

18/01/2016

DECISION

Trig Social Media AB (publ)
via the Chairman of the Board of Directors
Box 1268
131 28 Nacka Strand

FI Ref. 15-12534



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Caution and administrative fine

Finansinspektionen's decision (to be announced 19 January 2016 at 8:00 a.m.)

1. Finansinspektionen is issuing Trig Social Media AB (publ) (556788–2807) a caution.
(Chapter 25, section 22 of the Securities Market Act [2007:528])
2. Trig Social Media AB shall pay an administrative fine of SEK 300,000.
(Chapter 25, section 23 of the Securities Market Act)

To appeal the decision, see *Appendix 1*.

Summary

Trig Social Media AB (publ) (hereafter Trig or the Company) is a Swedish limited liability company whose shares are admitted for trading on a regulated market operated by the Frankfurt Stock Exchange. The Company is thereby subject to Finansinspektionen's accounting supervision in accordance with the Securities Market Act (2007:528). Finansinspektionen conducted an investigation of the interim report for the period 1 January–30 June 2015 published by Trig on the Frankfurt Stock Exchange's website. During this investigation, it was determined that Trig had not fulfilled a number of requirements in the provisions regarding financial information that apply to the preparation of the Company's interim report.

The provisions Trig had disregarded are important for investors and other stakeholders to be able to assess the company's financial position and performance during the interim period. The breaches cannot be considered to be minor or excusable. Trig is therefore being issued a caution. The breaches are of such a serious nature that the caution shall include an administrative fine.

1 Background

1.1 About Trig

Trig is a Swedish limited liability company. Its shares have been admitted for trading since 18 September 2014 on the regulated market operated by Börse Frankfurt (Frankfurt Stock Exchange), which is a regulated market in accordance with the provisions set out in Chapter 5, section 20 of the Securities Market Act.

Trig's operations are based around an app called Trig Money. The app is free and available for anyone to download and install on a computer or mobile telephone. Once installed, the app registers all purchases made online at companies connected to Trig's network. The connected companies pay Trig a commission, which Trig shares with its users. The business had been run through the subsidiary Trig Entertainment AB, which was acquired by Trig on 28 March 2014. The subsidiary entered into bankruptcy on 28 September 2015 after having undergone restructuring since the end of July 2015.

At the time of its IPO Trig had around 440 shareholders. On 20 October 2015, according to the share register there were 102 shareholders. According to Trig's annual report, for the period July 2013–December 2014 total sales for the period were EUR 412,970 and the annual sales for the 2014 calendar year were EUR 394,916.

1.2 Case

Trig is subject to the supervision exercised by Finansinspektionen pursuant to Chapter 23, section 1, fourth paragraph of the Securities Market Act with the aim of ensuring that the provisions regarding periodic financial information in Chapter 16 of the same Act are met.

As part of this supervision, at the beginning of June 2015 Finansinspektionen opened an investigation into Trig's annual report for the period July 2013–December 2014. In conjunction with this investigation, a number of observations were made that were presented to the company in June 2015. During a telephone meeting held between Finansinspektionen and Trig on 31 August 2015, the Company said it had once again reviewed the figures in its annual report and discovered errors after the report had been published. The Company was therefore going to correct the corresponding figures in the interim report for the first six months of 2015. It also was determined that the observations made by Finansinspektionen and presented to the Company in conjunction with the investigation of the annual report had not been taken into consideration in the interim report. The interim report for the first six months of 2015 was published on 7 September 2015 on Frankfurt Stock Exchange's website.

Following a general review of the interim report, Finansinspektionen was able to determine that many relatively large changes had been made to the figures for 2014 and that the information presented in the interim report contained a number

of obvious deficiencies. Finansinspektionen therefore decided to open an investigation into the interim report.

The aim of Finansinspektionen's investigation was to investigate whether Trig had followed the provisions set out in Chapter 16 of the Securities Market Act regarding periodic financial information. During its investigation, Finansinspektionen used the information published on the regulated market where the Company's shares are admitted for trading, i.e. the interim report for the period 1 January–30 June 2015, which was published on Frankfurt Stock Exchange's website on 7 September 2015. On 13 November, Finansinspektionen was able to determine that there were two other versions of the interim report for the same period on Trig's website, one in English and one in Swedish, each with differing figures. Neither of these two versions was the same as the one published on Frankfurt Stock Exchange's website.

On 5 October 2015, Trig was given the opportunity to comment on the observations and preliminary assessments made by Finansinspektionen. The Company provided its response on 30 October 2015. In its response, Trig said that it was going to publish a corrected report.

On 14 December 2015, Trig published a new version of its interim report on its website. In its press release, the Company said that the new version contained corrections of previous errors.

The new version of the interim report has not been reviewed by Finansinspektionen, FI's observations are based on the information available during the period 7 September–14 December 2015 on the regulated market where Trig's shares have been admitted for trading. In other words, Finansinspektionen has not checked if the errors in the published report were actually corrected. In its response, Trig essentially referred to that it intended to correct the errors in a pending new version of the interim report. However, it is Finansinspektionen's opinion that there are sufficient grounds for considering intervention against Trig since the original interim report was published and available to investors and other stakeholders for more than three months.

2 Applicable provisions

According to Chapter 16, section 1 of the Securities Market Act, the provisions set forth by the act that refer to periodic financial information apply to an issuer that has Sweden as its home Member State and whose transferable securities are admitted for trading on a regulated market. According to Chapter 16, section 5, an issuer of shares shall publish an interim report no later than two months after the end of the reporting period. Article 4 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards (the IAS Regulation) states that such a firm shall prepare its consolidated accounts in accordance with the international accounting standards (IAS) adopted in line with the regulation. For issuers domiciled in Sweden, the Annual Accounts Act (1995:1554) shall also apply. Chapter 9, section 5 of the Annual Accounts Act states that a firm subject to the IAS

Regulation shall apply the international accounting standards adopted in accordance with the regulation even with regard to interim reports.

The international accounting standards IAS 1 Presentation of Financial Statements and IAS 34 Interim Financial Reporting were adopted, together with a number of other standards, by the Commission pursuant to the IAS Regulation through Commission Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council. After a considerable number of changes, the consolidated versions of IAS were adopted again through Commission Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The provisions set out in IAS 1 (IAS 1.1–140) and IAS 34 (IAS 34.1–54) shall thus be applied to information relating to the Group that shall be published in accordance with Chapter 16 of the Securities Market Act.

The complete wording of applicable provisions regarding periodic financial information is available in *Appendix 2*.

3 Finansinspektionen's opinion

3.1 Starting points for the review

According to IAS 1.9, the purpose of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. When preparing financial statements, one of the standards the entity must apply is IAS 1.31. IAS 1.31 prescribes that an entity need not provide a specific disclosure required by an international accounting standard if the information is not material. The part of the investigation of Trig's interim report that targeted deviations from international accounting standards has therefore only focused on deviations that were material. The term "material" is defined in IAS 1.7, where it states that "omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements".

3.2 Obvious errors, IAS 1.15

IAS 1.15 states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity, and provide a faithful representation of the effects of transactions, other events and conditions.

During its review of Trig's interim report, Finansinspektionen identified a number of obvious errors. One such error is that the comparative figures as at 31 December 2014 that are presented in the interim report's consolidated balance sheet are not correct. There is a difference of EUR 274,318 between the total assets and the total liabilities and equity. Since a correctly prepared balance sheet should not have such a difference, the comparative figures must be incorrect.

In the interim report's statement of changes in equity, a closing balance of EUR 79,532 is reported as at 31 December 2014. The "Equity" item in the consolidated balance sheet's comparative figures at 31 December 2014 is EUR 337,732. These amounts should be the same since they are reporting the same item at the same point in time.

Another obvious error is that the cash flow statement for the comparative period July 2013–December 2014 provides an amount for "Cash at the end of the period" that does not match the amount of "Cash and bank balances" in the consolidated balance sheet at 31 December 2014. In the cash flow statement for the period January–June 2015, the item "Cash at the beginning of the period" is reported to be EUR 109,242 instead of EUR 55,231, which is the amount from the consolidated balance sheet that should be the opening balance. Furthermore, an arithmetical verification of the explanations for the cash flow during the interim period in question as presented in the interim report totals EUR 1,969,018 instead of the cash flow of EUR 115,854 as reported for the period. These unreconcilable amounts between the cash flow statement and the consolidated balance sheet's comparative figures and the difference between the arithmetical verification and the reported amount of the cash flow for the year demonstrate that the report contains incorrect amounts.

Trig conceded in its response that the report contains clear deficiencies and explained that the errors were due to the report not being carefully reviewed.

Finansinspektionen notes that, for the points reported above, Trig's interim report does not account for the effects of transactions, other events and conditions in a correct way. Finansinspektionen judges the errors to be material. This means that the report does not fairly present the financial position, financial performance and cash flows of the firm. The report therefore does not fulfil the requirements set out in IAS 1.15.

3.3 Comparative figures from prior periods, IAS 1.15

IAS 34.20(a) states that an interim report shall contain a report of the financial position as at the end of the current interim period and a comparative statement for the immediately preceding financial year. IAS 34.20(b) states that the interim report shall also contain statements of profit or loss and other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparative statements of profit or loss and other comprehensive income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year.

In order for the comparative information to fulfil the requirement of providing a fair presentation in accordance with IAS 1.15, the comparative figures must be correct. If an amount has been corrected due to errors in prior periods, according to IAS 34.15B(g) disclosure of the correction must be provided if the change is significant.

In Trig's interim report, the comparative figures as at 31 December 2014 in the consolidated balance sheet do not reconcile with the amounts published in the

annual report. A majority of the items and all of the subtotals for the consolidated balance sheet's comparative year have been changed. For example, "Cash and bank balances" decreased by 50 per cent and "Total equity" increased by more than 300 per cent. No disclosures are provided about the changes that were made.

Furthermore, all of the figures in the consolidated income statement for the comparative period January–June 2014 were changed significantly compared to previously published information and no comments were provided. For example, Trig previously presented net sales of EUR 100,533 and earnings of EUR -764,303, compared to net sales of EUR 46,481 and earnings of EUR -217,468 for this comparative period in the interim report.

During a telephone meeting in August 2015, Trig reported that the company had reviewed the figures in its annual report again after it had been published and the interim report would therefore contain a number of corrections. However, Finansinspektionen was not able to find in the interim report any such disclosures that must be provided in accordance with IAS 34.15 B(g) regarding correction of errors in prior periods. In its written response, Trig instead said that the comparative figures in the interim report were taken from an incorrect report and the correct amounts are those that were reported in the company's annual report as at 31 December 2014. Finansinspektionen takes the position that the comparative figures in the interim report are incorrect because they do not agree with previously published figures and because it is not possible to explain this lack of reconciliation by saying that the amounts were corrected because the previously published figures were incorrect. Finansinspektionen judges the deviations to be material, which means that the interim report does not fulfil the requirement of a fair presentation in accordance with IAS 1.15 on this point, either.

3.4 Statement of changes in equity, IAS 34.20(c)

According to IAS 34.20(c), an interim report shall contain a statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable period of the immediately preceding financial year. This information is missing in the statement of changes in equity that is presented in Trig's interim report.

In its response, Trig explained that as a result of the time-sensitive deadline and ambiguities regarding areas of responsibility some parts of the mandatory reports and accompanying notes failed to be included in the interim report. It is the opinion of Finansinspektionen that the missing information represented a material part of the interim report and thus the statement was not prepared in accordance with IAS 34.20(c).

3.5 Information regarding significant events and transactions, IAS 34.15 and 34.16A(c)

According to IAS 34.15, the interim report shall include 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. IAS 34.16A(c) states that information shall be provided about items that are unusual because of their nature, size or incidence.

In the income statement in Trig's interim report, "Financial items, net" has a positive balance of EUR 2,082,724. The corresponding figures for the comparative periods are smaller, negative amounts that refer to interest rates and exchange rate differences. "Other external costs" amounts to EUR -2,136,345, while the same item for the comparative periods amounts to EUR -149,201 for the period January–June 2014 and to EUR -2,832,613 for the period June 2013–December 2014.

Despite the major changes in these figures, Trig did not provide any information about why they have changed so significantly compared to prior periods or to what they refer. In its response, the Company stated that it agrees that more detailed notes are necessary to provide a fair presentation. Finansinspektionen believes that the deficiencies make it very difficult for a user of the interim report to gain an understanding of what lies behind the amounts and their changes, and thus of the Company's financial position and performance during the period. Finansinspektionen judges the deviations to be material and that Trig thereby disregarded the provisions set out in IAS 34.15 and 34.16A(c) when preparing its interim report.

3.6 Information regarding the parent company, Chapter 9, section 5, second paragraph, point 3 of the Annual Accounts Act

Chapter 9, section 5 of the Annual Account Act states that a firm subject to the IAS Regulation with regard to interim reports shall apply only some of the provisions in Chapter 9 of the Annual Accounts Act. Among the provisions that such a firm shall apply are Chapter 9, section 3, first–fourth paragraphs of the Act governing the interim report's content in respect of information about the parent company. This is set out in Chapter 9, section 5, second paragraph, point 3 of the Annual Accounts Act. Trig's interim report only contains information about the Group. There is no information about the parent company.

In its response, Trig explained that the absence of information about the parent company was because the interim report that Finansinspektionen received was a draft and did not agree with the report that the company published on its website.

Finansinspektionen noted on 13 November 2015 that there were two different versions of the interim report on Trig's website, neither of which agreed with the version that was published on the Frankfurt Stock Exchange's website together with a press release on 7 September 2015. Finansinspektionen's investigation, as stated above, relates to the interim report that was published on the Frankfurt Stock Exchange's website. The interim report contains no information about the parent company, which means that the interim report has not been prepared in accordance with Chapter 9, section 5, second paragraph, point 3 of the Annual Accounts Act.

3.7 Auditor's report, Chapter 9, section 6 of the Annual Accounts Act

If an interim report has been reviewed by an auditor, the auditor's report shall be appended to the interim report in accordance with Chapter 9, section 6 of the Annual Accounts Act. In the interim report, Trig states that the auditor has reviewed the report, but no report from the auditor was appended. Since the report from the auditor was not appended the interim report does not fulfil the requirement in Chapter 9, section 6 of the Annual Accounts Act.

4 Consideration of intervention

4.1 Applicable provisions

If the periodic financial information referred to in Chapter 16, sections 4–7 of the Securities Market Act has not been prepared in accordance with the provisions that apply to the issuer, Finansinspektionen, in accordance with Chapter 25, section 22 of the Securities Market Act, shall issue a caution to the issuer of the transferable security. However, a caution shall not be issued if the breach is minor or excusable or if the stock exchange or regulated market in another country within the EEA takes sufficient measures against the issuer.

If an issuer is issued a caution, Finansinspektionen, in accordance with Chapter 25, section 23 of the Securities Market Act, may decide that the issuer shall pay an administrative fine. The administrative fine shall be a minimum of SEK 50,000 and a maximum of SEK 10 million.

4.2 Assessment of the breaches and choice of intervention

During its investigation, Finansinspektionen identified that Trig had not fulfilled a number of the provisions regarding periodic financial information that apply to the Company when preparing its interim report.

According to Finansinspektionen, Trig's interim report contains deviations of such a material nature that the interim report does not provide users with the information they need to understand and assess the firm's financial position and performance during the period. The report thereby does not fulfil the primary objective of the periodic financial information.

According to Finansinspektionen, the deficiencies in Trig's interim report are of such a material nature that the breaches cannot be considered to be minor. In its response, Trig explained that the deficiencies were due to several changes within the firm while the interim report was being prepared and there were a great many misunderstandings regarding who was responsible for different areas of information, which resulted in several mistakes. Finansinspektionen does not believe that this explanation excuses the breaches. There has also been no indication that a stock exchange or regulated market in another country within the EEA has taken sufficient measures against the Company. Finansinspektionen is therefore issuing Trig a caution.

Because of the large number of deviations in the interim report and because they are so extensive in nature that the objective of the interim report has not been fulfilled, Finansinspektionen believes that the caution should be accompanied by an administrative fine. The administrative fine shall primarily be viewed as a gradation of the firm's breach of the regulations. When determining the size of the administrative fine, Finansinspektionen has taken into consideration Trig's net sales and the nature of the breaches. Finansinspektionen also took into consideration that Trig, at least up until the publication by the company on 14 December 2015 of an interim report it considers to be correct, informed the market about neither the deficiencies in the interim report nor that a corrected interim report would be published. Finansinspektionen believes that the administrative fine should be set at SEK 300,000.

The administrative fine, which is paid to the State, will be invoiced by Finansinspektionen after the decision has entered into force.

FINANSINSPEKTIONEN

Sven-Erik Österberg
Chair of the Board

Carl Sehlin
Legal Counsellor

A decision in this matter was made by the Board of Directors of Finansinspektionen (Sven-Erik Österberg, Chair, Anna Pettersson Westerberg, Sonja Daltung, Astri Muren, Hans Nyman, Gustaf Sjöberg and Erik Thedéen, Director General) following a presentation by Legal Counsellor Carl Sehlin. Per Håkansson (Chief Legal Counsel), Marie Jespersen (Department Director) and Accounting Expert Helene Grenmark also participated in the final procedure.

Appendices

Appendix 1 – How to appeal

Appendix 2 – Applicable provisions

CC: Managing Director of the Company

ACKNOWLEDGEMENT OF RECEIPT



FI Ref. 15-12534

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Caution and administrative fine

Document:

Decision regarding the caution and administrative fine issued to Trig Social Media AB (publ) on 19 January 2016

I have been furnished with the document on this day.

..... DATE SIGNATURE
 NAME IN PRINT
 NEW ADDRESS, IF APPLICABLE

This receipt shall be returned to Finansinspektionen **immediately**. If the receipt is not returned, the acknowledgement may be distributed by other means, e.g. via a bailiff.

If you use the enclosed envelope, postage is free.

Do not forget to **state the date** of receipt.

How to appeal

It is possible to appeal the decision if you consider it to be erroneous by writing to the Administrative Court. Address the appeal to the Administrative Court in Stockholm, but send or submit the appeal to Finansinspektionen, Box 7821, 103 97 Stockholm.

State the following in the appeal:

- Name and address
- The decision you are appealing and the reference number
- Why you believe the decision is incorrect
- The change you would like to see enacted and why you believe the decision should be changed.

Remember to sign the document.

The appeal must have been received by Finansinspektionen within three weeks of the day you received the decision.

Finansinspektionen forwards the appeal to the Administrative Court in Stockholm if it arrived on time and if Finansinspektionen does not change the decision in the way you have requested.

Applicable provisions

Chapter 16 of the Securities Market Act (2007:528)

Section 1 The provisions in this chapter apply to an issuer who has Sweden as its home Member State and whose transferable securities are admitted for trading on a regulated market.

Special provisions regarding issuers who do not have a registered office in a state within the EEA area are set out in sections 11 and 11a.

An issuer who does not have Sweden as its home Member State, if the issuer's transferable securities following an application by the issuer are admitted for trading on a regulated market in Sweden, shall publish periodic financial information in accordance with the public regulation in the issuer's home Member State within the EEA pursuant to the transparency directive. Act (2009:572).

Section 5 An issuer of shares or bonds or other transferable debt instruments that are not of the type set out in Chapter 18, section 2, first paragraph, point 1 shall publish an interim report for the first six months of the financial year (semi-annual report). The semi-annual report shall be published as quickly as possible and no later than two months after the end of the reporting period.

Section 8 For issuers with a registered office in Sweden there are provisions regarding annual reports, consolidated reports and interim reports in the Annual Accounts Act (1995:1554), Annual Accounts Act for Credit Institutions and Securities Firms (1995:1559) and the Annual Accounts Act for Insurance Undertakings (1995:1560).

With respect to consolidated accounting, Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, also applies.

Chapter 9 of the Annual Accounts Act (1995:1554)

Section 3 The interim report shall consist of

1. a condensed balance sheet,
2. a condensed income statement,
3. notes, and
4. interim information.

The balance sheet and income statement as a minimum shall contain the headings and subtotals reported in the most recent annual report. The same principles shall be applied to the accounting and measurements that were applied when the annual report was prepared.

The notes shall contain information about significant changes in amounts during the current period.

Interim information shall contain information about events that are of material significance to understand the development in the firm's position and performance and a description of the material risks and uncertainty factors facing the firm. The interim information shall also contain information about transactions with closely related parties that had a material impact on the firm's position and performance.

In the interim report, a parent company, in addition to the information about the parent company, shall provide information for the group corresponding to that set out in the first – fourth paragraphs.

Section 5 A firm subject to Article 4 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July on application of international accounting standards, with regard to interim reports, shall apply Commission Regulation (EC) No 1725/2003 of 29 September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

A firm referred to in the first paragraph shall apply only the following provisions in this chapter:

1. section 1, third paragraph regarding language and form,
2. section 2, regarding supply of interim reports, etc.,
3. section 3, first–fourth paragraphs regarding the content of the interim report for information about the parent company, and
4. section 5, review by auditors.

In the interim report the firm shall also provide a description of material risks and uncertainty factors facing the firms included in the group.

Section 6 If an interim report was reviewed by an auditor, the auditor's report shall also be appended to the interim report.

If the interim report is not reviewed by an auditor, this shall be stated in the report.

Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards

Article 2 Definitions: For the purpose of this Regulation, “international accounting standards” shall mean International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB).

Article 4 For each financial year starting on or after 1 January 2005, companies governed by the law of a Member State shall prepare their consolidated accounts in conformity with the international accounting standards adopted in accordance with the procedure laid down in Article 6(2) if, at their balance sheet date, their securities are admitted to trading on a regulated market of any Member State within the meaning of Article 1(13) of Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field(9).

Commission Regulation (EC) No 1725/2003 of 29 September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council

Article 1 The international accounting standards set out in the Annex are adopted.

Annex (excerpt) International accounting standards:
IAS 1: Presentation of Financial Statements (revised 1997)
IAS 34: Interim financial reporting (1998)

Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council

Article 1 The international accounting standards, as defined in Article 2 of Regulation (EC) No 1606/2002, shall be adopted as set out in the Annex hereto.

Annex (excerpt) International accounting standards:
IAS 1 Presentation of financial statements
IAS 34 Interim financial reporting

International accounting standards

IAS 1.7 (excerpt) The following terms are used in this Standard with the meanings specified:

- *Material*: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence economic decisions of user, and so be material, requires consideration of the characteristics of those users. The *Framework for the Preparation and Presentation of Financial Statements* states in paragraph 25 that ‘users are assumed to have a reasonable knowledge

of business and economic activities and accounting and a willingness to study the information with reasonable diligence'. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

IAS 1.9 Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's

- a) assets;
- b) liabilities;
- c) equity;
- d) income and expenses, including gains and losses;
- e) contributions by and distributions to owners in their capacity as owners; and
- f) cash flows.

This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

IAS 1.15 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

IAS 1.31 An entity need not provide a specific disclosure required by an IFRS if the information is not material.

IAS 34.15 An entity shall 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. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.

IAS 34.15B The following is a list of events and transactions for which disclosures would be required if they are significant: the list is not exhaustive.

- a) the write-down of inventories to net realisable value and the reversal of such write-downs;

- b) recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss;
- c) the reversal of any provisions for the costs of restructuring;
- d) acquisitions and disposals of items of property, plant and equipment;
- e) commitments for the purchase of property, plant and equipment;
- f) litigation settlements;
- g) corrections of prior period errors;
- h) changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
- i) any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period;
- j) related party transactions;
- k) transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments;
- l) changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and
- m) changes in contingent liabilities or contingent assets.

IAS 34.16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information in the notes to its interim financial statements, if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis.

- a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.
- b) explanatory comments about the seasonality or cyclicity of interim operations.
- c) the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.
- d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
- e) issues, repurchases and repayments of debt and equity securities.
- f) dividends paid (aggregate or per share) separately for ordinary shares or other shares.
- g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):
 - i. revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision

- maker or otherwise regularly provided to the chief operating decision maker.
- ii. intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker.
 - iii. a measure of segment profit or loss.
 - iv. a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
 - v. a description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.
 - vi. a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation.
- h) events after the interim period that have not been reflected in financial statements for the interim period.
 - i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by IFRS 3 *Business Combinations*.
 - j) for financial instruments, the disclosures about fair value required by paragraphs 91–93 (h), 94–96, 98 and 99 of IFRS 13 *Fair Value Measurement* and paragraphs 25, 26 and 28–30 of IFRS 7 *Financial Instruments: Disclosures*.
 - k) for entities becoming, or ceasing to be, investment entities, as defined in IFRS 10 *Consolidated Financial Statements*, the disclosures in IFRS 12 *Disclosure of Interests in Other Entities* paragraph 9B.

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

- a) statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.
- b) statements of profit or loss and other comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparative statements of profit or loss and other comprehensive income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year. As permitted

by IAS 1 (as amended in 2011), an interim report may present for each period a statement or statements of profit or loss and other comprehensive income.

- c) statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- d) statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.