Homag Danmark A/S

Hjaltevej 12, 8464 Galten
CVR-nr. 55 92 20 12

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 30 June 2025

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Christian Pedersen

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Company Details

Company	Homag Danmark A/S Hjaltevej 12 8464 Galten	
	CVR No.:	55 92 20 12
	Established:	25 February 1976
	Municipality:	Skanderborg
	Financial Year:	1 January - 31 December
Board of Directors	Frieder Georg Schuler, chairman Christian Gramkow Pedersen Steffi Jenny Herrmann	
Executive Board	Christian Gramkow Pedersen	
Auditor	Deloitte Statsautoriseret Revisionspartnerskab Værkmestergade 2, 18. 8000 Aarhus C.	

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Homag Danmark A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Skovby, 30 June 2025

Executive Board

_____
Christian Gramkow Pedersen

Board of Directors

_____	_____	_____
Frieder Georg Schuler Chairman	Christian Gramkow Pedersen	Steffi Jenny Herrmann

Independent Auditor's Report

To the Shareholder of Homag Danmark A/S

Opinion

We have audited the Financial Statements of Homag Danmark A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark *will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.*

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:*

- *Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.*

- *Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

- *Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Independent Auditor's Report

Aarhus C., 30 June 2025

Deloitte Statsautoriseret Revisionspartnerskab
CVR no. 33 96 35 56

Chris Middelhede
State Authorised Public Accountant
MNE no. mne45823

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Gross profit/loss	17,223	28,617	29,918	32,191	31,200
Operating profit/loss of main activities	-6,467	4,049	6,115	9,403	7,062
Financial income and expenses, net	-8,662	-5,551	-1,970	-2,084	-485
Profit/loss for the year before tax	23,871	1,863	21,134	41,925	6,577
Profit/loss for the year	27,160	2,153	20,194	40,301	5,119
Balance sheet					
Total assets	326,467	276,682	269,420	255,673	220,725
Equity	105,744	78,584	76,431	56,237	15,936
Cash flows					
Investment in property, plant and equipment	-217	-460	-646	-966	-333
Key ratios					
Return on equity	29.5	2.8	30.4	111.7	31.3

The ratios stated in the list of key figures and ratios have been calculated as follows:

Return on equity: $\frac{\textit{Profit/loss after tax x 100}}{\textit{Average equity}}$

Management Commentary

Principal activities

The company's principal activities continue to be deliveries of both complete machine lines and stand-alone machines. The activities include sale of both new and used machines. In addition, there are considerable activities in the form of service, software, repair, and sale of spare parts. The company's main area is Denmark and the activities are primarily aimed at the wood, furniture, and plastics industries.

The company is primarily engaged in sale of the HOMAG Group's products. Moreover, the company works with a number of suppliers of complementary products, so that the company's role as total supplier of machines and systems is maintained and expanded. Thus, we have today a product range of very well-regarded and known products which have been systematically incorporated and installed with our customers over many years.

Development in activities and financial and economic position

Maintaining strong focus on customer solutions, providing added value through intelligent software, we believe strengthened our market position further in 2024.

The close cooperation with our HOMAG Group companies provided flexibility for our capability to deliver machines and spare parts to match the market demand.

Profit/loss for the year compared to the expected development

The company has realized a profit before tax of 23,871,023 DKK compared to last year's profit before tax of 1,863,075 DKK.

Dividends from daughter companies were significant higher than in 2023. Increasing interests also contributes to a lower profit in 2024.

Machine sales have not been satisfactory due to market uncertainties and pending investments.

Significant events after the end of the financial year

The remaining shares in Kallesøe Machinery are bought in 2025.

Future expectations

We anticipate a positive turnaround in both machine sales and service business in 2025. Homag's diverse product portfolio ensures that we can offer machine solutions to a wider range of market segments in the future.

Income Statement 1 January - 31 December

	Note	2024 DKK	2023 DKK
Gross profit		**17,223,315**	**28,617,477**
Staff costs	1	-23,445,139	-24,285,782
Depreciation, amortisation and impairment losses		-244,806	-282,423
Operating loss		**-6,466,630**	**4,049,272**
Income from investments in subsidiaries		39,000,000	3,364,400
Financial income		403,334	212,970
Financial expenses	2	-9,065,681	-5,763,567
Profit before tax		**23,871,023**	**1,863,075**
Tax on profit/loss for the year	3	3,288,761	289,431
Profit for the year	4	**27,159,784**	**2,152,506**

Balance Sheet at 31 December

Assets

	Note	2024 DKK	2023 DKK
Software		0	0
Intangible assets	5	**0**	**0**
Land and buildings		1,688,809	1,600,240
Other plant and operating equipment		513,249	629,606
Property, plant and equipment	6	**2,202,058**	**2,229,846**
Investments in subsidiaries		289,589,058	225,006,397
Financial non-current assets	7	**289,589,058**	**225,006,397**
Non-current assets		**291,791,116**	**227,236,243**
Finished goods and goods for resale		8,929,552	10,718,209
Inventories		**8,929,552**	**10,718,209**
Trade receivables		8,239,946	22,277,185
Receivables from subsidiaries		62,929	113,168
Deferred tax assets	8	3,112,427	0
Other receivables		5,852	3,723
Receivables tax		1,903,809	285,511
Prepayments and accrued income	9	177,202	168,751
Receivables		**13,502,165**	**22,848,338**
Cash		**12,244,437**	**15,879,212**
Current assets		**34,676,154**	**49,445,759**
Assets		**326,467,270**	**276,682,002**

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK	2023 DKK
Share capital	10	1,970,000	1,970,000
Retained profit		103,773,501	76,613,717
Equity		**105,743,501**	**78,583,717**
Provision for deferred tax		0	176,334
Provisions		**0**	**176,334**
Debt to subsidiaries		158,000,000	0
Non-current liabilities	11	**158,000,000**	**0**
Current portion of long-termliabilities debt to subsidiaries		0	158,000,000
Trade payables		1,203,801	1,542,356
Debt to subsidiaries		55,124,288	30,494,000
Other debt		3,042,505	5,228,020
Prepayments received from customers		3,353,175	2,657,575
Current liabilities		**62,723,769**	**197,921,951**
Liabilities		**220,723,769**	**197,921,951**
Equity and liabilities		**326,467,270**	**276,682,002**
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Equity

DKK	Share capital	Retained profit	Total
Equity at 1 January 2024	1,970,000	76,613,717	78,583,717
Proposed profit allocation4		27,159,784	27,159,784
Equity at 31 December 2024	**1,970,000**	**103,773,501**	**105,743,501**

Cash Flow Statement 1 January - 31 December

	2024 DKK	2023 DKK
Profit/loss for the year	27,159,784	2,152,506
Depreciation and amortisation, reversed	244,806	282,423
Profit/loss from subsidiaries	-39,000,000	-3,364,400
Tax on profit/loss, reversed	-3,288,761	-291,895
Corporation tax paid	-1,618,297	-88,450
Change in inventories	1,788,657	12,665,313
Change in receivables (ex tax)	14,076,898	-12,875,492
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	22,801,818	5,204,527
Cash flows from operating activity	**22,164,905**	**3,684,532**
Purchase of property, plant and equipment	-217,019	-459,924
Purchase of financial assets	-64,582,661	0
Other cash flows from investing activities	39,000,000	3,364,400
Cash flows from investing activity	**-25,799,680**	**2,904,476**
	-3,634,775	**6,589,008**
Cash and cash equivalents at 1. januar	15,879,212	9,290,204
Cash and cash equivalents at 31 December31. december	**12,244,437**	**15,879,212**
Cash and cash equivalents at 31 December comprise:		
Cash	12,244,437	15,879,212
Cash and cash equivalents	**12,244,437**	**15,879,212**

Notes

	2024 DKK	2023 DKK
1 | Staff costs		
Average number of full time employees	33	36
Wages and salaries	21,232,673	21,978,099
Pensions	1,821,583	2,020,540
Social security costs	124,935	129,351
Other staff costs	265,948	157,792
	23,445,139	**24,285,782**

Information on management remuneration has been omitted in accordance with the exception provision in the Annual Accounts Act § 98 b, subsection 3 No. 2.

2 | Financial expenses		
Interest expenses subsidiaries	9,011,010	5,734,936
Other interest expenses	54,671	28,631
	9,065,681	**5,763,567**

3 | Tax on profit/loss for the year		
Calculated tax on taxable income of the year	0	-285,511
Adjustment of tax previous years	0	2,464
Adjustment of deferred tax	-3,288,761	-6,384
	-3,288,761	**-289,431**

4 | Proposed distribution of profit		
Retained earnings	27,159,784	2,152,506
	27,159,784	**2,152,506**

5 | Intangible assets

DKK	Software
Cost at 1 January 2024	879,194
Cost at 31 December 2024	**879,194**
Amortisation at 1 January 2024	879,194
Amortisation at 31 December 2024	**879,194**
Carrying amount at 31 December 2024	**0**

Notes

6 | Property, plant and equipment

DKK	Land and buildings	Other plant and operating equipment
Cost at 1 January 2024	12,087,471	3,055,492
Additions	141,548	75,471
Cost at 31 December 2024	**12,229,019**	**3,130,963**
Depreciation and impairment losses at 1 January 2024	10,487,230	2,425,888
Depreciation for the year	52,980	191,826
Depreciation and impairment losses at 31 December 2024	**10,540,210**	**2,617,714**
Carrying amount at 31 December 2024	**1,688,809**	**513,249**

7 | Financial non-current assets

DKK	Investments in subsidiaries
Cost at 1 January 2024	225,006,397
Additions	64,582,661
Cost at 31 December 2024	**289,589,058**
Carrying amount at 31 December 2024	**289,589,058**

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
System TM A/S, Odder	42,009,008	31,384,796	100 %
Kallesoe Machinery A/S, Lem st.	50,248,474	23,128,084	70 %

Notes

8 | Deferred tax assets

The provision for deferred tax assets is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets and tax losses.

	2024 DKK	2023 DKK
Deferred tax assets is related to:		
Land and buildings	-167,549	-162,057
Other plant and operating equipment	-47,049	-58,277
Other provisions	0	22,000
Trade receivables	57,781	22,000
Tax losses	3,269,244	0
	3,112,427	**-176,334**
Deferred tax assets, beginning of year	0	-182,718
Deferred tax of the year, income statement	3,288,761	6,384
Opening deferred tax liability	-176,334	0
Deferred tax assets 31 December 2024	**3,112,427**	**-176,334**

The company's deferred tax asset is recognized in the balance sheet at DKK 3,112,427. The tax asset relates to differences between accounting and tax values of assets. The tax asset is recognized based on expectations for taxable profits in the coming years, whereby the tax asset will be utilized.

	2024 DKK	2023 DKK

9 | Prepayments and accrued income

Prepayments expenses	177,202	168,751
	177,202	**168,751**

10 | Share capital

Allocation of Share capital:		
A-Shares, 3,940 unit in the denomination of 500 DKK	1,970,000	1,970,000
	1,970,000	**1,970,000**

Notes

11 | Long-term liabilities

DKK	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to subsidiaries	158,000,000	0	0	158,000,000
	158,000,000	**0**	**0**	**158,000,000**

12 | Contingencies, etc.

Contingent liabilities
The company is subject to common warranties/right of complaint relating to machines sold, etc.

Operating leases
The payment for the year is DKK ('000) 1,714, 2-3 years DKK (´000) 1.725, over 3 years DKK (´000) 131 and the total residual lease payment is DKK ('000) 3,570.
Joint liabilities
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the group's jointly taxed income amounts to DKK (´000) 0 thousand as of the balance sheet date.

13 | Charges and securities
As security for debt to mortgage credit institute, the company has pledged land and buildings of a carrying amount of DKK ('000) 1,689 at 31 December 2024, and a property value at 1 October 2020 of DKK ('000) 10,600. The pledge is DKK ('000) 3,701. As security for engagement with bank, an owner's mortgage of DKK ('000) 8,000 has been issued, giving security after the credit institute. The company's engagement with the bank is a deposit of DKK ('000) 12,244 at 31 December 2024.

14 | Related parties
The company's related parties include:

Controlling interest
HOMAG GmbH. Parent Company.
Christian Gramkow Pedersen. CEO and Board member.
Frieder Georg Schuler. Chairman of the Board.
Steffi Jenny Herrmann. Board member.

Transactions with related parties
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

15 | Consolidated Financial Statements
The company is included in the consolidated financial statements of DÜRR AG, Carl-Benz-Strasse 34, 74321 Bietigheim-Bissingen, Germany.

Accounting Policies

The Annual Report of Homag Danmark A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements
Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is reflected in the group report as the parent company DÜRR AG, Carl-Benz-Strasse 34, Bietigheim-Bissingen, Germany.

Income Statement

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprises costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income
Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement during the continuance of the contract. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs of social security, etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries
Dividend received is recognised in the company's income statement.

Financial income and expenses
Financial income and expenses include interest income and expenses and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Accounting Policies

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Balance Sheet

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	*Residual value*
Buildings	*30 years*	*0%*
Cars	*5 years*	*0%*
Other plant, fixtures and equipment	*5-10 years*	*0%*

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Financial non-current assets

Investments insubsidiariesare measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Received dividend is deducted in the carrying amount of the equity investment.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Accounting Policies

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of finished goods, merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Primarily cash at banks.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on- account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities *are measured at amortised cost equal to nominal value.*

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Cash Flow Statement

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.