costs' and the depreciation charge on the right-of-use assets was included in the 'Cost of sales' and 'Administrative expenses'.

COVID-19 commentary

IAS 34.16A(c) requires entities to disclose the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

There are various ways that an entity may elect to provide information on the impact of the COVID-19 pandemic. For example, entities may decide to present additional line items in their statement of profit or loss or disclose quantitative estimates or qualitative explanations of the impact of the COVID-19 pandemic in the notes to the financial statements. Other entities may decide to use a variety of financial measures, other than the measures required by the application of IFRS, sometimes referred to as, adjusted numbers, non-GAAP measures, Management Performance Measures, or Alternative Performance Measures.

Entities should be cautious regarding any separate presentation of the impacts of the COVID-19 pandemic in the primary financial statement. Separate presentation of COVID-19 adjusted items may be inappropriate, as distinguishing the effect of the COVID-19 pandemic from other developments may be difficult, and therefore, such presentation may be misleading. Entities should, as required by IAS 34.16A(c), disclose qualitative and quantitative information on the significant impacts of the COVID-19 pandemic and the methodology applied for their determination, in a way that provides a clear and unbiased picture.

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

	Notes	2022 Unaudited €000	2021 €000	
				IAS 1.49 IAS 1.10(b) IAS 1.51(c) IAS 1.81A IAS 34.10 IAS 34.20(b) IAS 1.90 IAS 1.51(d),(e) IAS 12.61A
Profit for the period		**2,494**	**3,133**	*IAS 1.81A(a)*
Other comprehensive income				*IAS 1.82A*
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Net gain on hedge of net investment		192	90	*IAS 21.32*
Exchange differences on translation of foreign operations		(205)	(96)	*IAS 21.52(b)*
Net gain/(loss) on cash flow hedges	9	(238)	28	
Net gain on debt instruments at fair value through other comprehensive income	9	16	57	*IFRS 7.20(a)(viii)*
Share of other comprehensive income of an associate	9	(10)	–	*IAS 1.82A(b)*
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax		**(245)**	**79**	*IAS 1.82A*
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):				
Net loss on equity instruments at fair value through other comprehensive income		(182)	(17)	*IFRS 7.20(a)(vii)*
Remeasurement gain/(loss) on defined benefit plans		(19)	132	*IAS 19.120(c) IAS 19.122*
Revaluation of office properties in Euroland		–	592	*IAS 16.39*
Share of other comprehensive income of an associate		10	–	*IAS 1.82A(b)*
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax		**(191)**	**707**	*IAS 1.82A*
Other comprehensive income/(loss), net of tax		**(436)**	**786**	*IAS 1.81A(b)*
Total comprehensive income, net of tax		**2,058**	**3,919**	*IAS 1.81A(c)*
Attributable to:				
Equity holders of the parent		2,011	3,858	*IAS 1.81B(b)(ii)*
Non-controlling interests		47	61	*IAS 1.81B(b)(i)*
		2,058	**3,919**	

Commentary

The Group has elected in its annual financial statements to present two statements, a statement of profit or loss and a statement of comprehensive income, rather than a single statement of profit or loss and other comprehensive income combining the two elements. The selection between these two alternatives is a policy choice. Consistent with its annual financial statements, the Group presents the interim statement of profit or loss and other comprehensive income in two statements.

As the Group presents items of other comprehensive income net of the related tax effects in its annual financial statements, the same presentation applies to its interim financial statements. The Group has elected to provide additional information, not required by IAS 34, in the notes (Note 9) to present the amount of reclassification adjustments and current period gains or losses. If the Group changes its presentation policy, the items of other comprehensive income could be presented before the related tax effects, with the income tax relating to each item presented within the statement of comprehensive income. Alternatively, the total of the related income tax could be presented in the statement of comprehensive income with a breakdown disclosed in the notes (IAS 1.90-91).

IAS 1.82A requires that items that will be reclassified subsequently to profit or loss, when specific conditions are met, must be grouped on the face of the statement of comprehensive income. Similarly, items that will not be reclassified must also be grouped. Both IAS 1.82A and the Implementation Guidance further clarify that entities must present the share of the other comprehensive income items of associates and joint ventures accounted for using the equity method, in aggregate as single line items within the 'items that will be reclassified' and the 'items that will not be reclassified' groups. As at 30 June 2022, the Group's associate has financial assets at fair value through other comprehensive income (FVOCI) and an office building located in Euroland that is accounted for under the revaluation model. Consequently, the Group presents items of other comprehensive income related to the associate in two separate line items in the interim condensed consolidated statement of comprehensive income.

The Group has presented, under OCI, the gains and losses arising from cash flow hedges, including those related to foreign currency and commodity forward contracts that are hedges of forecast purchases of non-financial assets, that may be reclassified to profit or loss in subsequent periods. Under IFRS 9.6.5.11(d)(i), if a hedged forecast transaction subsequently results in the recognition of a non-financial asset, the entity must remove the amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset as a basis adjustment. IAS 1.96 states that reclassification adjustments do not arise if a cash flow hedge results in amounts that are removed from the cash flow hedge reserve or a separate component of equity and included directly in the initial cost or other carrying amount of an asset. However, other comprehensive income arising from a cash flow hedge of a future transaction of a non-financial item may not always result in a basis adjustment. These amounts might be reclassified to profit or loss in the case of a loss that is expected not to be partially or fully recovered (IFRS 9.6.5.11(d)(iii)), or if the future cash flows are no longer expected to occur (IFRS 9.6.5.12(b)). The Group decided to present other comprehensive income arising from cash flow hedges consistently with the requirements for items of other comprehensive income that may be reclassified subsequently to profit or loss when specified conditions are met. Please refer to Note 12 for a more detailed discussion on hedging transactions that is included in the COVID-19 commentary.

Interim condensed consolidated statement of financial position

As at

	Notes	30 June 2022	31 December 2021	*IAS 1.10(a),(f)*
		Unaudited	**Audited**	*IAS 1.49, IAS 1.51(c)* *IAS 34.10, IAS 34.20(a)*
		€000	**€000**	
Assets	**Notes**			*IAS 1.51(d),(e)*
Non-current assets				*IAS 1.60*
Property, plant and equipment	10	39,056	32,979	*IAS 1.54(a)*
Right-of-use assets		3,044	2,812	*IFRS 16.47*
Investment properties		8,951	8,893	*IAS 1.54(b)*
Goodwill and intangible assets		4,990	6,019	*IAS 1.54(c)*
Investments in an associate and a joint venture		3,553	3,187	*IAS 1.54(e)*
Non-current financial assets	12	4,284	3,761	*IAS 1.54(d), IFRS 7.8*
Deferred tax assets		693	383	*IAS 1.54(o), IAS 1.56*
		64,571	58,034	
Current assets				*IAS 1.60, IAS 1.66*
Inventories	11	22,831	26,375	*IAS 1.54(g)*
Right of return assets		1,356	1,124	*IFRS 15.B21*
Trade receivables		27,374	25,672	*IAS 1.54(h), IFRS 15.105*
Contract assets		4,959	4,541	*IFRS 15.105*
Prepayments		208	244	*IAS 1.55*
Other current financial assets	12	753	551	*IAS 1.54(d), IFRS 7.8*
Cash and short-term deposits	13	15,819	17,114	*IAS 1.54(i)*
		73,300	75,621	
Assets held for sale	6	–	13,554	*IAS 1.54(j), IFRS 5.38*
		73,300	89,175	
Total assets		**137,871**	**147,209**	
Equity and liabilities				
Equity				
Issued capital		21,888	21,888	*IAS 1.54(r), IAS 1.78(e)*
Share premium		4,780	4,780	
Treasury shares		(508)	(508)	
Other capital reserves		1,374	1,171	
Retained earnings		33,269	31,926	
Other components of equity		(1,078)	(621)	
Reserves of a disposal group held for sale	6	–	46	
Equity attributable to equity holders of the parent		**59,725**	**58,682**	
Non-controlling interests		2,162	2,127	*IAS 1.54(q)*
Total equity		**61,887**	**60,809**	
Non-current liabilities				*IAS 1.60*
Interest-bearing loans and borrowings	12	22,477	21,978	*IAS 1.54(m)*
Other non-current financial liabilities	12	806	502	*IAS 1.54(m), IFRS 7.8*
Provisions	14	1,557	1,898	*IAS 1.54(l)*
Government grants		2,164	3,300	*IAS 20.24*
Contract liabilities		1,138	2,962	*IFRS 15.105*
Net employee defined benefit liabilities		2,972	3,050	*IAS 1.55, IAS 1.78(d)*
Deferred tax liabilities		3,493	2,454	*IAS 1.54(o), IAS 1.56*
		34,607	36,144	
Current liabilities				*IAS 1.60, IAS 1.69*
Trade and other payables		22,385	16,969	*IAS 1.54(k)*
Contract liabilities		3,029	2,880	*IFRS 15.105*
Refund liabilities		6,430	6,242	*IFRS 15.B21*
Interest-bearing loans and borrowings	12	2,759	2,811	*IAS 1.54(m), IFRS 7.8(g)*
Other current financial liabilities	5, 12	2,234	3,257	*IAS 1.54(m), IFRS 7.8*
Government grants		400	149	*IAS 1.55, IAS 20.24*
Income tax payable		3,337	3,511	*IAS 1.54(n)*
Provisions	14	803	902	*IAS 1.54(l)*
Dividends payable	18	–	410	
		41,377	37,131	
Liabilities directly associated with the assets held for sale	6	–	13,125	*IAS 1.54(p), IFRS 5.38*
		41,377	50,256	
Total liabilities		**75,984**	**86,400**	
Total equity and liabilities		**137,871**	**147,209**	

Commentary

IAS 1.54(e) requires investments accounted for using the equity method to be presented as a separate line item in the statement of financial position, if material. In complying with this requirement, the Group has combined the investments in an associate and a joint venture in one line. Alternatively, two separate line items could be presented if it is considered relevant – one for associates and one for joint ventures.

Consistent with its annual financial statements, the Group has presented separate classifications on the face of the interim condensed consolidated statement of financial position for current and non-current assets and current and non-current liabilities. IAS 1.60 requires entities to present assets and liabilities in the order of their liquidity when this provides information that is reliable and more relevant.

Under IAS 1.10(f) and IAS 1.40A, an entity is required to present an opening statement of financial position (third balance sheet) when it changes its accounting policies, makes retrospective restatements or reclassifications, and that change has a material effect on the statement of financial position. However, as indicated in IAS 1.40C, the related notes to support the third balance sheet are not required, nor are additional statements of profit or loss and other comprehensive income, changes in equity or cash flows. Unless an entity presents a complete set of financial statements under IAS 34.9, there is no requirement to present a third balance sheet in the interim financial statements. Thus, as the Group applies the condensed format defined in IAS 34.8, there is no requirement to include a third balance sheet even if it had made retrospective restatements in the interim period. Where an entity believes that it is helpful to explain the effect of the retrospective restatements in its interim condensed financial statements, it may voluntarily present an additional third balance sheet.

If the amounts differ from the amounts in the 2021 financial statements on which the Group's auditor previously reported, the 31 December 2021 condensed consolidated statement of financial position should be labelled 'Unaudited'. In the case where an entity had already filed revised prior year audited financial statements with the appropriate regulatory body and the auditor had issued an opinion thereon, it would not be appropriate to label the statement of financial position as 'Unaudited'.

The Group presented 'Contract assets' and 'Contract liabilities' in the statement of financial position using the terminology from IFRS 15. IFRS 15.109 allows an entity to use alternative descriptions. However, it must disclose sufficient information so that users of the financial statements can clearly distinguish a receivable, which is an unconditional right to receive consideration from a contract asset.

IFRS 15.B25 requires an entity to present a refund liability separately from the corresponding asset (on a gross basis, rather than a net basis). The Group presented 'Right of return assets' and 'Refund liabilities' separately in the statement of financial position.

IFRS 16.47 requires a lessee to either present in the statement of financial position, or disclose in the notes, the right-of-use assets separately from other assets and lease liabilities separately from other liabilities. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee is required to include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned (e.g., under property, plant and equipment) and disclose which line items in the statement of financial position include those right-of-use assets. Similarly, if the lessee does not present lease liabilities separately in the statement of financial position, the lessee is required to disclose the line items in the statement of financial position which include those liabilities. The Group presented its 'Right-of-use assets' separately in the statement of financial position. The related lease liabilities were presented in the line item 'Interest-bearing loans and borrowings'.

Under IFRS 16.48, right-of-use assets that meet the definition of investment property are required to be presented in the statement of financial position as investment property. The Group does not have right-of-use assets that meet the definition of investment property.

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2022

	Attributed to equity holders of the parent													
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity	*IAS 1.10(c)* *IAS 1.49* *IAS 1.51(b)(c)* *IAS 34.10* *IAS 34.20(c)* *IAS 1.106(d)*
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	*IAS 1.51(d),(e)*
As at 1 January 2022	**21,888**	**4,780**	**(508)**	**1,171**	**31,926**	**(580)**	**(114)**	**(469)**	**542**	**46**	**58,682**	**2,127**	**60,809**	
Impact of adoption of the amendments to IAS 37	–	–	–	–	(84)	–	–	–	–	–	**(84)**	–	**(84)**	*IAS 1.106(d)(i)*
As at 1 January 2022 after adoption	**21,888**	**4,780**	**(508)**	**1,171**	**31,842**	**(580)**	**(114)**	**(469)**	**542**	**46**	**58,598**	**2,127**	**60,725**	***IAS 1.106(d)(ii)***
Profit for the period	–	–	–	–	2,447	–	–	–	–	–	**2,447**	47	**2,494**	*IAS 1.106(d)(i)*
Other comprehensive income	–	–	–	–	(19)	(238)	(176)	(13)	10	–	(436)	–	**(436)**	*IAS 1.106(d)(ii)*
Total comprehensive income	**–**	**–**	**–**	**–**	**2,428**	**(238)**	**(176)**	**(13)**	**10**	**–**	**2,011**	**47**	**2,058**	*IAS 1.106(a)*
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	**–**	–	**–**	*IAS 1.96*
Share-based payments (Note 15)	–	–	–	203	–	–	–	–	–	–	**203**	–	**203**	*IAS 1.106(d)(iii)* *IFRS 2.50*
Dividends (Note 18)	–	–	–	–	(1,087)	–	–	–	–	–	(1,087)	–	(1,087)	*IAS 1.107*
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	**–**	(12)	**(12)**	*IAS 1.106(d)(iii)*
Transfer of reserve of disposal group held for sale upon disposal	–	–	–	–	46	–	–	–	–	(46)	–	–	–	
At 30 June 2022 (unaudited)	**21,888**	**4,780**	**(508)**	**1,374**	**33,269**	**(818)**	**(290)**	**(482)**	**512**	–	**59,725**	**2,162**	**61,887**	

Interim condensed consolidated statement of changes in equity *continued*

For the six months ended 30 June 2021

	Attributed to equity holders of the parent												*IAS 1.51(b),(c) IAS 1.10(c) IAS 34.10 IAS 34.20(c) IAS 1.49 IAS 1.106(d)*
	Issued capital	**Share premium**	**Treasury shares**	**Other capital reserves**	**Retained earnings**	**Cash flow hedge reserve**	**Fair value reserve of financial assets at FVOCI**	**Foreign currency translation reserve**	**Asset revaluation surplus**	**Total**	**Non-controlling interests**	**Total equity**	
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	*IAS 1.51(d),(e)*
As at 1 January 2021	**19,388**	**80**	**(654)**	**864**	**26,135**	**(245)**	**2**	**(444)**	**–**	**45,126**	**457**	**48,841**	
Profit for the period	–	–	–	–	3,072	–	–	–	–	3,072	61	3,133	*IAS 1.106(d)(i)*
Other comprehensive income	–	–	–	–	132	28	40	(6)	592	786	–	786	*IAS 1.106(d)(ii)*
Total comprehensive income	**–**	**–**	**–**	**–**	**3,204**	**28**	**40**	**(6)**	**592**	**3,858**	**61**	**3,919**	*IAS 1.106(a)*
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	–	–	*IAS 1.96*
Issue of share capital	2,500	4,703	–	–	–	–	–	–	–	7,203	–	7,203	*IAS 1.106(d)(iii)*
Transaction costs	–	(32)	–	–	–	–	–	–	–	(32)	–	(32)	*IAS 32.39, IAS 1.109*
Share-based payments (Note 15)	–	–	–	150	–	–	–	–	–	150	–	150	*IAS 1.106(d)(iii) IFRS 2.50*
Dividends (Note 18)	–	–	–	–	(1,082)	–	–	–	–	(1,082)	–	(1,082)	*IAS 1.107*
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(20)	(20)	*IAS 1.106(d)(iii)*
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,547	1,547	*IAS 1.106(d)(iii)*
At 30 June 2021 (unaudited)	**21,888**	**4,751**	**(654)**	**1,014**	**28,297**	**(217)**	**42**	**(450)**	**552**	**55,223**	**2,045**	**57,268**	

Commentary

For equity-settled share-based payment transactions, paragraph 7 of IFRS 2 *Share-based Payment* requires entities to recognise an increase in equity when goods or services are received. However, IFRS 2 does not specify where in equity it should be recognised. The Group has chosen to recognise the credit in other capital reserves.

Paragraph 35 of IAS 32 *Financial Instruments: Presentation* requires transaction costs of an equity transaction to be accounted for as a deduction from equity, but does not specify where in equity it should be recognised. The Group has chosen to recognise the charge as a reduction of share premium.

According to IAS 1.106(d), a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing changes resulting from profit or loss, other comprehensive income, and transactions with owners must be presented for each component of equity. The Group provides this reconciliation for total other comprehensive income on a more granular basis, presenting some of the components of other comprehensive income as separate columns. Alternatively, the Group could have presented the total other comprehensive income as one component of equity only.

IAS 1.106A requires an entity to present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. However, IAS 34 does not require this additional information in interim condensed financial statements. The Group provides additional information in Note 9 for line items that are significant to the understanding of the financial statements (given the materiality of the amounts, it is debatable whether the disclosures provided in Note 9 are required, but for the purpose of these illustrative financial statements, they have been included). For items that are not considered material, the Group has concluded that such additional information would not be useful.

Amounts presented as change in 'Asset revaluation surplus' and 'Fair value reserve of financial assets at FVOCI' include a share of the other comprehensive income of the associate, which relates to the revaluation of an office building in Euroland and the remeasurement of financial assets at FVOCI. While IAS 1 specifically requires that entities must present the share of the other comprehensive income items of their equity method investees, in aggregate, as a single line items within the 'items that will be reclassified' and the 'items that will not be reclassified' groups, IAS 28 *Investments in Associates and Joint Ventures,* IAS 1 and IFRS 12 *Disclosure of Interests in Other Entities* do not provide guidance on the presentation of accumulated shares of other comprehensive income of equity-accounted investees by the investor. The *Guidance on implementing IAS 1* contains an example in which the accumulated property, plant and equipment revaluation gain is included in the revaluation surplus of the investor. Quality Holdings applies similar presentation of accumulated items of other comprehensive income of its associate. However, as current IFRS does not have specific requirements, other presentation approaches may also be acceptable.

Interim condensed consolidated statement of cash flows

For the six months ended 30 June

	Notes	2022	2021	
				IAS 1.49 *IAS 1.51(c)* *IAS 34.20(d)*
		Unaudited		*IAS 1.10(d)*
	Notes	**€000**	**€000**	*IAS 1.51(d),(e)*
Operating activities				*IAS 7.10, IAS 7.18(b)*
Profit before tax from continuing operations		2,264	4,345	
Profit/(loss) before tax from discontinued operations	6	890	(30)	
Profit before tax		3,154	4,315	
Adjustments to reconcile profit before tax to net cash flows:				*IAS 7.20(b)*
Depreciation and impairment of property, plant and equipment and right-of-use assets		1,282	1,449	
Amortisation and impairment of goodwill and intangible assets		1,614	70	
Fair value adjustment of a contingent consideration	12	53	–	
Fair value adjustment of investment properties		(58)	–	
Share-based payment expense	15	203	150	
Gain on disposal of property, plant and equipment	10	(53)	(5)	
Gain on disposal of discontinued operations	6	(885)	–	
Reversal of restructuring provision	14	(266)	–	
Finance income		(204)	(166)	*IAS 7.20(c)*
Finance costs		1,662	436	*IAS 7.20(c)*
Other expense	11	700	567	
Share of net profit of associate and a joint venture		(366)	(329)	
Movements in provisions, pensions and government grants		(1,047)	(252)	
Net foreign exchange differences		303	(283)	*IAS 21.52(a)*
Working capital adjustments:				*IAS 7.20(a)*
Increase in trade receivables, contract assets and prepayments		(2,084)	(2,147)	
Decrease in inventories and right of return assets		3,312	1,312	
Increase in trade and other payables, contract liabilities and refund liabilities		4,270	1,797	
		11,590	6,914	
Settlement of contingent consideration of business combination	12	(411)	–	*IAS 7.12*
Interest received		250	319	*IAS 7.31*
Interest paid		(596)	(424)	*IAS 7.31*
Income tax paid		(774)	(846)	*IAS 7.35*
Net cash flows from operating activities		**10,059**	**5,963**	
Investing activities				*IAS 7.10, IAS 7.21*
Proceeds from sale of property, plant and equipment	10	1,352	1,415	*IAS 7.16(b)*
Proceeds from sale of discontinued operations, net of cash disposed	6	515	–	*IAS 7.39*
Purchase of property, plant and equipment	10	(4,087)	(1,320)	*IAS 7.16(a)*
Acquisition of a subsidiary, net of cash acquired	5	(5,929)	(370)	*IAS 7.39*
Settlement of contingent consideration of business combination	12	(714)	–	*IAS 7.16, IAS 7.39, IAS 7.12*
Currency forward contracts paid		(1,061)	–	*IAS 7.16(g)*
Loan to an associate		(50)	–	*IAS 7.16(e)*
Net cash flows used in investing activities		**(9,974)**	**(275)**	

Interim condensed consolidated statement of cash flows *continued*

For the six months ended 30 June

	Notes	2022 Unaudited €000	2021 €000	
				IAS 1.49 *IAS 1.51(c)* *IAS 34.20(d)* *IAS 1.10(d)* *IAS 1.51(d),(e)*
Financing activities				*IAS 7.10, IAS 7.21*
Proceeds from loans	12	1,582	2,559	*IAS 7.17(c)*
Repayment of loans	12	(1,253)	(108)	*IAS 7.17(d)*
Payment of lease liabilities	12	(312)	(288)	*IFRS 16.50*
Transaction costs of issue of shares		–	(32)	*IAS 7.17(a)*
Dividend paid to equity holders of the parent	18	(1,497)	(1,082)	*IAS 7.31*
Dividend paid to non-controlling interests	18	(12)	(20)	*IFRS 12.B10(a)*
Net cash flows (used in)/from financing activities		**(1,492)**	**1,029**	
Net (decrease)/increase in cash and cash equivalents		(1,407)	6,717	
Net foreign exchange difference		(373)	266	*IAS 7.28*
Cash and cash equivalents at 1 January		16,699	8,024	
Cash and cash equivalents at 30 June	13	**14,919**	**15,007**	*IAS 7.45*

Commentary

Paragraph 18 of IAS 7 *Statement of Cash Flows* allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Group presents its cash flows using the indirect method. Our publication, *Good Group (Australia) Limited - Illustrative financial statements for the year ended 31 December 2021*, includes an appendix that illustrates the presentation of the statement of cash flows using the direct method.

The Group has reconciled profit before tax to net cash flows from operating activities. However, a reconciliation from profit after tax is also acceptable under IAS 7 *Statement of Cash Flows*.

IAS 7 permits interest paid to be shown as an operating or financing activity and interest received to be shown as an operating or investing activity, as deemed relevant for the entity. Interest paid (including the interest on lease liabilities) is classified as an operating activity as the Group considers this to relate directly to the cost of operating the business. Interest received is also considered an operating activity by the Group.

IFRS 16.50 requires that in the statement of cash flows, a lessee classifies: cash payments for the principal portion of the lease liability within financing activities; cash payments for the interest portion of the lease liability applying the requirements in IAS 7 for interest paid (i.e., IAS 7.31-33); and short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities. Non-cash activity (e.g., the initial recognition of the lease at commencement) is required to be disclosed as a supplemental non-cash item in accordance with IAS 7.43.

Notes to the financial statements

Index to notes to the interim condensed consolidated financial statements

1. Corporate information....27
2. Basis of preparation and changes to the Group's accounting policies....27
3. Revenue from contracts with customers....31
4. Segment information....33
5. Business combinations....35
6. Discontinued operations....37
7. Impairment testing of goodwill and intangible assets with indefinite lives....38
8. Income tax....39
9. Components of other comprehensive income....41
10. Property, plant and equipment....41
11. Inventories....42
12. Financial assets and financial liabilities....43
13. Cash and short-term deposits....52
14. Reversal of restructuring provision....52
15. Share-based payments....52
16. Commitments and contingencies....53
17. Related party disclosures....53
18. Distributions made and proposed....54
19. Events after the reporting period....55

Notes to the interim condensed consolidated financial statements

1. Corporate information

The interim condensed consolidated financial statements of Quality Holdings (Australia) Limited and its subsidiaries (collectively, the Group) for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 9 August 2022. *IAS 10.17*

Quality Holdings (Australia) Limited (the Company) is a limited company, incorporated and domiciled in Euroland, whose shares are publicly traded. The registered office is located at Fire House, Ashdown Square in Euroville. The Group is principally engaged in the provision of fire prevention and electronic equipment and services and the management of investment property. *IAS 1.138(a)* *IAS 1.138(b)*

Commentary

There is no explicit requirement in IAS 34 to include corporate information in a condensed set of interim financial statements, as is required in a complete set of financial statements under IAS 1. However, it is good practice to disclose such information to provide users insights into the specifics of the reporting entity and its business.

2. Basis of preparation and changes to the Group's accounting policies

2.1. Basis of preparation

IAS 34.19

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

Commentary

IAS 34.19 clarifies that an interim financial report must not be described as complying with IFRS unless it complies with all of the requirements of IFRS. In these interim condensed consolidated financial statements, the Group is not claiming compliance with IFRS in its entirety, but rather, with the requirements of IAS 34. If a complete set of interim financial statements was provided complying with all requirements of IFRS, entities may be able to include in their compliance statement, with reference to IFRS as issued by the IASB, in addition to IAS 34.

A statement that the financial statements are prepared on a going-concern basis is not a requirement of IFRS. However, it is required by regulators in certain jurisdictions and may be considered a "best practice" disclosure. The Group has decided to disclose the basis of preparation for these reasons.

Entities should consider whether there is any impact of climate-related matters on their going concern assessment. Climate-related matters may create material uncertainties related to events or conditions that cast significant doubt upon an entity's ability to continue as a going concern.

2. Basis of preparation and changes to the Group's accounting policies *continued*

2.1. Basis of preparation *continued*

IAS 34.19

COVID-19 commentary

IAS 34.15 requires an entity to include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Also, an entity is required to include explanations regarding the nature and amount of items that are unusual because of their nature, size or incidence. Information disclosed in relation to those events and transactions should also update the relevant information presented in the most recent annual financial report.

IAS 34.15B includes a number of required disclosures as well as a non-exhaustive list of events and transactions for which disclosures would be required if they are significant. For example, where significant, an entity needs to disclose changes in the business or economic circumstances that affect the fair value of its financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost. An entity is also required to disclose any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period. Similarly, transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments should be disclosed if significant.

Although IAS 34 does not contain a detailed requirement to include sensitivity disclosures, if the range of reasonably possible changes in key assumptions has significantly changed since the end of the last annual reporting period, an update of relevant sensitivity disclosures may be required.

IAS 34.15A notes that a user of an entity's interim financial report will have access to the most recent annual financial report of that entity. Therefore, it is unnecessary for the notes to an interim financial report to provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. However, as most entities will be impacted by the COVID-19 pandemic, information in their last annual financial report may have changed significantly and, thus, entities may need to provide updated information on the impact on the entity of the COVID-19 pandemic in their interim financial reporting.

While other standards specify disclosures required in a complete set of financial statements, if an entity's interim financial report includes only condensed financial statements as described in IAS 34.10, then the disclosures required by those other standards are not mandatory. However, if disclosure is considered to be necessary in the context of an interim report, those other standards provide guidance on the appropriate disclosures for many of these items.

2.2. New standards, interpretations and amendments adopted by the Group

IAS 34.16A(a)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Commentary

The Group has prepared and presented interim condensed consolidated financial statements. IAS 34 requires an entity to include a 'description of the nature and effect of changes in accounting policies' and disclosure of 'the nature and amount of changes in estimates of amounts reported in prior periods'. When determining how to best meet the requirement to disclose the 'nature and effect' in interim condensed financial statements, the more specific requirements applicable to annual financial statements may be considered in the assessment of how to best disclose the nature and effect of the new standards (e.g., applying IAS 8.28).

These interim condensed consolidated financial statements include the disclosures required under IAS 8.28. Some of the changes described may not be material to the Group, but were provided for illustrative purposes. Entities will need to exercise judgement in determining the level of disclosures to include. The extent of disclosures will generally be proportionate to the actual impact of the standard on initial application. The expectations of local regulators on the level of detail in the disclosures must also be taken into account.

Contents | Introduction | Directors' report | Consolidated financial statements | Notes | Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

2. Basis of preparation and changes to the Group's accounting policies *continued*

2.2. New standards, interpretations and amendments adopted by the Group *continued*

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Group in determining the costs of fulfilling the contracts. The Group has therefore recognised an onerous contract provision, which remained unchanged as of 30 June 2022 as the Group had not yet fulfilled its obligations under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

The effect of adoption of the IAS 37 amendments as at 1 January 2022 (increase/(decrease)) is disclosed below:

	€000
Deferred tax assets	36
Total assets	**36**
Retained earnings	(84)
Total equity	**(84)**
Provisions (current)	120
Total liabilities	**120**
Total equity and liabilities	**36**

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

2. Basis of preparation and changes to the Group's accounting policies *continued*

2.2. New standards, interpretations and amendments adopted by the Group *continued*

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

Commentary

Generally, an entity may choose only to comment on those amendments that directly impact the interim condensed financial statements. Alternatively, an entity may choose to provide disclosures on amendments to IFRS that have no impact on the interim condensed financial statements, but are expected to impact the annual financial statements. When considering the impact to the financial statements, IAS 8.28 indicates that an entity should consider whether the amendment might impact future periods.

In some jurisdictions, the adoption of IFRS for reporting purposes may be subject to a specific legal process or endorsement mechanisms (e.g., in the European Union (EU) or Australia). In such jurisdictions, the effective dates may therefore differ from the IASB's effective dates.

IAS 8.30 requires entities to disclose in a complete set of financial statements those standards that have been issued but are not yet effective and to provide known or reasonably estimable information to enable users to assess the possible impact of the application of such IFRSs on an entity's financial statements. There is no similar requirement for the interim condensed financial statements. However, IAS 34 requires updates of relevant information presented and disclosed in the most recent annual financial statements. Quality Holdings has chosen not to disclose those standards that have been issued but are not yet effective in its interim financial statements.

3. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

IAS 34.16A(l)
IFRS 15.114-115

	For the six months ended 30 June 2022		
Segments	**Fire prevention equipment**	**Electronics**	**Total**
Type of goods or service	**€000**	**€000**	**€000**
Sale of fire prevention equipment	42,492	–	**42,492**
Sale of electronic equipment	–	37,395	**37,395**
Installation services	8,578	–	**8,578**
Total revenue from contracts with customers	**51,070**	**37,395**	**88,465**
Geographical markets			
Euroland	36,291	26,573	**62,864**
United States	14,779	10,822	**25,601**
Total revenue from contracts with customers	**51,070**	**37,395**	**88,465**
Timing of revenue recognition			
Goods transferred at a point in time	42,492	37,395	**79,887**
Services transferred over time	8,578	–	**8,578**
Total revenue from contracts with customers	**51,070**	**37,395**	**88,465**

	For the six months ended 30 June 2021		
Segments	**Fire prevention equipment**	**Electronics**	**Total**
Type of goods or service	**€000**	**€000**	**€000**
Sale of fire prevention equipment	41,941	–	**41,941**
Sale of electronic equipment	–	22,058	**22,058**
Installation services	8,093	–	**8,093**
Total revenue from contracts with customers	**50,034**	**22,058**	**72,092**
Geographical markets			
Euroland	35,104	15,476	**50,580**
United States	14,930	6,582	**21,512**
Total revenue from contracts with customers	**50,034**	**22,058**	**72,092**
Timing of revenue recognition			
Goods transferred at a point in time	41,941	22,058	**63,999**
Services transferred over time	8,093	–	**8,093**
Total revenue from contracts with customers	**50,034**	**22,058**	**72,092**

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administrative expenses in the statement of profit or loss, amounting to €77,000 and €68,000 for the six months ended 30 June 2022 and 2021, respectively.

IFRS 15.113(b)

3. Revenue from contracts with customers *continued*

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information: *IFRS 15.115*

	For the six months ended 30 June			
	2022		2021	
	Fire prevention equipment	Electronics	Fire prevention equipment	Electronics
Revenue	**€000**	**€000**	**€000**	**€000**
External customer	70,925	37,395	86,605	22,058
Inter-segment	–	1,845	–	4,094
	70,925	39,240	86,605	26,152
Adjustments and eliminations	(19,855)	(1,845)	(36,571)	(4,094)
Total revenue from contracts with customers	**51,070**	**37,395**	**50,034**	**22,058**

Commentary

IAS 34.16A(l) requires disclosure of disaggregated revenue information, consistent with the requirement included in IFRS 15.114-115.

The Group presented disaggregated revenue based on the type of goods or services provided to customers, the geographical region, and the timing of transfer of goods and services. Entities will need to make this determination based on entity-specific and/or industry-specific factors that would be most meaningful to their business.

The Group presented a reconciliation of the disaggregated revenue with the revenue information disclosed for each reportable segment. Other entities may find it appropriate to provide disaggregated revenue information within the segment reporting disclosures.

COVID-19 commentary

Entities may need to use significant judgement to determine the effect of uncertainties related to the COVID-19 pandemic on their revenue accounting, e.g., estimates of variable consideration (including the constraint) and provide appropriate disclosures of these judgements. Decisions made in response to the outbreak (e.g., modifying contracts, continuing transacting with customers despite collectability concerns, revising pricing) may trigger additional disclosures. Entities may also need to consider the impact of delays in deliveries due to supply chain issues caused by the COVID-19 pandemic, which may impact volume rebate estimates, amongst other things, due to lower sales during the period. The disruption of supply chains may result in a significant increase in the unavoidable costs of meeting the obligations under the contracts which may impact the provision for onerous contracts.

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

4. Segment information

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively:

Six months ended 30 June 2022	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Revenue							
External customer	70,925	37,395	770	109,090	(19,855)	89,235	*IAS 34.16A(g)(i)*
Inter-segment	–	1,845	–	1,845	(1,845)	–	*IAS 34.16A(g)(ii)*
Total revenue	**70,925**	**39,240**	**770**	**110,935**	**(21,700)**	**89,235**	
Results							
Segment profit	**1,038**	**2,989**	**164**	**4,191**	**(1,927)**	**2,264**	*IAS 34.16A(g)(iii)*

Six months ended 30 June 2021	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Revenue							
External customer	86,605	22,058	715	109,378	(36,571)	72,807	*IAS 34.16A(g)(i)*
Inter-segment	–	4,094	–	4,094	(4,094)	–	*IAS 34.16A(g)(ii)*
Total revenue	**86,605**	**26,152**	**715**	**113,472**	**(40,665)**	**72,807**	
Results							
Segment profit	**3,375**	**1,330**	**176**	**4,881**	**(536)**	**4,345**	*IAS 34.16A(g)(iii)*

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

	Fire prevention equipment	Electronics	Investment properties	Total segments	Adjustments and eliminations	Consolidated	
	€000	€000	€000	€000	€000	€000	
Assets							
30 June 2022	**65,809**	**50,482**	**16,978**	**133,269**	**4,602**	**137,871**	*IAS 34.16A(g)(iv)*
31 December 2021	**68,163**	**44,814**	**18,467**	**131,444**	**15,765**	**147,209**	
Liabilities							
30 June 2022	**30,371**	**7,002**	**4,234**	**41,607**	**34,377**	**75,984**	*IAS 34.16A(g)(iv)*
31 December 2021	**27,776**	**7,252**	**4,704**	**39,732**	**46,668**	**86,400**	

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

4. Segment information *continued*

Commentary

IAS 34.16A(g)(iv) requires disclosure of total assets and total liabilities where there has been a material change from the total assets and total liabilities disclosed in the last annual consolidated financial statements, if this information is provided to the chief operating decision maker (CODM) on a regular basis. To fulfil this requirement, the Group has disclosed segment assets and liabilities at the end of the current period and at the end of the most recent annual financial year.

The Group has disposed of an entire operating segment in February 2022. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. IFRS 8 *Operating Segments* does not require such disclosures. Therefore, the Group has not provided segment disclosures for the discontinued operations. If an entity believes that segment disclosures about a discontinued operations will be relevant, it may do so.

The Group's CODM regularly reviews the segment information related to the joint venture based on its proportionate share of revenue, profits, assets and liabilities to make decisions about resources to be allocated to the segment and assess its performance. However, as required by IFRS 11 *Joint Arrangements*, the Group's interest in the joint venture is accounted for in the interim condensed consolidated financial statements using the equity method. The eliminations arising on account of differences between proportionate consolidation and the equity method are included under 'Adjustments and eliminations'.

Adjustments and eliminations

IFRS 8.28

Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. These are included in adjustments and eliminations in the segment disclosures.

IAS 34.16A(g)(vi)

	For six months ended 30 June	
Reconciliation of profit	**2022**	**2021**
	€000	**€000**
Segment profit	**4,191**	**4,881**
Finance income	204	166
Finance costs	(1,662)	(436)
Inter-segment profit/(elimination)	(469)	(266)
Profit before tax and discontinued operations	**2,264**	**4,345**

Seasonality of operations

IAS 34.16A(b)

The electronics segment is a supplier of electronic equipment for defence, aviation, electrical safety markets and consumer electronic equipment for home use. It offers products and services in the areas of electronics, safety, thermal and electrical architecture. Due to the seasonal nature of this segment, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period from June to August are mainly attributed to the increased demand for aviation electronic equipment during the peak holiday season, as well as in December, due to increased demand for electronic equipment from private customers. This information is provided to allow for a better understanding of the results; however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

Commentary

The business of the Group is seasonal and, therefore, the interim condensed financial statements include disclosure under IAS 34.16A(b). However, the business is not regarded as highly seasonal. Therefore, the additional disclosure of financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period, encouraged in IAS 34.21, are not provided. If the business is regarded as 'highly seasonal', these additional disclosures are recommended.

5. Business combinations

IAS 34.16A(i)

Acquisition of Electra Limited

On 1 June 2022, the Group acquired 100% of the voting shares of Electra Limited (Electra), an unlisted company based in Euroland that specialises in the manufacture of electronic equipment. The Group has acquired Electra because it expands both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Electra for the one month period from the acquisition date.

IFRS 3.59, IFRS 3.B64(a), IFRS 3.B64(b), IFRS 3.B64(c), IFRS 3.B64(d)

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

IFRS 3.B64(i), (f)

	Fair value recognised on acquisition €000
Assets	
Property, plant and equipment (provisional)*	4,323
Right-of-use assets	248
Cash	642
Trade receivables	1,763
Inventories	961
Deferred tax asset	175
Patents	375
	8,487
Liabilities	
Trade payables	(1,022)
Interest-bearing loans and borrowings	(224)
Deferred tax liability	(880)
	(2,126)
Total identifiable net assets at fair value	**6,361**
Goodwill arising on acquisition (provisional)*	210
Purchase consideration transferred	**6,571**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	642
Cash paid	(6,571)
Net cash flow on acquisition	**(5,929)**

IAS 7.39

*The valuation of land and buildings acquired had not been completed by the date the interim financial statements were approved for issue by the Board of Directors. Thus, property, plant and equipment may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 June 2023 (one year after the transaction).

IFRS 3.B67(a)

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	Goodwill €000	
Gross carrying amount		
At 1 January 2022	2,281	*IFRS 3.B67(d)(i)*
Acquisition of a subsidiary	210	*IFRS 3.B67(d)(ii)*
At 30 June 2022	**2,491**	*IFRS 3.B67(d)(viii)*
Accumulated impairment losses		
At 1 January 2022	–	*IFRS 3.B67(d)(i)*
Impairment losses recognised during the reporting period (Note 7)	1,541	*IFRS 3.B67(d)(v)*
At 30 June 2022	**1,541**	*IFRS 3.B67(d)(viii)*
Net book value		
At 1 January 2022	2,281	
At 30 June 2022	950	

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

5. Business combinations *continued*

IAS 34.16A(i)

At the date of the acquisition, the fair value of the trade receivables was €1,763,000. The carrying amount of trade receivables is €1,775,000. The difference between the fair value and the carrying amount is the result of discounting over the expected timing of the cash collection and an adjustment for counterparty credit risk. *IFRS 3.B64(h)*

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the unfavourable terms of the lease relative to market terms. *IFRS 3.28B*

From the date of acquisition, Electra has contributed €1,151,500 of revenue and €242,000 to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been €110,073,000 and the profit from continuing operations for the period would have been €3,181,000. *IFRS 3.B64(q)(i) IFRS 3.B64(q)(ii)*

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Electra with those of the Group. The goodwill is not deductible for income tax purposes. *IFRS 3.B64(e) IFRS 3.B64(k)*

Transaction costs of €90,000 have been expensed and are included in Administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows. *IFRS 3.B64(m)*

Information on prior year acquisition

On 26 May 2021, the Group acquired 80% of the voting shares of Extinguishers Limited, an unlisted company based in Euroland, specialising in the manufacture of fire-retardant fabrics. The consideration paid included an element of contingent consideration. Refer to Note 12 for adjustments to the related liability in the current period.

Commentary

IAS 34.16A(i) requires an entity to disclose all the information required by IFRS 3 in an interim financial report. This requirement applies not only for those effected during the current interim period, but also to business combinations after the reporting period but before the interim financial report is authorised for issue (IFRS 3.59(b), IFRS 3.B66).

According to IFRS 3 (IFRS 3.28B), lease liabilities of acquirees are to be measured at the present value of the remaining lease payments as if the acquired lease is a new lease at the acquisition date. That is, the acquirer applies IFRS 16's initial measurement provisions using the present value of the remaining lease payments at the acquisition date. Right-of-use assets are measured at an amount equal to the corresponding lease liabilities, adjusted to reflect the favourable or unfavourable terms of the leases when compared with market terms. Because the off-market nature of leases are captured in the right-of-use assets, the acquirer does not separately recognise intangible assets or liabilities for favourable or unfavourable lease terms relative to market.

Information on business combinations in the comparative period is typically not necessary as it only repeats information that was reported in the notes to the most recent annual financial statements. However, in some cases, it would be necessary to provide information about business combinations in a comparative period if, for example, there is a revision of previously disclosed fair values. The Group provided brief information about its business combination in the comparative period as it is relevant to understanding the settlement of the contingent consideration in the current period.

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

6. Discontinued operations

IAS 34.16A(i)

On 1 October 2021, the Group publicly announced the decision of its Board of Directors to sell Hose Limited, a wholly owned subsidiary. On 15 November 2021, the shareholders of the Company approved the plan to sell. At 31 December 2021, Hose Limited was classified as a disposal group held for sale and as a discontinued operation. The business of Hose Limited represented the entirety of the Group's Rubber Equipment operating segment until 15 November 2021. With Hose Limited being classified as discontinued operations, the Rubber Equipment segment is no longer presented in the segment note. The sale of Hose Limited was completed on 28 February 2022 for €1,000,000, resulting in a pre-tax gain of €885,000. The results of Hose limited for the period are presented below:

	For the six months ended 30 June		
	2022*	**2021**	IFRS 5.33(b)(i)
	€000	**€000**	IFRS 5.34
Revenue	3,329	21,548	IFRS 5.30
Expenses	(3,285)	(21,535)	IFRS 5.41
Operating income	44	13	
Finance costs	(39)	(43)	
Profit/(loss) before tax from discontinued operations	5	(30)	
Tax (expense)/benefit			
Related to current pre-tax profit/(loss)	(2)	12	IAS 12.81(h)(ii)
Post-tax profit/(loss) of discontinued operations	**3**	**(18)**	IFRS 5.33 (a)(i)
Gain on sale of the discontinued operations	885	–	IFRS 5.33 (b)(iii)
Attributable tax expense	(269)	–	IAS 12.81(h)(i)
Post-tax gain on the sale of discontinued operations	**616**	–	IFRS 5.33 (a)(ii)
Profit/(loss) after tax for the period from discontinued operations	**619**	**(18)**	

*Represents two months of activity prior to the sale on 28 February 2022.

The net cash flows generated from the sale of Hose Limited are, as follows:

	€000
Cash received from sale of the discontinued operations	1,000
Cash sold as a part of discontinued operations	(485)
Net cash inflow on date of disposal	**515**

The net cash flows generated/(incurred) by Hose Limited are, as follows:

IFRS 5.33(c)

	For the six months ended 30 June	
	2022*	**2021**
	€000	**€000**
Operating	204	(1,055)
Financing	40	35
Net cash inflow/(outflow)	**244**	**(1,020)**

Earnings/(loss) per share

IAS 34.11
IAS 33.68

Basic, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)
Diluted, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)

*Represents two months of activity prior to the sale on 28 February 2022.

As Hose Limited was sold prior to 30 June 2022, the assets and liabilities classified as held for sale are no longer included in the statement of financial position.

6. Discontinued operations *continued*

IAS 34.16A(i)

Commentary

Condensed interim reporting under IAS 34 is based on the most recent annual financial statements. Providing the disclosures required by the relevant standards (in this case, IFRS 5) for transactions and events occurring after the end of the most recent annual financial statements, is consistent with that premise.

The Group elected to present earnings per share (EPS) from discontinued operations in the notes. Alternatively, it could have presented those figures in the interim condensed consolidated statement of profit or loss.

The discontinued operations only had operating and financing cash flows for the first two months of 2022 and the Group has presented these cash flows separately in the table above.

7. Impairment testing of goodwill and intangible assets with indefinite lives

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

IAS 34.15B(b)
IAS 36.134(c)

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2022, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill. In addition, the overall decline in construction and development activities around the world, as well as ongoing economic uncertainty, have led to a decreased demand in the fire prevention equipment and electronics units. As a result, management performed an impairment test as at 30 June 2022 for the electronics and fire prevention equipment segments, which are the cash generating units with goodwill. The investment property segment did not have any goodwill.

IAS 36.130(a),(d)
IAS 36.130(e)

Electronics cash-generating unit

The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.6% (31 December 2021: 15.5%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.5% growth rate (31 December 2021: 3.0%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2021. As a result of the updated analysis, management did not identify an impairment for this cash-generating unit to which goodwill of €260,000 is allocated.

IAS 36.134(d)(iii)
IAS 36.134(d)(iv)
IAS 36.134(d)(v)
IAS 36.130(g)

Fire prevention equipment cash-generating unit

The Group used the cash-generating unit's value-in-use, as this is higher than fair value less costs of disposal, to determine the recoverable amount of €59,099,000. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.5% (31 December 2021: 14.4%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.6% growth rate (31 December 2021: 4.1%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2021.

IAS 36.130 (e)
IAS 36.134(d)(iii)
IAS 36.134(d)(iv)
IAS 36.134(d)(v)
IAS 36.126(a)
IAS 36.130(g)

As a result of this analysis, management recognised an impairment charge of €1,541,000 against goodwill previously carried at €2,231,000. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

IAS 36.130(b)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the electronics unit, there are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

IAS 36.134(f)

For the fire prevention equipment unit, the estimated recoverable amount is equal to its carrying value. Consequently, any adverse change in a key assumption could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

IAS 36.134(f)(i)

Growth rate assumptions — Rates are based on published industry research. These have been updated for the current economic outlook. The revised growth rate of 2.6% reflects the effect of a significant industry patent that was acquired during the year ended 31 December 2021. However, given the economic uncertainty, reductions in growth estimates may be necessary in the future.

Contents
Introduction
Directors' report
Consolidated financial statements
Notes
Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

7. Impairment testing of goodwill and intangible assets with indefinite lives *continued*

Discount rate — The discount rate has been adjusted to reflect the current market assessment of the risks specific to the fire prevention equipment unit, and was estimated based on the weighted average cost of capital for the Group. This rate was further adjusted to reflect the market assessment of risks specific to the fire prevention equipment unit for which future estimates of cash flows have not been adjusted. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

Commentary

Under IAS 34.15B(b), the recognition of a loss from impairments and the reversal of such impairments is required to be disclosed 'if they are significant for the understanding of the financial position and the performance of the entity'. The content and format of such disclosures are not specified. There is no explicit requirement to disclose headroom in the event of reasonably possible impairments (as in IAS 36.134(f)), but an entity may be required to provide such disclosures "if significant to an understanding of the changes since the end of the last annual reporting period" (IAS 34.15).

For instance, for impairment in the fire prevention equipment cash generating unit, the Group has chosen to provide disclosures generally in accordance with IAS 36 *Impairment of Assets*. Additional sensitivity disclosures have not been provided by the Group since the estimated recoverable amount, after recognition of the impairment loss in the current period, is equal to the carrying value, so any adverse change in assumptions could result in an impairment loss.

If no impairment charge was recognised for a cash-generating unit, but it is believed that a reasonably possible change in the key assumptions may lead to an impairment sensitivity disclosures similar to those required by IAS 36 may be appropriate. Even though IAS 34 does not specifically require sensitivity disclosures, IAS 34.15 requires disclosure of significant events.

Furthermore, considering the decline in the relevant markets and the current economic uncertainties, the Group has found it useful to provide additional information about the impairment tests performed for the electronics cash generating unit. These disclosures are based on the requirement in IAS 36.134 applicable in the case of complete interim financial statements.

Impairments of goodwill in interim periods cannot be reversed by a subsequent impairment test later in the annual reporting period (paragraph 8 of IFRIC 10 *Interim Financial Reporting and Impairment*)

COVID-19 commentary

While the COVID-19 pandemic shows signs of easing, the coronavirus may continue to affect companies and economies worldwide and, therefore, might still be a trigger that requires an entity to perform impairment tests. Entities will need to assess any continuing impact on the key assumptions used to determine the recoverable amount for the different cash generating units. Key inputs to both the value in use and the fair value less cost of disposal models used to undertake the impairment assessment should be reassessed to factor in any impact.

As the current environment is uncertain, it is important that entities provide detailed disclosure of the assumptions made, the evidence they are based on and the impact of a change in the key assumptions (sensitivity analysis). This will equally apply to impairment tests performed at an interim date.

Given the inherent level of uncertainty and the sensitivity of judgements and estimates, disclosures of the key assumptions used, and judgements made in estimating recoverable amounts will be important.

8. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are: *IAS 34.16A(c)*

	For the six months ended 30 June	
	2022	**2021**
	€000	**€000**
Income taxes		
Current income tax expense	249	934
Deferred income tax expense relating to origination and reversal of temporary differences	140	260
Income tax expense recognised in statement of profit or loss	**389**	**1,194**

8. Income tax *continued*

Commentary

IAS 34.16A(c) requires the Group to disclose the nature and amount of items affecting net income that are unusual because of their nature, size or incidence. The Group has disclosed the major components of its income tax expense as this provides useful information to understand the amount reported in the interim condensed consolidated statement of profit or loss.

COVID-19 commentary

As a measure to assist entities during the COVID-19 pandemic, economic stimulus packages in some jurisdictions have included income tax concessions and other rebates. If entities are active in such a jurisdiction, the following disclosures may also be required, especially if there are significant changes from the annual financial statements:

- An explanation of changes in the applicable tax rate compared to the prior period
- The amount and expiry date of any tax losses carried forward
- The nature of evidence supporting the recognition of deferred tax assets when the entity has suffered a loss in the current period

The requirements of IAS 34.30(c) allow that income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The method applied to estimate this tax expense including the uncertainty of this estimate caused by the COVID-19 pandemic may need to be disclosed.

Continued business disruption resulting from the COVID-19 pandemic may lead to an entity recognising asset impairments or forecasting future losses. These circumstances may introduce new uncertainties that an entity must consider in its analysis of the recoverability of deferred tax assets. Entities should update their projections of income for recent events. Tax losses that were otherwise expected to be utilised in the near term should be reviewed to determine if they might expire unutilised and how this would impact management's judgement on the amount of deferred tax asset to be recognised. Entities should further consider whether they need to provide additional disclosures to more fully explain the use of estimates or management's judgement in reaching its conclusions on the amount of unrecognised deferred tax assets. Such judgements may include whether the tax laws were substantively enacted as of the reporting date, and the determination of the accounting for income tax credits.

In applying judgement, entities should consider IFRIC 23 *Uncertainty over Income Tax Treatments*. Although IFRIC 23 was not specifically developed to deal with a scenario such as the COVID-19 pandemic, it, nonetheless, provides helpful guidance to consider in accounting for the uncertainties that exist with respect to the application of complex tax legislation that was newly issued in response to the pandemic. It requires an entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If the entity concludes that the position is not probable of being accepted, the effect of the uncertainty needs to be reflected in the entity's accounting for income taxes.

9. Components of other comprehensive income

	For the six months ended 30 June		
	2022	2021	
	€000	€000	
Cash flow hedges			
Gains/(losses) arising during the period			
Currency forward contracts	(6)	40	
Commodity futures contract	(334)	–	
	(340)	**40**	
Debt instruments at fair value through OCI			*IFRS 7.20(a)(viii)*
Gains arising during the period	16	78	
Share of other comprehensive income of an associate	(10)	–	
Impairments included in the statement of profit or loss	6	4	*IAS 1.92*
	12	**82**	

Deferred tax related to items recognised in OCI during the period	For the six months ended 30 June		*IAS 1.90*
	2022	2021	
	€000	€000	
Cash flow hedges			
Gains/(losses) arising during the period	102	(18)	
Debt instruments at fair value through OCI			
Gains arising during the period	(4)	(24)	*IFRS 7.20(a)(viii)*
Reclassification adjustments for losses included in the statement of profit or loss	(2)	(1)	*IAS 1.92*
	(6)	**(25)**	
Deferred tax credited/(charged) to OCI	**96**	**(37)**	

Commentary

Condensed interim reporting under IAS 34 is intended to provide an update on the most recent annual financial statements. The provision of disclosures required by the relevant standards (in this case, IAS 1) in the interim condensed financial statements in response to transactions and events occurring after the most recent annual financial statements, is consistent with this premise. An analysis of the items in other comprehensive income does not always need to be provided; the decision must be assessed on a case-by-case basis. The need for the inclusion of such disclosures in interim financial statements is debatable. They have, nevertheless, been included here for illustrative purpose.

The purpose of Note 9 is to provide an analysis of items presented net in other comprehensive income in the statement of comprehensive income. This analysis does not apply to the other items of other comprehensive income, as they are either not reclassified to profit or loss or reclassification adjustments did not occur during the period. The Group decided to present the movements on a pre-tax basis with related tax effects in a separate table to enhance readability. Other forms of presentation of the gross movements and related tax effects would be acceptable.

10. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2022, the Group acquired assets with a cost of €2,587,000 (30 June 2021: €1,320,000), excluding property, plant and equipment acquired through a business combination (see Note 5) and property under construction. *IAS 34.15B(d)*

The Group also commenced construction of a new corporate headquarters in February 2022. This project is expected to be completed in February 2023 and the carrying amount at 30 June 2022 was €1,500,000 (31 December 2021: €Nil). The amount of borrowing costs capitalised during the six months ended 30 June 2022 was approximately €151,000 (30 June 2021: €Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 11%, which is the effective interest rate of the specific borrowing. *IAS 23.26(a)* *IAS 23.26(b)*

Contents
Introduction
Directors' report
Consolidated financial statements
Notes
Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

10. Property, plant and equipment *continued*

Assets (other than those classified as held for sale) with a net book value of €1,299,000 were disposed by the Group during the six months ended 30 June 2022 (30 June 2021: €1,410,000), resulting in a net gain on disposal of €53,000 (30 June 2021: €5,000).

See Note 16 for capital commitments.

Commentary

In accordance with IAS 34.15B(d), the Group has disclosed the acquisitions and disposals of property, plant and equipment during the interim period, as they are significant to an understanding of the changes in financial position and financial performance during the interim period.

Entities should consider the impact of climate-related matters on the life of property, plant and equipment. The introduction of legislation or other regulations may, for example, result in a reduction of the economic life of assets, compared to original forecasts. Entities may also need to assess deprecation rates to increase the rate of depreciation of these assets. Furthermore, new legislation may introduce new or stricter obligations to decommission assets and, as a result, may give rise to new or remeasured provisions for decommissioning.

COVID-19 commentary

Many entities will have to assess property, plant and equipment for impairment for the purpose of interim reporting. Entities may need to update their assumptions about the future use of an asset, specifically the remaining useful life and residual values. Property, plant and equipment may be under-utilised or idled for a period, which may lead entities to change plans and require a reassessment of the useful life estimates used in the depreciation calculations. Additionally, a weak economy may affect the residual value of property, plant and equipment that will also need to be included in any estimates of depreciation expense.

11. Inventories

During the six months ended 30 June 2022, the Group wrote down €700,000 (30 June 2021: €567,000) of inventories that had been damaged by flooding. This expense is included in other operating expenses in the statement of profit or loss. The financial loss resulting from the flooding is likely to be covered by the Group's insurance policy. However, as at 30 June 2022, the insurance company's investigations were still ongoing. Consequently, it is not virtually certain that the Group will receive the proceeds under the insurance policy. *IAS 34.15B(a)* *IAS 37.33*

Commentary

In accordance with IAS 34.15B(a), the Group has disclosed the write-down of inventory as it is significant to understanding the financial performance of the Group during the interim period.

COVID-19 commentary

Inventories might need to be written down to their net realisable value because of reduced movement in inventory, lower commodity prices, or inventory obsolescence due to lower-than-expected sales. IAS 2 *Inventories* requires that fixed production overheads are included in the cost of inventory based on normal production capacity. Reduced production might affect the extent to which overheads can be included in the cost of inventory.

12. Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2022 and 31 December 2021: *IAS 34.16A(c)*

	30 June 2022	31 December 2021	
	€000	€000	*IFRS 7.6* *IFRS 7.8*
Debt instruments at amortised cost			
Trade and other receivables	27,374	25,672	
Loan to an associate	253	200	
Loan to directors	10	13	
Debt instruments at fair value through OCI			
Quoted debt instruments	1,809	1,622	
Equity instruments at fair value through OCI			
Non-quoted equity investments	938	1,038	
Financial assets at fair value through profit or loss			
Quoted equity investments	524	337	
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts	1,100	640	
Embedded derivatives	161	210	
Derivatives designated as hedging instruments			
Foreign exchange forward contracts	242	252	
Total	**32,411**	**29,984**	
Total current	**28,127**	**26,223**	
Total non-current	**4,284**	**3,761**	

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

12. Financial assets and financial liabilities *continued*

Set out below is an overview of financial liabilities held by the Group as at 30 June 2022 and 31 December 2021:

	30 June 2022 €000	31 December 2021 €000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	1,073	720
Embedded derivatives	764	782
Derivatives designated as hedging instruments		
Foreign exchange forward contracts	194	170
Commodity futures contract	913	–
Commodity forward contract	–	980
Interest rate swaps	–	35
Financial liabilities at fair value through profit or loss		
Contingent consideration	–	1,072
Financial liabilities at amortised cost		
Trade and other payables	22,385	16,969
Other long-term payable	96	–
Non-current interest bearing loans and borrowings		
Lease liabilities	2,736	2,537
8% debentures	3,274	3,374
8.25% secured loan of USD3,600,000	2,146	2,246
Secured bank loan	4,379	3,479
Other non-current loans		
€2,750,000 bank loan	2,386	2,486
€2,200,000 bank loan	1,978	2,078
Loan from a third-party investor in Fire Equipment Test Lab Limited	2,900	3,000
Convertible preference shares	2,678	2,778
Current interest bearing loans and borrowings		
Lease liabilities	467	434
Bank overdrafts	900	966
Other current loans		
€1,500,000 bank loan	1,392	1,411
Total	**50,661**	**45,517**
Total current	**23,283**	**22,480**
Total non-current	**27,378**	**23,037**

Commentary

The Group determined that financial instruments, in general, and its hedge instruments, in particular, are relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in the interim condensed consolidated financial statements, as per IAS 34.16A(c), to provide an overview of the financial instruments held by the Group.

12. Financial assets and financial liabilities *continued*

Contingent consideration

As part of the purchase agreement with the previous owners of Extinguishers Limited, dated 26 May 2021 (see Note 5), a portion of the consideration was determined to be contingent, based on the performance of the acquired entity. *IFRS 13.93(h)(ii)*

As at 31 December 2021, the key performance indicators of Extinguishers Limited showed that it was highly probable that the target would be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration determined at 31 December 2021 reflected this development, amongst other factors and a fair value adjustment was recognised through profit or loss. At 29 April 2022, a total of €1,125,000 was paid out under this arrangement. A reconciliation of the fair value of the contingent consideration liability is provided below:

	€000	
Initial fair value of the contingent consideration at acquisition date	714	*IFRS 13.93(e)*
Unrealised fair value changes recognised in profit or loss during year ended 31 December 2021	358	*IFRS 13.93(f)*
Financial liability for the contingent consideration as at 31 December 2021	1,072	
Fair value adjustment as at 29 April 2022	53	
Total consideration paid	**1,125**	*IAS 34.16A(i)*

Adjustments to the contingent liability from acquisition on 26 May 2021 to the date it was settled on 29 April 2022 were recognised in the statement of profit or loss. The initial fair value of the consideration of €714,000 was included in cash flows from investing activities, the remainder, €411,000, has been recognised in cash flows from operating activities. The fair value is determined using the discounted cash flow (DCF) method. The fair value of the contingent consideration liability increased due to improved performance of Extinguishers Limited compared to the initial forecast.

Commentary

As required by IAS 34.16A(i), the Group has made disclosures about the contingent consideration liability incurred on the business combination in 2021.

The Group has split the settlement of this contingent consideration liability in the statement of cash flows. The payment of the acquisition date fair value was classified as a cash flow from investing activities, while the additional payment, which was dependent on meeting performance targets was classified as a cash flow from operating activities. Under paragraph 16 of IAS 7 *Statement of Cash Flows*, only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Therefore, cash payments for any contingent consideration in excess of the amount recorded on the acquisition date is not classified as investing activities because that incremental amount was not necessary to obtain control and was not recognised as an asset.

COVID-19 commentary

Entities may obtain additional financing, amend the terms of existing debt agreements or obtain waivers if they no longer satisfy debt covenants. In such cases, they will need to consider the guidance provided in IFRS 9 to determine whether any changes to existing contractual arrangements represent a substantial modification or, potentially, a contract extinguishment, which would have accounting implications in each case. Entities need to determine whether a breach of covenants will require non-current liabilities being reclassified as current liabilities in the interim financial statements.

12. Financial assets and financial liabilities *continued*

Risk management activities

Cash flow hedges for currency risks

During the period, the Group designated foreign currency forward contracts as hedges of highly probable purchases of fixed assets in US dollars (USD) and British pounds sterling (GBP) from suppliers in the United States and the United Kingdom, respectively. The forecast purchases are expected to occur in October and December 2022. *IAS 34.16A(c)*

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contract have fully cash-collateralised the foreign currency forward contracts, and, therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and the Group's own credit risk).

As at 30 June 2022, an unrealised gain of €12,000 relating to the USD forward contracts and an unrealised loss of €18,000 related to the GBP forward contracts are included in other comprehensive income.

Cash flow hedges for copper price risks

In January 2021, the Group entered into a firm commitment to purchase copper in September 2022. In order to reduce the exposure to fluctuations in the copper price, the Group also entered into an exchange-traded copper futures contract. The futures contract is designated in a cash flow hedge of the firm commitment.

The copper futures contract is based on the price of a copper benchmark quality that is different from the copper quality the Group is committed to purchase (i.e., there is basis risk). Consequently, ineffectiveness arises in this hedging relationship. As of 30 June 2022, the fair value of the copper futures contract was €913,000, while the cumulative change in the fair value of the firm commitment from inception amounted to €956,000. As the fair value of the copper futures contract exceeded the cumulative change in the fair value of the firm commitment, the Group recorded a loss for the period of €334,000 in other comprehensive income while ineffectiveness of €43,000 remains unrecognised. The ineffectiveness is due to the basis risk between the copper futures contract and the firm commitment, as well as the change in the Group's own credit risk.

Commentary

The Group's accounting policy is to designate all of the forward contracts as a hedging instrument. Under IFRS 9.6.4(b), an entity may separate the forward element and spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element. In such cases, the forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. Refer to *Good Group (Australia) Limited - Illustrative financial statements for the year ended 31 December 2021* for illustration of this approach.

Hedge of net investments in foreign operations

Included in loans as at 30 June 2022 was a borrowing of US$3,600,000, which is designated as a hedge of the net investments in the United States subsidiaries, Wireworks Inc. and Sprinklers Inc., which have the USD as their functional currency. During the six months ended 30 June 2022, an after tax gain of €192,000 on the translation of this borrowing was transferred to other comprehensive income to offset the losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the period ended 30 June 2022.

Other risk management activities

As a result of its international activities, the Group is exposed to foreign currency risk on part of its sales and purchases. In order to reduce this risk, the Group regularly determines its net exposure to the primary currencies (USD, GBP and Canadian dollar (CAD)) based on its predicted sales and purchases over the next 18 months. The Group then enters into foreign currency forward contracts to hedge those exposures.

For operational reasons, the Group decided not to designate the foreign currency forward contracts as hedge accounting relationships. Consequently, all changes in the fair values of such foreign currency forward contracts are recognised in the statement of profit or loss.

The six months ended 30 June 2022 experienced volatility in the euro exchange rates against the USD and the GBP, resulting in losses on related foreign currency forward contracts recorded in Finance costs. These losses are, to some extent, compensated by higher revenues and lower cost of sales.

12. Financial assets and financial liabilities *continued*

Commentary

The Group determined the risk management activities as relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in the interim financial statements, as per IAS 34.16A(c). These disclosures will vary depending on the nature of the entity.

COVID-19 commentary

Hedging

Under the current circumstances, an entity's transactions may be postponed or cancelled, or occur in significantly lower volumes than initially forecast. If the entity designated such transactions as a hedged forecast transaction in a cash flow hedge, it would need to consider whether the transaction was still a 'highly probable forecast transaction'.

That is, if the COVID-19 pandemic affects the probability of hedged forecast transactions occurring and/or the time period designated at the inception of a hedge, an entity would need to determine whether it can continue to apply hedge accounting to the forecast transaction or a proportion of it, and for continuing hedges whether any additional ineffectiveness has arisen.

If an entity determines that a forecast transaction is no longer highly probable, but still expected to occur, the entity must discontinue hedge accounting prospectively.

If an entity determines that the timing of a forecast transaction has changed, and the cash flows are now expected to occur at a different time than initially forecast, the outcome would depend on the nature of the hedged item and how the hedge relationship was documented and judgement will be needed in considering the appropriate accounting treatment.

If an entity determines that a forecast transaction is no longer expected to occur, in addition to discontinuing hedge accounting prospectively, it must immediately reclassify to profit or loss any accumulated gain or loss on the hedging instrument that has been recognised in other comprehensive income.

12. Financial assets and financial liabilities *continued*

Fair values

Set out below, is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2022 and 31 December 2021: *IAS 34.16A(j)*

	30 June 2022		31 December 2021		
	Carrying amount	Fair value	Carrying amount	Fair value	*IFRS 7.25*
	€000	€000	€000	€000	*IFRS 7.26*
Financial assets					
Loans	263	252	213	209	
Non-quoted equity investments	938	938	1,038	1,038	
Quoted equity investments	524	524	337	337	
Quoted debt instruments	1,809	1,809	1,622	1,622	
Foreign exchange forward contracts in cash flow hedges	242	242	252	252	
Foreign exchange forward contracts	1,100	1,100	640	640	
Embedded derivatives	161	161	210	210	
Total	**5,037**	**5,026**	**4,312**	**4,308**	
Financial liabilities					
Interest bearing loans and borrowings					
Floating rate borrowings	13,181	13,131	12,666	12,616	
Fixed rate borrowings	6,174	5,924	6,374	6,371	
Convertible preference shares	2,678	2,568	2,778	2,766	
Contingent consideration	–	–	1,072	1,072	
Other long-term payable	96	94	–	–	
Derivatives in effective hedges	1,107	1,107	1,185	1,185	
Derivatives not designated as hedges					
Embedded commodity derivatives	–	–	782	782	
Embedded foreign exchange derivatives	764	764	–	–	
Interest rate swaps	–	–	35	35	
Foreign exchange forward contracts	1,073	1,073	685	685	
Total	**25,073**	**24,661**	**25,577**	**25,512**	

Commentary

IAS 34.16A(j) requires the Group to disclose information about the fair values for each class of financial assets and financial liabilities as set out in IFRS 7.25, 26, 28 and 30 in a way that permits it to be compared with its carrying amount. As per IFRS 7.29, fair value disclosures are not required when the carrying amount is a reasonable approximation of fair value (e.g., short-term trade receivables and payables), or for a contract containing discretionary participation features (as described in IFRS 4 *Insurance Contracts*) if the fair value of those features cannot be measured reliably or lease liabilities. The Group does not provide the disclosures required by IFRS 7.28 as the fair values of all the financial assets and financial liabilities recognised during the period were not different from the transaction prices at the date of initial recognition.

12. Financial assets and financial liabilities *continued*

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2022:

		Fair value measurement using		
As at 30 June 2022	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value	**€000**	**€000**	**€000**	**€000**
Derivative financial assets				
Foreign exchange forward contracts – USD	742	–	742	–
Foreign exchange forward contracts – GBP	600	–	600	–
Embedded foreign exchange derivatives – CAD	161	–	–	161
Quoted equity investments				
Power sector	474	474	–	–
Telecommunication sector	50	50	–	–
Financial assets at fair value through OCI				
Non-quoted equity investments				
Power sector	625	–	–	625
Electronics sector	313	–	–	313
Quoted debt instruments				
Euroland government bonds	1,554	1,554	–	–
Corporate bonds – consumer products sector	95	95	–	–
Corporate bonds – technology sector	160	160	–	–
Financial liabilities measured at fair value				
Derivative financial liabilities				
Foreign exchange forward contracts – GBP	1,267	–	1,267	–
Embedded foreign exchange derivatives – USD	764	–	–	764
Commodity futures contract	913	913	–	–

IFRS 13.93(a),(b)
IFRS 13.94

Commentary

IAS 34.16A(j) requires disclosures about fair values of financial instruments as set out in paragraphs 91-93(h), 94-96, 98 and 99 of IFRS 13 *Fair Value Measurement*.

Under IFRS 13.91, an entity is required to disclose information that helps users of the financial statements to assess:

- The valuation techniques and inputs used to develop the fair value measurements for assets and liabilities measured at fair value on a recurring and non-recurring basis after initial recognition
- The effect of fair value measurements on profit or loss or other comprehensive income for recurring fair value measurements using unobservable inputs (Level 3)

To meet this objective, IFRS 13.92 states that an entity needs to consider the level of detail necessary to satisfy the disclosure requirements, how much emphasis to place on each of the various requirements, how much aggregation to undertake and whether users of the financial statements need additional information to evaluate the quantitative information disclosed.

The Group has provided the disclosures required by IAS 34.16A(j) in this section of the notes. The information for the comparative period was not provided as this is available in the annual financial statements for 2021. In addition, certain disclosures, like the description of the valuation processes (IFRS 13.93(g)) and the valuation techniques and the inputs used (IFRS 13.93(d)) have not been provided in this note. These disclosures are also available in the annual financial statements for 2021 and the Group elected to just state in this note that there were no changes during the interim period.

IFRS 13.99 requires an entity to present the quantitative disclosures of IFRS 13 to be included in a tabular format, unless another format is more appropriate. The Group included the quantitative disclosures in a tabular format.

12. Financial assets and financial liabilities *continued*

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy: *IFRS 13.93(e)*

	Non-quoted equity investments		
	Power	Electronics	Total
	€000	€000	€000
As at 1 January 2022	**675**	**363**	**1,038**
Remeasurement recognised in OCI	(125)	(135)	**(260)**
Purchases	95	130	**225**
Sales	(20)	(45)	**(65)**
As at 30 June 2022	**625**	**313**	**938**

	Embedded foreign exchange derivative		Embedded commodity derivative	
	Asset	Liability	Liability	
	CAD	USD	Brass	Chrome
	€000	€000	€000	€000
As at 1 January 2022	**210**	**–**	**600**	**182**
Purchases	–	55	–	–
Sales	(166)	(83)	(57)	(16)
Net unrealised loss recognised in statement of profit or loss	117	792	(543)	(166)
As at 30 June 2022	**161**	**764**	**–**	**–**

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2022. The fair value decrease on financial instruments categorised within Level 3 of €66,000 (31 December 2021: €38,000), was recorded in the statement of profit or loss.

IAS 34.15B(k)
IFRS 13.91(b)
IFRS 13.93(c),(f)
IFRS 13.93(e)(ii)
IFRS 13.93(e)(iv)

Fair value hierarchy

IAS 34.16A(j)
IFRS 13.93(b)

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. *IFRS 13.95*

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period. *IFRS 15.93(b)* *IFRS 13.93(g)*

12. Financial assets and financial liabilities *continued*

Set out below are the significant unobservable inputs to valuation as at 30 June 2022:

IFRS 13.93(d)
IFRS 13.93(h)(i)
IFRS 13.93(h)(ii)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-quoted equity investments power sector	DCF method	Long-term growth rate for cash flows for subsequent years	3.1% - 5.2% (4.2%)	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by €15,000
		Long-term operating margin	5.0% - 12.1% (8.3%)	15% increase/(decrease) in the margin would result in increase/(decrease) in fair value by €20,000
		WACC	11.2% - 14.3% (12.6%)	1% increase/(decrease) in the WACC would result in decrease/(increase) in fair value by €12,000
		Discount for lack of marketability	5.1% - 15.6% (12.1%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Non-quoted equity investments – electronics sector	DCF method	Long-term growth rate for cash flows for subsequent years	4.4% - 6.1% (5.3%)	3% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by €21,000
		Long-term operating margin	10.0% - 16.1% (14.3%)	5% increase/(decrease) in the margin would result in increase/(decrease) in fair value by €11,000
		WACC	12.1% - 16.7% (13.2%)	1% increase/(decrease) in the WACC would result in decrease/(increase) in fair value by €23,000
		Discount for lack of marketability	5.1% - 20.2% (16.3%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Embedded derivative assets	Forward pricing model	Discount on counterparty credit risk	0.02% - 0.05% (0.04%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Embedded derivative liabilities	Forward pricing model	Discount on non-performance risk	0.01% - 0.05% (0.03%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Contents
Introduction
Directors' report
Consolidated financial statements
Notes
Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

13. Cash and short-term deposits

IAS 34.16A(c)

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following: *IAS 7.45*

	30 June 2022	31 December 2021
	€000	**€000**
Cash at bank and in hand	12,323	11,316
Short-term deposits	3,496	5,798
Total cash and short-term deposits	**15,819**	**17,114**
Bank overdraft	(900)	(966)
Cash at bank and in hand attributable to discontinued operations	–	551
Total cash and cash equivalents	**14,919**	**16,699**

Commentary

The interim condensed consolidated financial statements are based on the most recent annual financial statements. The provision of the disclosures required by the relevant standards (in this case, IAS 7) in the interim condensed consolidated financial statements in response to transactions and events occurring after the end of the most recent annual financial statements, is consistent with that premise.

The Group has disclosed the breakdown of the cash and cash equivalent balance as it provides further useful information for the statement of cash flows.

14. Reversal of restructuring provision

As at 31 December 2021, a restructuring provision of €466,000 had been recognised for the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2022 were charged against the provision and the remaining unused amount of €266,000 was reversed and is included within other operating expenses in the statement of profit or loss where the creation of the provision was initially recorded. The reversal arises from contract termination costs being lower than expected. *IAS 34.15B(c)*

15. Share-based payments

In March 2022, 450,000 share options were granted to senior executives under the Senior Executive Plan (SEP). The exercise price of the options of €3.45 was equal to the market price of the shares on the date of grant. The options vest if the Group's basic EPS increases by 10% within three years from the date of grant and the senior executive is still employed on such date. If this increase is not met, the options lapse. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is five years. There is no cash settlement of the options. The fair value of options granted during the six months ended 30 June 2022 was estimated on the date of grant using the following assumptions: *IAS 34.16A(c)*

Dividend yield (%)	3.55
Expected volatility (%)	15.50
Risk-free interest rate (%)	5.15
Expected life of share options (years)	3.75
Weighted average share price (€)	3.45

The weighted average fair value of the options granted during the six months ended 30 June 2022 was €1.35 (year ended 31 December 2021: €1.32).

For the six months ended 30 June 2022, the Group has recognised €203,000 of share-based payment expense in the statement of profit or loss (30 June 2021: €150,000).

15. Share-based payments *continued*

Commentary

In accordance with IAS 34.16A(e), the Group has disclosed the number of share options granted to senior executives for the six months ended 30 June 2022 together with the terms of the options, as this is considered to be a significant event impacting the results for the period and gives an understanding of the impact for future periods. Entities should also update the information on changes to existing plans made in the period if that provides information relevant for understanding the plans.

16. Commitments and contingencies

Legal claims contingency

In March 2022, an overseas customer commenced a legal action against the Group in respect of equipment sold that is claimed to be defective. Should the action against the Group be successful, the estimated loss is €850,000. A trial date has been scheduled for 5 September 2022. The Group has been advised by its legal advisers that it is possible, but not probable, that the customer will succeed. Accordingly, no provision for any liability has been made in these financial statements. *IAS 34.15B(m)*

Commitments

At 30 June 2022, the Group had capital commitments of €1,610,000 (31 December 2021: €2,310,000) relating to the completion of the operating facilities of Sprinklers Inc. and commitments of €300,000 (31 December 2021: €310,000) in relation to the trade purchase commitments by the joint venture in which the Group holds an interest. *IAS 34.15B(e)*

17. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2022 and 2021, as well as balances with related parties as at 30 June 2022 and 31 December 2021: *IAS 34.15B(j)*

		Sales to related parties €000	Purchases from related parties €000	Amounts owed by related parties €000	Amounts owed to related parties €000
Entity with significant influence over the Group					
International Fires P.L.C.	2022	3,382	–	412	–
	2021	3,620	–	320	–
Associate					
Power Works Limited	2022	1,380	–	865	–
	2021	1,458	–	980	–
Joint venture in which the parent is a venturer					
Showers Limited	2022	–	327	–	75
	2021	–	285	–	20
Key management personnel of the Group					
Other directors' interests	2022	132	270	6	18
	2021	–	220	15	7

Contents Introduction Directors' report Consolidated financial statements Notes Directors' Declaration
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

17. Related party disclosures *continued*

For loans to directors, see Note 12. The following table provides the interest received during the six months ended 30 June 2022 and 2021, as well as the loans outstanding from related parties as at 30 June 2022 and 31 December 2021:

Loans to related parties		Interest received	Amounts owed by related parties
Associate		**€000**	**€000**
Power Works Limited	2022	27	431
	2021	10	200
Key management personnel of the Group			
Directors' loans	2022	1	6
	2021	1	13

18. Distributions made and proposed

IAS 34.16A(h)
IAS 34.16A(f)

Cash dividends to the equity holders of the parent	For the six months ended 30 June 2022	2021
	€000	**€000**
Dividends on ordinary shares declared and paid		
Final dividend for 2021: 5.01 cents per share (2020: 5.66 cents per share)	1,087	1,082
Proposed dividends on ordinary shares		
First dividend for 2022: 4.60 cents per share (2021: 4.10 cents per share)	1,004	890

The proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 30 June 2022. The 2022 proposed dividend was approved on 1 August 2022.

One of the Group's subsidiaries, Extinguishers Limited, issued cash dividends during the six months ended 30 June 2022 and 2021. The amount paid/received within the Group was eliminated on consolidation and the amounts paid to non-controlling interests were €12,000 and €20,000, respectively.

19. Events after the reporting period

IAS 34.16A(h)

On 15 July 2022, a customer commenced an action against the Group in respect of inventory that it claims to be defective. Should the action against the Group be successful, the estimated loss is €550,000. However, a trial date has not yet been set. The Group has been advised by its legal counsel that, at the date of authorisation of these interim financial statements, it is not practicable to determine the likelihood of the outcome of the action or state the timing of the payment, if any.

COVID-19 commentary

Although the negative impact of COVID-19 pandemic is gradually declining it may still significantly affect companies and economies. Entities need to assess if they are affected, or expect to be impacted, by developments after the end of their reporting period. A critical judgement and evaluation management needs to make is whether and, if so, what these events provide of evidence of conditions that existed at the end of the reporting period for the entity's activities or their assets and liabilities.

If management concludes an event is a non-adjusting event, but the impact of it is material, the entity is required by IAS 34.16A(h) to disclose the nature of the event and an estimate of its financial effect unless it is impractical to do so.

Areas that an entity should consider disclosing in its subsequent events note may include:

- The measures taken to mitigate the impact of the COVID-19 pandemic and to continue operations
- That the entity continues to monitor the COVID-19 pandemic situation and will take further action as necessary in response to the economic disruption
- Any issuance of debt or equity or refinancing undertaken after reporting. Entities should disclose any amendments or waivers of covenants agreed by lenders to accommodate COVID-19 related concerns
- Reorganisations to reduce the impact of the COVID-19 pandemic and whether any disposals of business units have been decided
- The impact of the subsequent restrictions imposed by governments that caused disruption to businesses and economic activity and the expected effects on revenue and operations
- Any decisions made to suspend or alter dividends made after considering the inherent uncertainty surrounding the financial impact of the COVID-19 pandemic
- Whether the COVID-19 outbreak may continue to cause disruption to economic activity and whether there could be further adverse impacts on revenue and other aspects of the business.

Directors' declaration

CA 303(4)

In accordance with a resolution of the directors of Quality Holdings (Australia) Limited, I state that: *CA 303(5)(a)*

In the opinion of the directors:

CA 303(4)(d)

(a) the interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and *CA 303(4)(d)(i)*

CA 303(4)(d)(ii)

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. *CA 303(4)(c)*

On behalf of the board

Frank Canuck

F. Canuck *CA 303(5)(c)*
Director

9 August 2022 *CA 303(5)(b)*

Key IFRS contacts:

Frank Palmer
Partner - Ernst & Young Australia
EY Oceania IFRS leader
Tel: +61 2 8295 6264
frank.palmer@au.ey.com

Melbourne
Georgina Dellaportas
Associate Partner
Ernst & Young Australia
Tel: +61 3 9288 8621
georgina.dellaportas@au.ey.com

Vincent Sheehan
Partner
Ernst & Young Australia
Tel: +61 3 9655 2941
vincent.sheehan@au.ey.com

Michael Van Houten
Partner
Ernst & Young Australia
Tel: +61 3 9655 2705
michael.vanhouten@au.ey.com

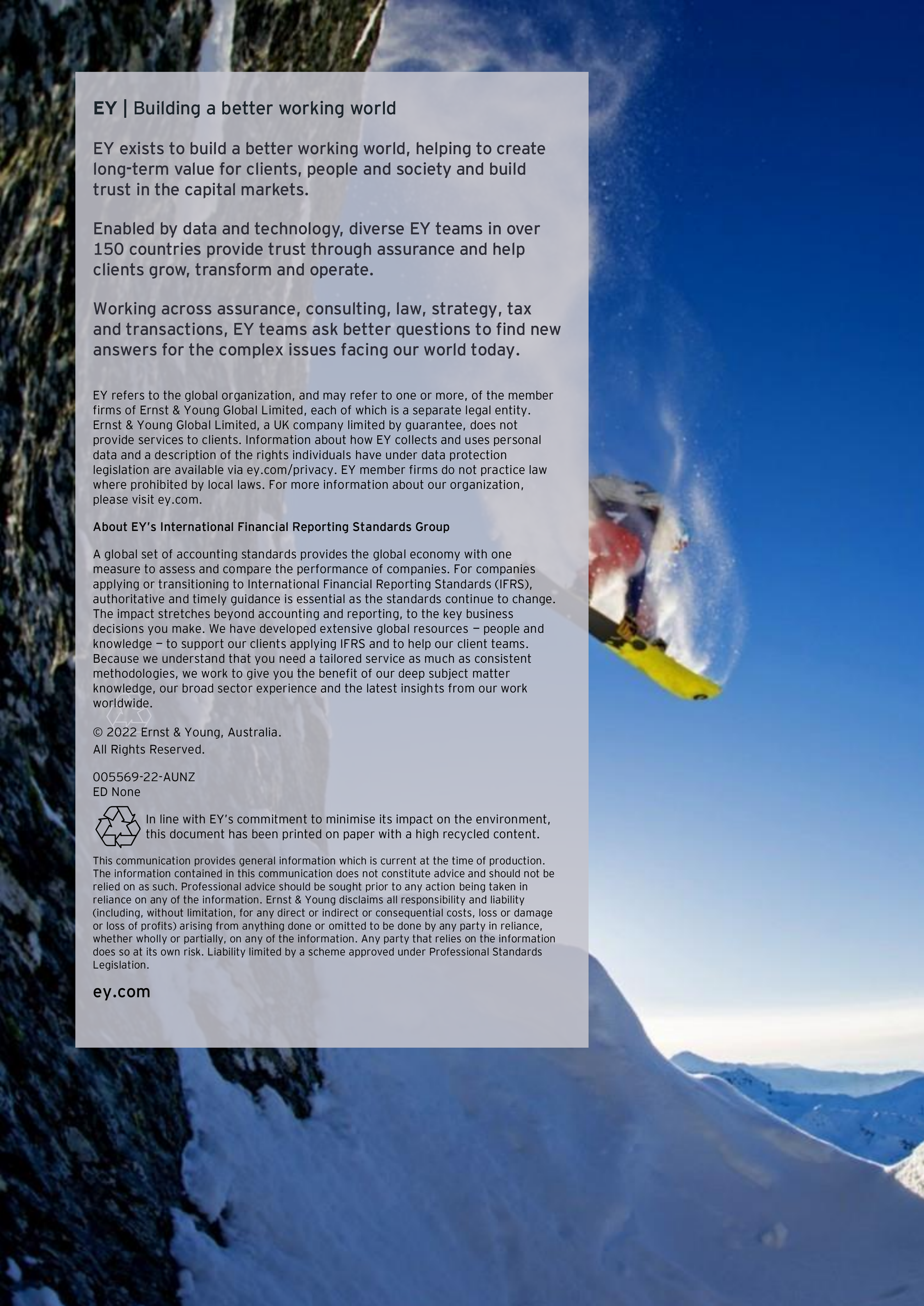
Perth
Dennis Esterhuizen
Associate Partner
Ernst & Young Australia
Tel: +61 8 9217 1121
dennis.esterhuizen@au.ey.com

John Virgo
Partner
Ernst & Young Australia
Tel: +61 8 9429 2206
john.virgo@au.ey.com

Sydney
Anne-Marie Hyde
Associate Partner
Ernst & Young Australia
Tel: +61 2 9248 5537
anne-marie.hyde@au.ey.com

Clare Jassal
Partner
Ernst & Young Australia
Tel: +61 2 9276 9667
clare.jassal@au.ey.com

Melissa Sim
Partner
Ernst & Young Australia
Tel: +61 2 9276 9965
melissa.sim@au.ey.com



EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

About EY's International Financial Reporting Standards Group

A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting, to the key business decisions you make. We have developed extensive global resources — people and knowledge — to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide.

© 2022 Ernst & Young, Australia.
All Rights Reserved.

005569-22-AUNZ
ED None

In line with EY's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

This communication provides general information which is current at the time of production. The information contained in this communication does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. Ernst & Young disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk. Liability limited by a scheme approved under Professional Standards Legislation.

ey.com