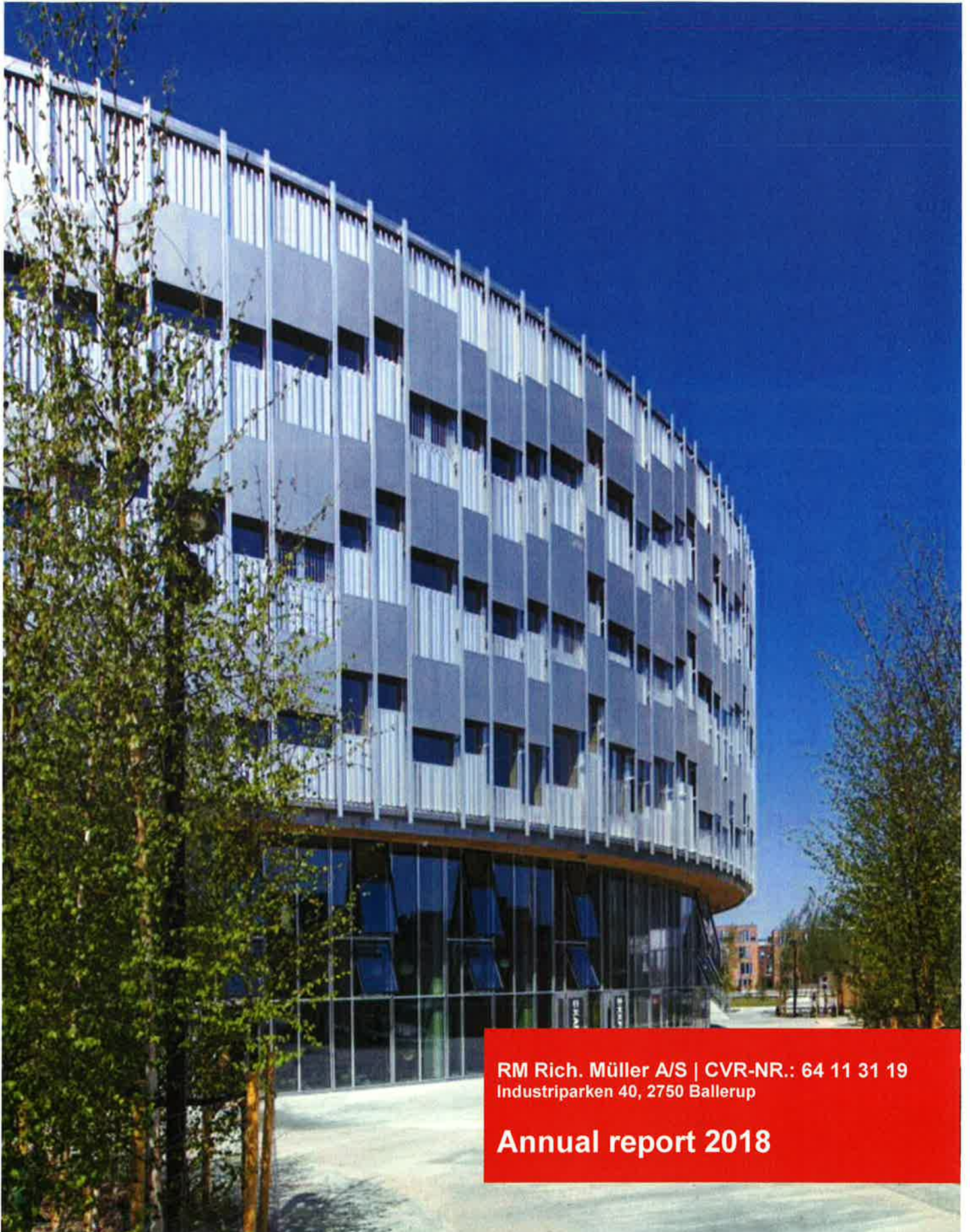




RMIG

we make ideas come to life



RM Rich. Müller A/S | CVR-NR.: 64 11 31 19
Industriparken 40, 2750 Ballerup

Annual report 2018

Contents

Page

Company details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	6
Income statement	13
Balance sheet	14
Statement of changes in equity	16
Cash flow statement	17
Accounting policies	30

Company details

Company

RM Rich. Müller A/S
Industriparken 40
DK-2750 Ballerup
Central Business Registration No: 64 11 31 19
Registered in Ballerup

Phone: +45 44 20 88 00

Fax: +45 44 20 89 61

Board of Directors

Sten Scheibye, Chairman
Bjarne Moltke Hansen, Vice-chairman
Jørgen Frost
Per Thanning Johansen
Kim Borch-Kristensen, member elected by the employees
John René Petersen, member elected by the employees

Management

Torben D. Svanholm

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

The Annual General Meeting adopted the annual report on 12 March 2019

Chairman of the General Meeting



Front page photo:

RMIG City Emotion; Kalvebod Fælled Skole. For more information see:

<http://rmig.com/en/city+emotion/case+studies/projects/kalvebod+f%C3%A6lled+school?doc=1993&page=1&url=/en/city+emotion/case+studies/application&sort=application>

Statement by Management on the annual report

Today we have presented the annual report of RM Rich. Müller A/S for the financial year 1 January - 31 December 2018.


The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position and results as well as the consolidated cash flow. Also, we believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

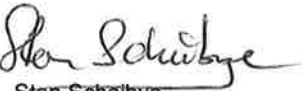
Ballerup, 12 March 2019

Management




Torben D. Svanholm
Chief Executive Officer

Board of Directors



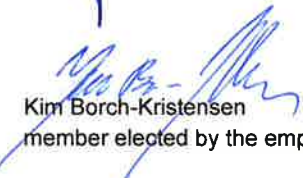
Sten Schelbye
Chairman



Per Thanning Johansen



Bjarne Moltke Hansen
Vice-chairman



Kim Borch-Kristensen
member elected by the employees



Jørgen Frost



John René Petersen
member elected by the employees

Independent auditor's report

To the shareholder of RM Rich. Müller A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of RM Rich. Müller A/S for the financial year 1 January - 31 December 2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018, and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 2018 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Copenhagen, 12 March 2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

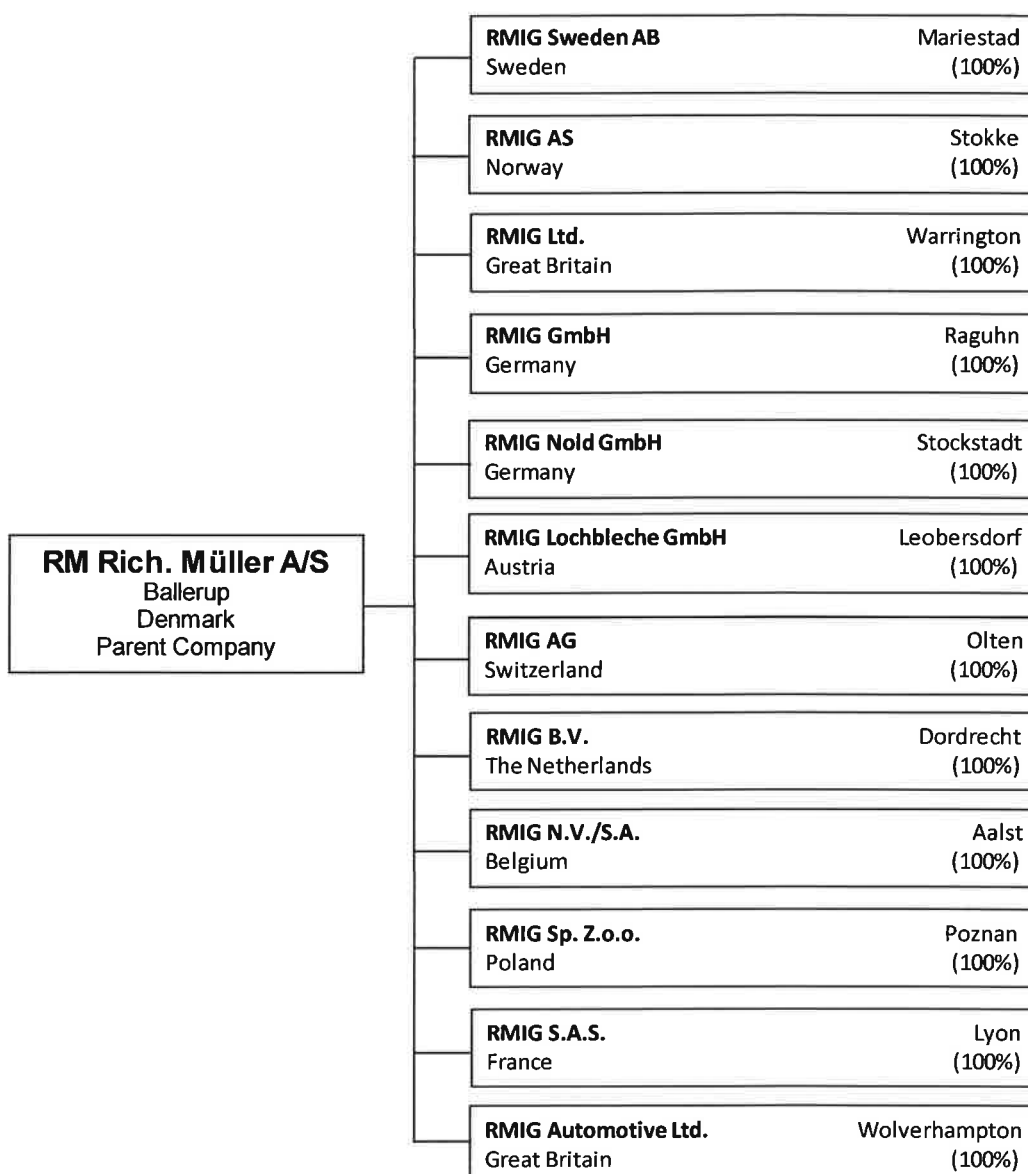

Erik Holst Jørgensen
State Authorised Public Accountant
MNE-nr. mne9943


Max Damborg
State Authorised Public Accountant
MNE-nr. mne33772

Management's review

Group chart

(The percentages in brackets indicate the shareholding)



Management's review

Group financial highlights

	2018 €'000	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Turnover	118,353	113,579	88,673	89,679	87,984
EBITDA	7,306	6,235	5,507	4,758	4,821
EBIT	3,087	3,340	3,180	2,499	2,864
Net financials	(842)	(625)	(965)	(778)	(959)
Net profit/(loss) for the year	2,004	2,851	2,169	1,503	1,653
Investments in property, plant and equipment	4,021	2,275	1,489	1,893	4,555
Total assets	61,203	60,299	52,359	50,634	47,257
Total Equity	27,782	24,799	22,230	20,537	18,590
EBITDA ratio	6.2%	5.5%	6.2%	5.3%	5.5%
EBIT ratio	2.6%	2.9%	3.6%	2.8%	3.3%
Total Equity ratio	45.4%	41.1%	42.5%	40.6%	39.3%
Return on invested capital excl. goodwill	11.6%	13.0%	11.0%	8.7%	11.1%

Ratios

The ratios have been compiled in accordance with Recommendations & Ratios 2017 issued by The Danish Finance Society and generally accepted calculation formulas.

EBITDA ratio	$\frac{EBITDA \times 100}{Turnover}$
EBIT ratio	$\frac{EBIT \times 100}{Turnover}$
Total Equity ratio	$\frac{Total\ Equity,\ end\ of\ period \times 100}{Total\ equity\ and\ liabilities,\ end\ of\ period}$
Return on invested capital excl. goodwill	$\frac{(EBITDA\ excl.\ goodwill\ write\ down) \times 100}{Average\ invested\ capital\ excl.\ goodwill}$

The Group's primary activity

RM Rich. Müller A/S and its subsidiaries are internationally known under the name RMIG.

RMIG is the leading manufacturer and supplier of perforated metal (sheet perforation) in Europe. In addition to this, RMIG has an important role as supplier of loudspeaker grills to the automotive industry through its RMIG Nold factory in Germany and RMIG Automotive Ltd. in the UK. The Group's main market is Europe, but RMIG also delivers to countries outside of Europe. RMIG has production facilities in 5 European countries and serves its customers through local sales offices in 11 countries. Furthermore, RMIG cooperates worldwide with sales representatives, agents and distributors in countries in which the Group is not presented through its own subsidiaries.

Development within the financial year

The year started at a good activity level, but slowed down in the second half year due to impact from geo-political uncertainties such as international trade barriers and risks related to Brexit. The turnover grew by 4% to € 118.4 mill. due to a solid development in the automotive business.

EBITDA increased by € 1.1 mill. to € 7.3 mill. in 2018 from € 6.2 mill. in 2017. EBITDA ratio increased to 6.2% from 5.5%. It is part of RMIG's strategy plan to grow the business earnings towards an EBITDA ratio of 10% within the coming 3 years. The increasing EBITDA ratio in 2018 versus 2017 shows a positive development towards the plan.

As from 10 April 2018, RMIG acquired additional 49% and became 100% shareholder of United Automotive Limited, UK. The company name was changed to RMIG Automotive Ltd. and new management was appointed. The results in RMIG Automotive Ltd. are included in the group accounts by 100% in both 2017 and 2018. RMIG Automotive Ltd. showed a positive development in 2018 versus 2017, but still lower than expected.

The impairment test of goodwill from the acquired company, RMIG Automotive Ltd., required a write-down of € 1.0 mill. The basis for the write-down is a lower result in 2018 and lower earnings for the coming years than formerly expected. The impairment test is evaluated on a 7 years forecast period based on the lifetimes of the current contracts and the likelihood for potential new contracts. The book value of goodwill and Purchase Price Allocation (PPA) after the write-down amounts to € 1.5 mill.

The earnings for the year declined to € 2.0 mill in 2018 from € 2.9 mill. in 2017 due to the goodwill write-down. RMIG Management finds the development in EBITDA encouraging and it confirms that RMIG has a good market position as well as potential for growing the business further, and hence RMIG Management finds the result for the year satisfactory.

Cash flow statement

Cash flow was positively influenced by higher earnings but negatively influenced by an increase in working capital from decreasing trade payables and increasing inventories.

The cash spending on investments in assets amounted to € 4.0 mill. And, together with the acquisition of the remaining 49% of RMIG Automotive Ltd., total investments amounted to € 4.7 mill. The net effect was a decrease in cash position of € 1.7 mill. The net cash position at year end was € 2.1 mill. and equity ratio increased to 45.4%.

Ownership

The Rich. Müller-Foundation, Ballerup, is the sole owner of RM Rich. Müller A/S.

Outlook

RMIG expects increasing sales and earnings in 2019. The investment plans in new machinery and equipment amounts to € 5.2 mill. which, together with a continued focus on efficiency improvements and scrap reductions, will support expectations for an increased result in 2019.

Statutory statement about Corporate Social Responsibility cf. § 99a

Business model

The RMIG Group (RMIG) is a leading and well-equipped group in the field of perforation technologies, forming technologies, surface treatment and the assembly of components. The company specialises in the development, production and assembly of complex perforated sheet metal parts, complete units for the automotive industry and sheet metal handling. Metal technology competence, expert customer service, innovation and quality awareness are distinguishing features of RMIG.

We wish to succeed by fair competition as well as by ethically correct behaviour and lawful conduct. A solid business collaboration to the benefit of all can only exist on the basis of fair competition and the strict compliance with the legal system. At RMIG, all interaction and cooperation between colleagues as well as towards our external partners are characterised by security, trust, reliability and honesty. In order to keep winning the trust and confidence of our customers, employees and the public, it is essential to respect justice and law and comply with our internal regulations.

We are aware of our responsibilities towards our customers, employees and organisations, and we define ethical, social and legal guidelines and principles for a successful business collaboration in RMIG Code of Conduct. Thus, the RMIG Code of Conduct defines the general principles and requirements for RMIG employees.

Apart from procedural, economic and technical factors, social and ecological aspects such as human rights, working conditions, prevention of corruption and environmental protection are particularly important to us.

Policy for environment and climate impact

The basis for the decision on not having a policy for environment and climate impact is based on the evaluation of resources needed and materiality for a company of RMIG's nature. It is, however, RMIG's principles to comply with all current environmental laws and regulations, develop measures to minimise environmental pollution and continuously improve environmental protection and continuously implement initiatives to reduce the impact.

Policy for the respect of human rights

The basis for the decision on not having a policy for the respect of human rights is based on the evaluation of resources needed and materiality for a company of RMIG's nature. RMIG respect the personal dignity, privacy and personal rights of all individuals. In accordance with our corporate values, we are committed to showing respect, honesty and trust towards our employees and external partners. Interacting with one another, we value a fair, friendly and constructive behaviour. Our awareness is materialised in our Code of Conduct which includes actions of equality and non-discriminating behaviour.

Policy for labour rights

RMIG's policy of labour rights seeks to secure a good working environment so we can attract, develop, and maintain qualified and engaged workforce. Through our committees, we focus on ensuring a safe and ergonomic working environment and RMIG is responsible for taking preventive measures concerning occupational health and safety.

Group Management decides and implements actions based on input from the committees and Employee Satisfaction Surveys to ensure a good working environment. Group Management follows up on the impacts from the initiatives through the yearly Personal Development Review and Employee Satisfaction Survey every third year.

Systematic follow-ups on health and safety incidents are taking place and Group Management is focused on minimising the numbers and severities of the incidents. The result shows no increase in numbers of accidents. We have not experienced any issues regarding labour rights.

Policy for bribery and corruption

It is RMIG's policy and commitment to work against bribery and corruption as expressed in our Supplier Code of Conduct. Free and fair competition is the foundation of economic activities. Corruption, disloyalty and betrayal distort this competition. RMIG is obligated to comply with all current regulations concerning fair competition and antitrust laws. RMIG shall not violate those antitrust laws by agreements concerning, for example, price collusion, allocation of markets and customers, market agreements or bid rigging, and shall not abusively take advantage of an existing market-dominating position. RMIG must comply with all relevant legal obligations concerning money laundering prevention and shall not be involved in money laundering activities. Our business relationships are based on honesty and should not be distorted or influenced by means of bribery or other measures.

The RMIG Code of Conduct express the policy for employees in the Group and defines expected behaviour. RMIG employees are obligated to notify Group Management immediately upon learning of any known or suspected improper behaviour by suppliers or subcontractors, or by colleagues within RMIG. All subcontractors and suppliers are asked to sign the Supplier Code of Conduct and RMIG employees are asked in the yearly Personal Development Review to confirm that he/she is aware of our procedures and act in accordance with RMIG Code of Conduct. We have not experienced any incidents regarding bribery and corruption.

Environmental performance

It is Group Management's objective that the Group's products and production processes are not harmful to the environment. The Group companies have an ongoing dialogue with the authorities in the countries in which the Group has production facilities, and seek to contribute to an environmentally sustainable development.

Historically some of the Group companies have been involved in minor environmental cases. All known factors have been reported to the relevant authorities; according to RMIG's knowledge there are no material risks connected to these factors.

Gender composition, management positions

The Board of RMIG has decided the following policies and objectives for the under-represented gender in management positions.

Targets for the under-represented gender in the Board

By selection of new candidates for the RMIG Board, emphasis is placed on competences, international experience and diversity. Regarding the under-represented gender, it is the objective of RMIG to increase the number of board members of the under-represented gender and to achieve a share of the under-represented gender of at least 25% before the end of 2022.

Targets for the under-represented gender on other management levels

Other management levels at RMIG consist of Group Management and the Danish management team. No under-represented gender exists in any of these groups.

Reporting of fulfilment of objectives

The objectives have not yet been achieved as there were no changes of board members in 2018. The above objectives are not fixed and mandatory quotas. It is more important that the company's board and managers have the necessary qualifications.

Financial risks

RMIG is an international group with activities in a number of countries. Consequently RMIG has a number of ordinary currency related positions in DKK, SEK, NOK, GBP etc. It is the Group's policy continuously to evaluate if these net positions are to be hedged. The Group's net position consists of investments in subsidiaries, receivables and liabilities other than provisions.

Events after the balance sheet date

No events that would materially influence the evaluation of this annual report have occurred after the balance sheet date to this date.

Income statement

Parent			Group		
2017 €'000	2018 €'000		Note	2018 €'000	2017 €'000
52,629	50,923	Turnover	1	118,353	113,579
(33,817)	(32,393)	Variable costs		(63,672)	(61,568)
18,812	18,530	Contribution margin		54,681	52,011
(8,939)	(9,445)	Other production costs	2	(30,440)	(27,745)
9,873	9,085	Gross profit		24,241	24,266
(3,160)	(2,785)	Sales and marketing costs	2	(10,355)	(10,591)
(4,529)	(4,413)	Administrative costs	2,3	(6,624)	(7,615)
1,301	1,439	Other operating income		291	176
(2)	(41)	Other operating expenses		(247)	(1)
3,483	3,285	Earnings before interest, tax, depreciation and amortisation (EBITDA)		7,306	6,235
(1,054)	(997)	Depreciations, amortisations and impairment losses on tangible assets	4	(4,219)	(2,895)
2,429	2,288	Earnings before interest and tax (EBIT)		3,087	3,340
1,684	260	Income from investments in group enterprises		-	-
267	331	Financial income		37	544
(1,087)	(826)	Financial expenses		(880)	(1,169)
3,293	2,053	Earnings before tax		2,244	2,715
30	(49)	Tax on profit for the year	5	(240)	136
3,323	2,004	Earnings for the year	6	2,004	2,851

Balance sheet

Parent			Group	
2017 €'000	2018 €'000		2018 €'000	2017 €'000
		Note		
34	21	Software applications	51	67
402	214	Goodwill and other intangible assets	3,096	3,312
436	235	Intangible assets	3,147	3,379
1,254	1,184	Land and buildings	8,820	9,177
4,111	3,907	Plant and machinery	10,295	9,888
176	138	Fixtures and fittings, tools and equipment	1,040	1,082
330	642	Tangible assets in progress and prepayments	1,928	452
5,871	5,871	Tangible assets	22,083	20,599
27,771	31,214	Investments in subsidiaries	-	-
-	-	Other securities	31	31
1,095	995	Deferred tax asset	2,929	3,142
2,028	-	Long-term loans group enterprises	-	-
30,894	32,209	Fixed asset investments	2,960	3,173
37,201	38,315	Fixed assets	28,191	27,152
3,026	3,714	Inventories	15,527	15,147
2,443	1,644	Trade receivables	11,817	12,446
15,163	15,037	Receivables from group enterprises	-	-
-	-	Corporation tax receivables	11	5
553	666	Other receivables	970	737
217	208	Prepayments	567	597
18,376	17,555	Receivables	13,365	13,785
773	3,352	Cash	4,120	4,215
22,175	24,621	Current assets	33,012	33,147
59,376	62,936	Assets	61,203	60,299

Balance sheet

Parent			Group		
2017 €'000	2018 €'000		Note	2018 €'000	2017 €'000
16,985	16,985	Share capital		16,985	16,985
8,738	10,797	Retained earnings		10,797	8,738
25,723	27,782	Shareholders equity		27,782	25,723
-	-	Non-controlling interests		-	(924)
25,723	27,782	Total Equity		27,782	24,799
-	-	Provision for deferred tax	10	571	663
-	-	Pensions and similar liabilities	13	704	705
122	303	Other provisions	14	391	227
122	303	Provisions		1,666	1,595
3,358	3,348	Subordinated convertible loan capital	15	3,348	3,358
11,757	11,515	Mortgage debt etc.	16	11,515	11,757
-	-	Long-term loans	15	-	103
15,115	14,863	Long-term liabilities other than provisions	15	14,863	15,218
473	2,067	Bank debt		2,067	473
2,308	1,658	Trade payables		7,013	9,978
-	-	Short term loans		452	878
12,252	13,668	Payables to group enterprises		-	-
-	-	Corporation tax payables		133	138
3,384	2,595	Other payables		7,227	7,220
18,417	19,988	Short-term liabilities other than provisions		16,892	18,687
33,532	34,851	Liabilities other than provisions		31,755	33,904
59,376	62,936	Equity and liabilities		61,203	60,299
		Working capital changes	17		
		Assets charged, contingent liabilities, related party transactions, group relations.	18 - 20		

Statement of changes in equity

	Group						
	Share capital	Retained earnings	Sharehold. equity	Non-contr. interests	Total equity	Subordinated loan capital	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2017	16,985	5,245	22,230		22,230	3,362	25,592
Profit for the year	-	3,323	3,323	(472)	2,851	-	2,851
Exchange rate adjustments relating to subsidiaries, hedging etc.	-	(124)	(124)	40	(84)	(4)	(88)
Net value adjustments, derivatives	-	295	295	-	295	-	295
Acquisition of Non-controlling interests	-	-	-	(492)	(492)	-	(492)
Balance at 31 December 2017	16,985	8,738	25,723	(924)	24,799	3,358	28,157
Profit for the year	-	2,004	2,004	-	2,004	-	2,004
Exchange rate adjustments relating to subsidiaries, hedging, etc	-	(118)	(118)	-	(118)	(10)	(128)
Net value adjustments, derivatives	-	173	173	-	173	-	173
Effect of acquisitions	-	-	-	924	924	-	924
Balance at 31 December 2018	16,985	10,797	27,782	-	27,782	3,348	31,130

The share capital is registered in DKK and amounts to DKK 126.6 mill. equal to € 16,985 thousand. Changes in the share capital relating to exchange rate adjustments are recognised under other reserves. The share capital consists of 126,600 shares of DKK 1,000 each. The shares are not classified. The shareholder has provided the Group with subordinated loan capital. The loan has no due date and bears interest at arm's length conditions.

	Parent				
	Share capital	Retained earnings	Sharehold. equity	Subordinated loan capital	Total
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2017	16,985	5,245	22,230	3,362	25,592
Profit for the year	-	3,323	3,323	-	3,323
Exchange rate adjustments relating to subsidiaries, hedging etc.	-	(124)	(124)	(4)	(128)
Net value adjustments, derivatives	-	295	295	-	295
Balance at 31 December 2017	16,985	8,738	25,723	3,358	29,081
Profit for the year	-	2,004	2,004	-	2,004
Exchange rate adjustments relating to subsidiaries, hedging, etc	-	(118)	(118)	(10)	(128)
Net value adjustments, derivatives	-	173	173	-	173
Balance at 31 December 2018	16,985	10,797	27,782	3,348	31,130

Cash flow statement

	Group	
	2018 €'000	2017 €'000
Earnings before interest, tax, depreciation and amortisation	7,306	6,235
Adjustment of profits and losses from the sale of property, plant and equipment	35	(1)
Adjusted earnings before interest, tax, depreciation and amortisation	7,341	6,234
Change in provisions	135	(200)
Working capital changes	17 (2,913)	(1,717)
Cash flows from operating activities before net financials and tax	4,563	4,318
Net financial items	(814)	(640)
Income taxes and withholding taxes paid	(165)	(14)
Cash flows from operating activities	3,584	3,663
Acquisition of tangible assets and property, plant and equipment	(4,024)	(2,287)
Acquisition of intangible assets	(11)	(24)
Acquisitions of subsidiaries	(664)	(79)
Sale of property, plant and equipment	(21)	27
Acquisition and sale of other securities, investments, etc	-	2
Cash flows from investing activities	(4,721)	(2,365)
Cash flows from operating and investing activities	(1,137)	1,299
Changes in equity and subordinated loan capital	(0)	(37)
Change in interest-bearing debt excl. subordinated loan capital	(528)	(1,451)
Cash flow change in exchange rates	(26)	(455)
Cash flows from financing activities	(554)	(1,943)
Increase in cash and cash equivalents	(1,691)	(644)
Cash and cash equivalents at 1 January	3,744	4,388
Cash and cash equivalents at 31 December	2,053	3,744

Notes

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
1. Segment information				
Turnover by geographical market:				
49,103	47,587	Europe	113,442	108,552
3,526	3,336	Rest of the world	4,911	5,027
52,629	50,923		118,353	113,579
2. Staff costs				
10,110	10,203	Wages and salaries	27,142	25,879
842	938	Pension contributions and other social security costs	4,301	3,849
10,952	11,141		31,443	29,728
Remuneration for the Parent's Management and Board of Directors is included by € 730 thousand (2017: € 760 thousand). Staff costs are included under other production costs, sales and marketing costs and administrative costs.				
140	150	Average number of employees	645	651
3. Audit fee				
Fee to auditor appointed at the Annual General Meeting:				
Deloitte:				
46	46	Legal audit, annual accounts	156	149
-	60	Tax counselling	75	5
29	-	Non-audit services	-	32
75	106		231	186

Notes

Parent			Group	
2017 €'000	2018 €'000		2018 €'000	2017 €'000
4. Depreciations, amortisations and impairment losses on tangible assets				
202	201	Amortisations	770	583
-	-	Impairment losses on intangible assets	1,000	-
852	796	Depreciations	2,326	2,312
-	-	Impairment losses on tangible assets	123	-
1,054	997		4,219	2,895
5. Tax on profit for the year				
-	-	Current tax	139	165
(30)	49	Change in deferred tax	102	(309)
-	-	Adjustment concerning previous years	(0)	8
(30)	49		240	(136)
6. Proposed distribution of profit				
3,323	2,004	Retained earnings	2,004	3,323
-	-	Non-controlling interests	-	(472)
3,323	2,004		2,004	2,851

Notes

Parent			Group	
Software applica- tions €'000	Goodwill, other intang. assets €'000		Software applica- tions €'000	Goodwill, other intang. assets €'000
7. Intangible assets				
1,205	1,287	Cost at 1 January 2018	3,241	5,989
(4)	(4)	Exchange rate adjustment	(22)	(134)
-	-	Addition from acquisition of subsidiary	-	-
-	-	Additions	11	-
-	-	Goodwill of company acquired	-	1,577
-	-	Disposals	-	-
-	-	Other adjustments	-	-
1,201	1,283	Cost at 31 December 2018	3,230	7,432
(1,171)	(885)	Amortisation at 1 January 2018	(3,174)	(2,677)
4	3	Exchange rate adjustment	22	83
-	-	Impairment	-	(1,000)
(13)	(187)	Amortisation for the year	(27)	(742)
-	-	Amortisation regarding year's disposals	-	-
-	-	Other adjustments	-	-
(1,180)	(1,069)	Balance at 31 December 2018	(3,179)	(4,336)
21	214	Carrying amount at 31 December 2018	51	3,096

Acquisition of United Automotive Interiors Ltd

RMIG has acquired the remaining 49% of the shares in United Automotive Interiors Ltd. and are now fully owned by RMIG. The economic useful life time on goodwill is evaluated to be 7 years. United Automotive Interiors Ltd. has changed name to RMIG Automotive Ltd.

Notes

8. Tangible assets

	Group			
	Land and buildings €'000	Plant and machinery €'000	Fixtures fittings, tools and equipment €'000	Tangible assets in progress €'000
Cost at 1 January 2018	22,151	46,912	6,368	452
Exchange rate adjustment	(93)	(485)	(1)	(1)
Additions	169	2,122	253	1,477
Disposals	-	(386)	(49)	-
Adjustments	-	(26)	-	(0)
Cost at 31 December 2018	22,227	48,137	6,571	1,928
Depreciation at 1 January 2018	(12,974)	(37,024)	(5,286)	-
Exchange rate adjustment	63	431	(6)	-
Depreciation for the year	(496)	(1,560)	(270)	-
Impairment for the year	-	(105)	(18)	-
Depreciations regarding year's disposals	-	387	49	-
Adjustments	(0)	29	0	0
Balance at 31 December 2018	(13,407)	(37,842)	(5,531)	0
Carrying amount at 31 December 2018	8,820	10,295	1,040	1,928

Notes

8. Tangible assets (continued)

	59376	Parent		
	Land and buildings €'000	Plant and machinery €'000	Fixtures fittings, tools and equipment €'000	Tangible assets in progress €'000
Cost at 1 January 2018	5,362	18,088	832	330
Exchange rate adjustment	(16)	(55)	(2)	(2)
Additions	75	424	-	314
Disposals	-	-	-	-
Adjustments	-	-	-	-
Cost at 31 December 2018	5,421	18,457	830	642
Depreciation at 1 January 2018	(4,108)	(13,977)	(656)	-
Exchange rate adjustment	13	43	2	-
Depreciation for the year	(142)	(616)	(38)	-
Depreciations regarding year's disposals	-	-	-	-
Adjustments	-	-	-	-
Balance at 31 December 2018	(4,237)	(14,550)	(692)	-
Carrying amount at 31 December 2018	1,184	3,907	138	642

Notes

Parent		Group
Investments in subsidiaries €'000		Other securities €'000
	9. Financial assets	
57,010	Cost at 1 January 2018	31
667	Additions from acquisition of subsidiaries	
57,677	Cost at 31 December 2018	31
(29,239)	Adjustments at 1 January 2018	-
(110)	Exchange rate adjustment	-
(481)	Reclass from Intercompany Debt	
3,451	Capital increase	
(253)	Amortisation of Goodwill from company acquired	-
(1,000)	Impairment	-
1,513	Share of profit/(loss) for the year in subsidiaries	-
(344)	Dividends from subsidiaries	-
(26,463)	Balance at 31 December 2018	-
31,214	Carrying amount at 31 December 2018	31

€ 667 thousand is recognised as difference between cost and equity method and € 910 thousands is recognised as difference between initial recognition and equity method, in total € 1,577 thousand are recognised as goodwill (Note 7).

Shares in subsidiaries

<u>Name</u>	<u>Place of business</u>	<u>Share Capital</u>	<u>Votes and ownership</u>
RMIG Sweden AB	Mariestad, Sweden	4,000 TSEK	100%
RMIG AS	Stokke, Norway	1,000 TNOK	100%
RMIG Ltd.	Warrington, Great Britain	500 TGBP	100%
RMIG Automotive Ltd.	Wolverhampton, Great Britain	3,060 TGBP	100%
RMIG GmbH	Raguhn, Germany	2,557 TEUR	100%
RMIG Nold GmbH	Stockstadt, Germany	1,023 TEUR	100%
RMIG Lochbleche GmbH	Leobersdorf, Austria	400 TEUR	100%
RMIG AG	Olten, Switzerland	100 TCHF	100%
RMIG B.V.	Dordrecht, The Netherlands	193 TEUR	100%
RMIG N.V./S.A.	Aalst, Belgium	217 TEUR	100%
RMIG Sp. Z.o.o.	Poznan, Poland	3,500 TPLN	100%
RMIG S.A.S.	Lyon, France	200 TEUR	100%

Notes

Parent			Group	
2017 €'000	2018 €'000		2018 €'000	2017 €'000
10. Deferred tax				
1,149	1,095	Tax asset/liabilities at 1 January	2,479	2,660
(2)	(3)	Exchange rate adjustment	10	28
(83)	(49)	Changes during the year, recognised on equity	(49)	(83)
30	(48)	Changes during the year, recognised in profit and loss account	(82)	(127)
1,095	995		2,358	2,479
Deferred taxes relate to the following items:				
132	150	Intangible assets	(222)	(318)
563	363	Tangible assets	410	536
8	(52)	Current assets	96	52
26	67	Provisions	165	101
(22)	(21)	Liabilities other than provisions	(2)	(8)
568	596	Tax losses carry forward, gross	4,388	4,870
(180)	(108)	Impairment of tax asset	(2,477)	(2,754)
1,095	995	Total deferred tax	2,358	2,479
1,095	995	Consisting of:		
		Deferred tax asset	2,929	3,142
-	-	Provision for deferred tax liabilities	571	663

Tax losses carry forward are recognised as the value of current accounting policy, in which only the portion of tax losses expected to be used within a five-year period is capitalised.

Notes

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
11. Inventories				
1,939	1,709	Raw materials and consumables	4,003	4,854
249	331	Work in progress	2,445	2,020
838	1,674	Manufactured goods and goods for resale	9,079	8,273
<u>3,026</u>	<u>3,714</u>		<u>15,527</u>	<u>15,147</u>

12. Prepayments

Prepayments include payment in advance and accrued income, such as insurance premium or subscriptions.

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
13. Pension and similar liabilities				
-	-	Liability at 1 January	705	945
-	-	Spent during the year	(34)	(34)
-	-	Change in assumptions	33	(206)
<u>-</u>	<u>-</u>		<u>704</u>	<u>705</u>

Pension and similar liabilities solely relate to provisions made in connection with the subsidiaries' pension obligations to present and former employees. Provisions are calculated on the basis of actuarial computations according to the company's accounting policy.

Notes

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
14. Other provisions				
128	122	Other provisions at 1 January	227	218
(1)	(1)	Exchange rate adjustment	(1)	(1)
(60)	(11)	Spent during the year	(55)	(91)
(3)	(42)	Reversed during the year	(83)	(45)
58	235	Provisions made during the year	303	146
122	303		391	227

Other provisions essentially relate to provisions made in connection to the Group's restructuring activities. Provisions are, in all material respects, expected to mature within the coming financial year.

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
15. Long-term liabilities other than provisions				
Part of long-term liabilities falling due after more than 5 years from the balance sheet date amounts to:				
-	-	Subordinated convertible loan capital	-	-
6,460	6,439	Mortgage debt	6,439	6,460
1,069	849	Derivates	849	1,069
-	-	Long-term loans	-	-
7,529	7,288		7,288	7,529

The subordinated convertible loan capital has no maturity. The outstanding amount is DKK 25 mill. equal to € 3,348 mill. at the end of 2018 (at the end of 2017: DKK 25 mill. equal to € 3,358 mill.). The subordination is valid for the full loan amount. The loan shall be repaid upon request from creditor with a notice period of minimum 12 months. In case of liquidation or bankruptcy the loan is subordinated to all other debts of the company.

The loan is convertible into share capital with a redemption at pari. Hence the currently outstanding amount can be converted into share capital of a nominal value of DKK 25 mill. in total. There is no deadline for right of conversion. The loan bears interests at arm's length conditions.

Notes

Parent			Group	
2017	2018		2018	2017
€'000	€'000		€'000	€'000
16. Mortgage debt etc.				
9,619	9,604	Mortgage debt	9,604	9,619
2,138	1,911	Derivates	1,911	2,138
11,757	11,515		11,515	11,757

Derivates of DKK 14.3 mill. equal to € 1,911 mill. are founded to secure a fixed interest rate on the variable mortgage loan. The derivates of notional principal amount to DKK 72.3 mill. equal to € 9,604 mill., are securing a fixed interest rate of 4.02% and will expire in 2028. Mortgage loan and derivates are with the same counterpart.

	Group	
	2018	2017
	€'000	€'000
17. Working capital changes		
Change in inventories	(466)	(3,918)
Change in receivables	(358)	236
Change in trade payables, etc	(1,999)	524
Change in other NWC items	(90)	1,441
	(2,913)	(1,717)

Notes

	Group/Parent			
	Net book value of assets charged	Charge	Net book value of assets charged	Charge
	2018	2018	2017	2017
	€'000	€'000	€'000	€'000
18. Assets charged				
Group				
Current assets	928	928	7,075	2,204
Land, buildings and machineries	5,072	12,485	5,638	13,363
	6,000	13,413	12,713	15,567

Debt related to current assets charged is 452 TEUR.

Parent

Current assets	-	-	-	-
Land, buildings and machineries	5,072	12,485	5,365	12,522
	5,072	12,485	5,365	12,522

Debt related to land, buildings and machinery is 11,515 TEUR

Notes

19. Related parties and group relations

Related parties comprise the shareholder, the Board of Directors and Group Management as well as enterprises of the RM Rich. Müller A/S Group, see group chart on page 6 and company details on page 1 of the annual report. Please also see the accounting policies.

Related parties with a controlling interest:

The Rich. Müller-Foundation, Industriparken 40, 2750 Ballerup, Denmark wholly owns the share capital and the voting rights.

Rich. Müller-Foundation is the ultimate shareholder of RM Rich. Müller A/S. The Foundation does not prepare any consolidated financial statement.

All transactions with related parties meet the requirements of arm's length conditions.

20. Contingent liabilities

Group

Liabilities from contracts incl. operating lease contracts amount to € 1.81 mill. of which € 0.98 mill. fall due in 2019.

Parent

Liabilities from contracts incl. operating lease contracts amount to € 0.84 mill. of which € 0.61 mill. fall due in 2019.

The parent company has signed suretyships regarding all current and future obligations of a number of subsidiaries towards Nordea Group. At 31 December 2018, the balance between these subsidiaries and Nordea amounted to zero.

Accounting policies

Basis of accounting

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The accounting policies are unchanged from last year.

Reporting currency

The financial statements are presented in euro which is the Group's internal reporting currency. Translation of amounts in DKK is based on the following exchange rates:

DKK/€	2018	2017
Income statement items	744.10	743.80
Balance sheet items	746.73	744.49

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.

Liabilities are recognised in the balance when the Group, as a consequence of a previous event, has a legal or actual liability, and it is likely that future financial advantages will be deducted from the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each financial statement item below.

Certain financial assets and liabilities are measured at amortised cost which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

Profits, losses and risks, that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date, are considered at recognition and measurement.

Income is recognised in the income statement when earned, including recognition of value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Costs incurred to make this year's earnings, including depreciation, amortisation, impairment losses, provisions and reversals due to changed accounting estimates previously recognised in the income statement, are furthermore recognised in the income statement.

Consolidation

The consolidated financial statements include RM Rich. Müller A/S (Parent) and the group enterprises (subsidiaries) in which the Group holds more than 50% of the voting rights or in any other way exercises controlling influence. Enterprises in which the Group holds 20%-50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries whose financial statements have been prepared complying with the accounting policies of the RM Rich. Müller Group. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts as well as shareholdings are eliminated. Furthermore, unrealised profits and losses on transactions between the consolidated enterprises are eliminated.

Accounting policies

Foreign currency translation

Foreign currency transactions are translated applying standard exchange rates that roughly reflect the exchange rate at the transaction date. Assets and liabilities in foreign currencies are translated using the exchange rate at the balance sheet date and hedged amounts are translated at the agreed exchange rates. Exchange differences deriving from this are recognised in the income statement under financial income and expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the year and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' and associates' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Currency exposure related to foreign enterprises' equity is as a main assumption not hedge, as investments in foreign enterprises are seen as long-term investments. Exchange gains and losses – if any – on hedging are recognised directly on equity.

Derivatives

The RM Rich. Müller Group uses derivatives to control financial exposure that arises in connection with operating, financing and investing activities.

On initial recognition, derivatives are measured at cost and subsequently at fair value in the balance sheet. Positive and negative fair values of derivatives are recognised under other receivables or other payables.

Changes in the fair value of derivatives, classified as and complying with the requirements for hedging of the fair value of a recognised asset or liability, are recorded in the income statement according to the policy applied for hedged items.

Changes in the fair value of derivatives, classified as and complying with the requirements for hedging future assets or liabilities, are recognised under receivables or payables as well as equity. Income and expenses regarding such hedging transactions are transferred from equity at realisation and recognised under the same financial statement item as the hedged amount.

For derivatives that do not comply with the requirements in order to be treated as hedging instruments, changes in fair value are recognised currently in the income statement.

Changes in the fair value of derivatives, applying to hedging of net investments in independent foreign subsidiaries or associates, are classified directly on equity.

Pension obligations

The Group has made pension schemes and similar contracts with most of its employees.

The Company's payments into contributory schemes are recognised in the income statement at the time of maturity and any outstanding payments are recognised in the balance sheet under other payables.

For benefit schemes, an actuarial calculation is made of the net present value of future benefits to be paid by the Company pursuant to the schemes. The net present value less market value of assets related to the scheme is recognised in the balance sheet under pension obligations. Changes in present net value are recognised in the income statement.

Accounting policies

Government grants

Government grants, related to the acquisition of assets, are recognised concurrently with expenditure and depreciation on the assets concerned. Government grants, received to cover costs, are recognised when incurred.

Repayment obligations that are made topical in case of conditions for receiving the grants are not fulfilled are disclosed in the notes under contingent liabilities.

Income statement

Turnover

Turnover comprises invoiced sales for the year less cash discounts.

Costs of sales

Costs of sales (variable costs and other production costs) comprise costs incurred to achieve sales for the year. Costs of sales include direct payroll expenses, consumables and indirect production costs, incl. among others costs for freight, which is a deviation from the Danish Companies Act. In addition, research and non-capitalised development costs are included.

Sales and marketing costs

Sales and marketing costs comprise costs incurred for sale and distribution of the Group's products.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff and Group Management as well as other indirect costs.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the Group's primary activities, incl. grants for research and development, rental and commission income as well as payroll refunding etc.

Income from investments in group enterprises

The Parent's pro rata share of the each subsidiary's profit or loss after tax and adjustment of unrealised intra-group profits and losses is recognised in the income statement.

Financial income and expenses

Interest income and interest expenses are recognised in the income statement at the amounts attributable to the financial year. In addition, financial income and expenses comprise income and expenses under finance leases.

Furthermore, realised and unrealised value adjustments on financial instruments, securities and transactions in foreign currencies are recognised in the income statement.

Accounting policies

Income taxes

Tax for the year includes current tax for the year and changes in deferred tax. Tax for the year relates to both profit/losses from ordinary and extraordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's expected taxable income adjusted for tax payable from prior years. Tax related to exchange gains and losses on financial instruments used for hedging the equity of foreign group enterprises are recognised directly on equity.

Deferred tax is calculated based on the current tax rates for the financial year on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The effect of any changes in the tax rates is recognised in the accounts similar to the original transaction. Provisions for deferred tax liabilities are not made as regards investments in subsidiaries as the temporary differences are not expected to be realised in the near future.

Tax losses carry forward that, with adequate certainty, are expected to be set off against future taxable income within a five-year period, are capitalised and set off against the deferred tax liability within the same legal entity and jurisdiction.

Balance sheet

Fixed assets

When acquiring an enterprise, goodwill or negative goodwill on consolidation is computed as the difference between purchase price and fair value of the net assets.

The economically useful life on goodwill is estimated on basis of the empirically professional knowledge of Group Management within each segment. The amortisation period is maximum 20 years and lasts longest for companies with a strong market position and a long profit profile.

Research expenditure is written off as incurred. Development expenditures are also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. This period is 5-7 years. Provision is made for any impairment.

In the year of acquisition, property, plant and equipment, and other intangible assets are measured at acquisition price or cost. The cost of self-constructed assets comprises expenses for materials, direct labour costs and a portion of indirect production costs. Interests are not included in the indirect production costs.

All fixed assets are measured less accumulated depreciation and impairment losses. The carrying amounts of intangible assets and property, plant and equipment are reviewed annually to determine whether or not there are indications of impairment. If such indication exists, the recoverable amount is estimated as the higher of net sales price and utility value. Impairment losses are expensed under amortisation and depreciation.

Accounting policies

Fixed assets (continued)

Straight-line depreciation and amortisation are made on the basis of the estimated useful lives of the assets:

Software applications	up to 5 years
Goodwill	up to 20 years
Research and Development, other intangible assets	up to 7 years
Buildings	20 to 40 years
Plant and machinery	5 to 15 years
Fixtures and fittings, tools and equipment	3 to 10 years
Other plant and machinery, fixtures and fittings, tools and equipment	3 to 10 years

Assets of a low acquisition price or of a short useful life are expensed right away in the income statement

Assets, held under financial leases, are recognised in the balance sheet at the lower of fair value and present value of future lease payments at the time of acquisition. The internal rate of return of the lease or an approximation of this is applied as a discount factor for determining the present value. Assets, held under financial leases, are depreciated equal to the Group's other property, plant and equipment.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest portion of the lease payment is recognised in the income statement.

For operating lease the lease payments are expensed on a straight-line basis over the lease term.

Fixed asset investments

Investments in subsidiaries and associates are measured under the equity method. The pro rata share of the subsidiaries' equity is adjusted for unrealised intra-group profits and losses and goodwill/negative goodwill on consolidation.

Net revaluation of investments in subsidiaries and associates is recognised in net revaluation under the equity method if the net revaluation exceeds dividends declared by the enterprises.

Investments in subsidiaries and associates with a negative equity are measured at zero value and to the extent any receivable from these companies is irrecoverable it is written down by the pro rata share of the negative equity. When the pro rata share of the negative equity exceeds the receivable, the remaining amount is recognised under provisions to the extent that there is a legal or actual liability to pay them.

Newly acquired companies are recognised in the consolidated financial statement from the date of acquisition. In the acquisition of new entities over which the Group obtains control, the acquisition method is used, meaning that the identifiable assets, liabilities and contingent liabilities of acquired entities are measured at fair value at the date of acquisition. Intangible assets identified are recognised if they can be separated or if they originate from contractual terms. The tax effect of the revaluation is taken into account.

Inventories

Inventories are measured at the lower acquisition price and cost using the FIFO method. If the acquisition price or cost exceeds the net realisable value, a write-down is made to such lower value.

Work in progress and finished goods are recognised at manufacturing cost that includes consumption of materials and payroll costs plus indirect production costs. Indirect production costs comprise operating expenses, maintenance and depreciation of production plant as well as administration and factory management.

In cases where the acquisition price or the manufacturing cost exceeds the estimated sales price less completion costs and distribution costs, a write-down is made to such lower net realisable value.

Receivables

Receivables are measured at amortised cost. Provision is made for bad debts.

Other provisions

Other provisions comprise restructuring provisions which are recognised when the Group has a legal or constructive obligation.

Financial liabilities

Mortgage debt and bank debt are recognised in the balance sheet at the proceeds received deducted any costs of transaction. In subsequent periods, the debts are measured at amortised cost. The difference between proceeds and nominal value is thus recognised in the profit and loss accounts as an interest expense over the duration of the debts.

Cash flow statement

The cash flow statement is presented using the indirect method split into operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

No cash flow statement has been prepared for the parent company as the cash flow of the parent company is included in the cash flow of the Group.

Cash flows from operating activities are calculated as the operating result adjusted for non-cash operating items, working capital changes and net financial items.

Cash flows from investing activities comprise payments in connection with purchase and sale of property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise payments to and investment from shareholders as well as raising and repayment of loans and payments of dividends.

The cash flow statement cannot be concluded only on the basis of published financial records.

Cash and cash equivalents comprise of cash funds and any investments recognised as current assets which are highly liquid and readily convertible to cash, deducted by the amount of bank debts which consists of overdraft facilities.

Segment information

As the primary and the secondary segments are identical, disclosures are solely provided on geographic markets. The segmental disclosures comply with the Group's accounting policies, risks and internal financial control.