



RMIG

Til Erhvervsstyrelsen

we make ideas come to life

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

Annual report 2016

Contents

Page

Company details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	6
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Cash flow statement	15
Notes	16
Accounting policies	28

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 10 March 2017

Chairman of the General Meeting



Front page photo:

Expanded metal meshes produced by RM Rich. Müller A/S. For more information see:

http://pdf.rmig.com/rmig_expanded_metal/uk/

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 2016.

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, 10 March 2017

Management



Torben D. Svanholm
Chief Executive Officer

Board of Directors



Sten Scheibye
Chairman



Bjarne Moltke Hansen
Vice-chairman



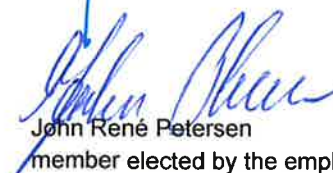
Jørgen Frost



Per Thanning Johansen



Kim Borch-Kristensen
member elected by the employees



John René Petersen
member elected by the employees

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 2016, 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 2016, and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 2016 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, 10 March 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

A blue ink signature of Erik Holst Jørgensen, consisting of a stylized 'E' and 'H' followed by a long horizontal stroke.

Erik Holst Jørgensen
State Authorised Public Accountant

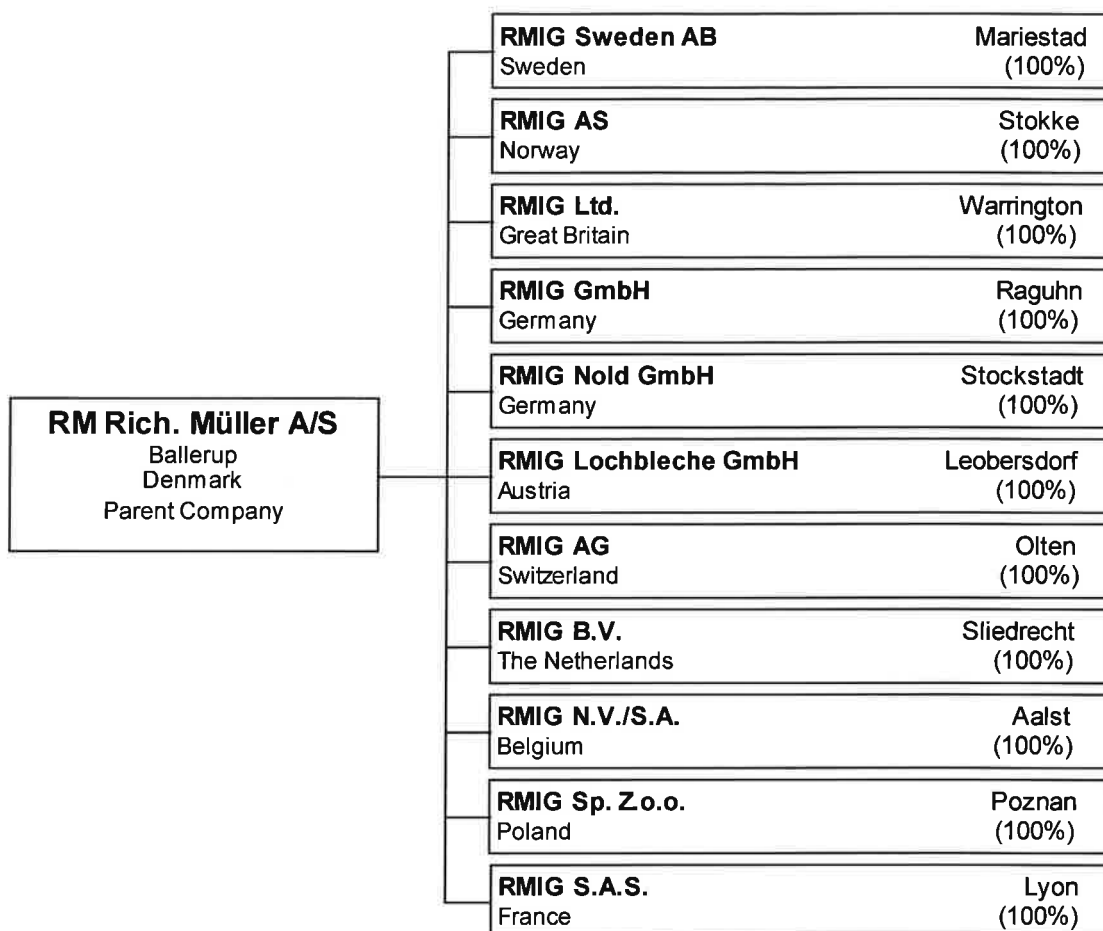
A blue ink signature of Max Damborg, featuring a stylized 'M' and 'D'.

Max Damborg
State Authorised Public Accountant

Management's review

Group chart

(The percentages in brackets indicate the shareholding)



Management's review

Group financial highlights

	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Turnover	88,673	89,679	87,984	81,069	90,870
EBITDA	5,507	4,758	4,821	5,551	2,303
EBIT	3,180	2,499	2,864	3,685	(430)
Net financials	(965)	(778)	(959)	(853)	(743)
Net profit/(loss) for the year	2,169	1,503	1,653	1,686	(1,848)
Investments in property, plant and equipment	1,489	1,893	4,555	1,011	836
Total assets	52,359	50,634	47,257	44,115	46,282
Equity	22,230	20,537	18,590	17,790	17,404
Subordinated loan capital	3,362	3,350	3,359	1,997	2,004
EBITDA ratio	6.2%	5.3%	5.5%	6.8%	2.5%
EBIT ratio	3.6%	2.8%	3.3%	4.5%	-0.5%
Equity ratio (excl subordinated loan capital)	42.5%	40.6%	39.3%	40.3%	37.6%
Equity ratio (incl subordinated loan capital)	48.9%	47.2%	46.4%	44.9%	41.9%
Return on invested capital excl. goodwill	11.0%	8.7%	11.1%	16.2%	0.5%

Ratios

The ratios have been compiled in accordance with "Anbefalinger & Nøgletal 2015" (Recommendations & Ratios 2015) issued by the Danish Society of Financial Analysts and generally accepted calculation formulas.

EBIT ratio	$\frac{EBIT \times 100}{\text{Turnover}}$
Equity ratio (excl. subordinated loan capital)	$\frac{\text{Equity, end of period} \times 100}{\text{Total equity and liabilities, end of period}}$
Equity ratio (incl. subordinated loan capital)	$\frac{(\text{Equity} + \text{subordinated loans, end of period}) \times 100}{\text{Total equity and liabilities, end of period}}$
Return on invested capital excl. goodwill	$\frac{(EBITA \text{ excl. goodwill write down}) \times 100}{\text{Average invested capital excl. goodwill}}$

Management's review

The Group's primary activity

RM Rich. Müller A/S and its subsidiaries are internationally known under the Group 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. 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 world-wide with sales representatives, agents and distributors in countries in which the Group is not presented through its own subsidiaries.

Development within the financial year

Decreasing prices for raw materials and declining GBP exchange rate against EUR reduced the turnover compared to 2015. However, when excluding these factors, activity was slightly higher than last year. The perforating market remains intensely competitive with fierce pricing and demands for short delivery times as a result. Under these difficult market conditions RMIG showed a good development in 2016 by increasing gross profit by € 0.6 mill.

The development in EBITDA was very positive, assisted by sale of fixed assets. EBITDA rose to € 5.5 mill., representing an increase of 16%. EBITDA ratio grew to 6.2%.

Earnings for the year ended at € 2.2 mill.; significantly better than last year. The positive development is a result of continued focus on developing the business and improving customer relationships by increasing customer satisfaction. Management finds the results satisfactory.

Cash flow statement

Cash flow was positively impacted by both higher earnings and positive development in net working capital. In addition, the year's net investments were at a low level and hence cash flow from operating and investing activities ended at € 4.1 mill., € 4.4 mill. better than last year.

RMIG reinforced its strong financial position with an equity ratio of 42.5% and a net cash position of € 4.4 mill. at year end. The Group's strong financial position is an important factor in the continuing development of the business and increase in market shares in this highly competitive market.

Ownership

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

Outlook

RMIG expects growth in sales in 2017, and the result is expected to be at least at the same level as for 2016.

The expectations are based on plans and initiatives to develop the business and increase earnings supported by the investment plan and the continued focus on customer satisfaction. In addition, efforts to improve efficiency through optimisation of the internal processes of the Group will continue.

RMIG expects to invest about € 4.0 mill. in new production equipment in 2017.

Management's review

Statutory statement about Corporate Social Responsibility cf. § 99a

Management has decided not to implement a systematic reporting in accordance with the Danish Financial Statements Act § 99a on these matters.

Policy for environment, including reducing the climate impact from the Group's activity

The decision for not having a policy for environment, including reducing the climate impact from the Group's activity, is based on the evaluation of resources needed and materiality for a company of RMIG's nature.

Policy for the respect of human rights

The decision for 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.

Environmental performance

It is Management's objective that the Group's products and production processes are not harmful for 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% during the forthcoming years (2015-2018).

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 2016.

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

RMIG has acquired 51% of the shares in United Automotive Interiors Ltd (UAI) based in Wolverhampton, UK. UAI is developing, producing and selling loudspeaker grills to the UK automotive market and the activities in UAI are similar to the ones RMIG has in RMIG Nold. The acquisition will strengthen RMIG's position within automotive speaker grills and creates a stronger platform for developing and growing the business. RMIG expects to generate positive earnings from UAI in 2017.

Income statement

Parent				Group	
2015 €'000	2016 €'000		Note	2016 €'000	2015 €'000
42,670	43,728	Turnover	1	88,673	89,679
(28,325)	(28,084)	Variable costs		(45,818)	(47,730)
14,345	15,644	Contribution margin		42,855	41,949
(7,761)	(8,161)	Other production costs	2	(22,230)	(21,928)
6,584	7,482	Gross profit		20,625	20,021
(2,677)	(2,714)	Sales and marketing costs	2	(9,748)	(9,649)
(4,139)	(4,292)	Administrative costs	2,3	(5,944)	(5,817)
1,348	1,649	Other operating income	4	596	225
(19)	(9)	Other operating expenses		(22)	(22)
1,097	2,117	Earnings before interest, tax, depreciation and amortisation (EBITDA)		5,507	4,758
(1,071)	(1,142)	Depreciations, amortisations and impairment losses on fixed assets	10, 11	(2,327)	(2,259)
26	975	Earnings before interest and tax (EBIT)		3,180	2,499
2,124	2,003	Income from investments in group enterprises	5	-	-
368	206	Financial income	6	18	113
(1,015)	(1,015)	Financial expenses	7	(983)	(891)
1,503	2,169	Earnings before tax		2,215	1,721
-	-	Tax on profit for the year	8	(46)	(218)
1,503	2,169	Earnings for the year		2,169	1,503
Proposed distribution of profit					
1,503	2,169	Retained earnings			
1,503	2,169				

Balance sheet

Parent			Group		
2015 €'000	2016 €'000		Note	2016 €'000	2015 €'000
64	50	Software applications		70	65
775	590	Goodwill and other intangible assets		647	890
839	640	Intangible assets	10	717	955
1,468	1,359	Land and buildings		9,663	10,114
4,152	4,157	Plant and machinery		9,565	9,842
279	203	Fixtures and fittings, tools and equipment		829	859
143	26	Tangible assets in progress and prepayments		62	197
6,042	5,745	Tangible assets	11	20,119	21,012
31,832	26,012	Investments in subsidiaries	12	-	-
-	-	Other securities	12	31	30
1,117	1,149	Deferred tax asset	13	2,961	2,852
32,949	27,161	Fixed asset investments		2,992	2,882
39,830	33,546	Fixed assets		23,829	24,849
2,714	2,505	Inventories	9	10,822	10,823
1,557	2,127	Trade receivables		10,451	9,770
15,629	15,365	Receivables from group enterprises		-	-
-	-	Corporation tax receivables		80	126
1,315	641	Other receivables		845	1,785
230	221	Prepayments		396	420
18,731	18,354	Receivables		11,772	12,101
1,496	797	Cash		5,937	2,861
22,941	21,656	Current assets		28,530	25,785
62,771	55,202	Assets		52,359	50,634

Balance sheet

Parent			Group	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
16,985	16,985	Share capital	16,985	16,985
3,552	5,245	Retained earnings	5,245	3,552
20,537	22,230	Equity	22,230	20,537
-	-	Provision for deferred tax	13 301	336
-	-	Pensions and similar liabilities	14 945	818
155	128	Other provisions	15 218	269
155	128	Provisions	1,464	1,423
3,350	3,362	Subordinated convertible loan capital	17 3,362	3,350
11,907	12,137	Mortgage debt etc.	16 12,137	11,907
15,257	15,499	Long-term liabilities other than provisions	17 15,499	15,257
2,614	1,548	Bank debt	1,548	2,614
1,422	1,742	Trade payables	5,861	4,844
20,206	11,658	Payables to group enterprises	-	-
254	-	Corporation tax payables	59	277
2,326	2,397	Other payables	5,698	5,682
26,822	17,345	Short-term liabilities other than provisions	13,166	13,417
42,079	32,844	Liabilities other than provisions	28,665	28,674
62,771	55,202	Equity and liabilities	52,359	50,634
		Working capital changes	18	
		Assets charged, contingent liabilities, related party transactions, group relations.	19 - 21	

Statement of changes in equity

	Parent/Group				
	Share capital	Retained earnings	Total equity	Subordinated loan capital	Total
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2015	16,985	1,605	18,590	3,359	21,949
Profit for the year	-	1,503	1,503	-	1,503
Exchange rate adjustments relating to subsidiaries, hedging etc.		277	277	(9)	268
Net value adjustments, derivatives	-	167	167	-	167
Balance at 31 December 2015	16,985	3,552	20,537	3,350	23,887
Profit for the year	-	2,169	2,169	-	2,169
Exchange rate adjustments relating to subsidiaries, hedging, etc		(379)	(379)	12	(367)
Net value adjustments, derivatives	-	(97)	(97)	-	(97)
Balance at 31 December 2016	16,985	5,245	22,230	3,362	25,592

The share capital is registered in DKK and amounts to DKK 126.6 million 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.

Cash flow statement

	Note	Group	
		2016 €'000	2015 €'000
Earnings before interest, tax, depreciation and amortisation		5,507	4,759
Adjustment of profits and losses from the sale of property, plant and equipment		(384)	5
Adjusted earnings before interest, tax, depreciation and amortisation		5,123	4,764
Change in provisions		(98)	(266)
Working capital changes	18	1,263	(1,889)
Cash flows from operating activities before net financials and tax		6,288	2,609
Net financial items		(742)	(739)
Income taxes paid		(328)	(122)
Cash flows from operating activities		5,218	1,747
Acquisition of intangible assets and property, plant and equipment		(1,553)	(2,167)
Sale of property, plant and equipment		424	72
Acquisition and sale of other securities, investments, etc		(0)	5
Cash flows from investing activities		(1,129)	(2,089)
Cash flows from operating and investing activities		4,089	(342)
Changes in equity and subordinated loan capital		4	1
Change in interest-bearing debt excl. subordinated loan capital		(0)	0
Cash flow change in exchange rates		47	113
Cash flows from financing activities		51	114
Increase in cash and cash equivalents		4,140	(228)
Cash and cash equivalents at 1 January		248	475
Cash and cash equivalents at 31 December		4,388	247

Notes

Parent			Group	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
1. Segment information				
Turnover by geographical market:				
40,604	40,384	Europe	84,487	86,765
2,066	3,344	Rest of the world	4,186	2,914
42,670	43,728		88,673	89,679
2. Staff costs				
8,600	9,045	Wages and salaries	21,558	21,221
779	795	Pension contributions and other social security costs	3,765	3,657
9,379	9,840		25,322	24,878
Remuneration for the Parent's Management and Board of Directors is included by € 713 thousand (2014: €658 thousand). Staff costs are included under other production costs, sales and marketing costs and administrative costs.				
133	136	Average number of employees	495	479
3. Audit fee				
Fee to auditor appointed at the Annual General Meeting:				
Deloitte:				
41	41	Legal audit, annual accounts	120	120
40	1	Tax counselling	16	56
18	2	Non-audit services	6	33
99	44		142	209

Notes

Parent			Group	
2015 €'000	2016 €'000		2016 €'000	2015 €'000
4. Other operating income				
1,207	1,176	Management fee from subsidiaries	-	-
109	68	Rental/Leasing	80	121
27	81	Grants from Rich. Müller Foundation	81	27
-	319	Gain from fixed assets sold	395	2
5	-	Grants from governments	2	43
0	5	Other	38	32
1,348	1,649		596	225
5. Income from investments in group enterprises				
1,769	2,003	Share of profit/loss after tax		
355	-	Changes in intra-group profits		
2,124	2,003			
6. Financial income				
100	14	Interest income and other financial income	18	105
268	192	Interest income from group enterprises	-	-
0	(0)	Exchange gains	(0)	8
368	206		18	113
7. Financial expenses				
603	560	Interest expenses and other financial expenses	674	610
301	276	Interest expenses to group enterprises	129	133
111	179	Exchange losses	180	148
1,015	1,015		983	891

Notes

Parent			Group	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
		8. Tax on profit for the year		
-	-	Current tax	149	146
-	-	Change in deferred tax	(37)	16
-	-	Adjustment in deferred tax due to changes in tax rates	(72)	56
-	-	Adjustment concerning previous years	6	0
-	-		46	218
		9. Inventories		
1,199	968	Raw materials and consumables	3,060	3,201
193	147	Work in progress	1,270	1,243
1,322	1,390	Manufactured goods and goods for resale	6,492	6,379
2,714	2,505		10,822	10,823

Notes

Parent			Group	
Software applica- tions €'000	Goodwill, other intang. assets €'000		Software applica- tions €'000	Goodwill, other intang. assets €'000
10. Intangible assets				
1,203	1,284	Cost at 1 January 2016	3,496	2,115
4	6	Exchange rate adjustment	(51)	(64)
0	0	Additions	22	0
-	-	Disposals	(208)	-
-	-	Other adjustments	-	-
1,207	1,290	Cost at 31 December 2016	3,260	2,050
(1,139)	(509)	Depreciation at 1 January 2016	(3,431)	(1,225)
(3)	(3)	Exchange rate adjustment	51	42
(15)	(187)	Depreciation for the year	(17)	(220)
-	-	Depreciations regarding year's disposals	208	-
-	-	Other adjustments	-	-
(1,157)	(700)	Balance at 31 December 2016	(3,190)	(1,403)
50	590	Carrying amount at 31 December 2016	70	647

Notes

11. 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 2016	22,313	53,234	7,216	197
Exchange rate adjustment	(237)	(983)	(100)	(0)
Additions	172	1,243	208	(89)
Disposals	(45)	(2,606)	(740)	(44)
Adjustments	-	100	-	(2)
Cost at 31 December 2016	22,203	50,988	6,583	62
Depreciation at 1 January 2016	(12,199)	(43,392)	(6,357)	-
Exchange rate adjustment	116	843	99	-
Depreciation for the year	(503)	(1,352)	(235)	0
Impairment for the year	-	(0)	-	-
Depreciations regarding year's disposals	45	2,602	692	-
Adjustments	-	(124)	47	(0)
Balance at 31 December 2016	(12,540)	(41,423)	(5,754)	-
Carrying amount at 31 December 2016	9,663	9,565	829	62

Notes

11. Tangible assets (continued)

	Parent			
	Land and buildings €'000	Plant and machinery €'000	Fixtures fittings, tools and equipment €'000	Tangible assets in progress €'000
Cost at 1 January 2016	5,315	17,572	870	143
Exchange rate adjustment	20	67	3	1
Additions	26	797	6	(117)
Disposals	(31)	(949)	(37)	0
Adjustments	-	-	1	-
Cost at 31 December 2016	5,329	17,487	843	26
Depreciation at 1 January 2016	(3,847)	(13,420)	(591)	-
Exchange rate adjustment	(15)	(52)	(2)	-
Depreciation for the year	(140)	(742)	(57)	-
Depreciations regarding year's disposals	31	883	11	-
Adjustments	1	-	(0)	-
Balance at 31 December 2016	(3,970)	(13,331)	(640)	-
Carrying amount at 31 December 2016	1,359	4,157	203	26

Notes

Parent		Group
Invest- ments in subsidiaries €'000		Other securities €'000
	12. Financial assets	
56,931	Cost at 1 January 2016	30
	Exchange rate adjustment	-
	Additions	1
-	Disposals	0
56,931	Cost at 31 December 2016	31
(25,099)	Adjustments at 1 January 2016	-
(339)	Exchange rate adjustment	-
2,003	Share of profit/(loss) for the year in subsidiaries	-
(7,484)	Dividends from subsidiaries	-
(30,919)	Balance at 31 December 2016	-
26,012	Carrying amount at 31 December 2016	31

Notes

Parent			Group	
2015 €'000	2016 €'000		2016 €'000	2015 €'000
13. Deferred tax				
1,171	1,117	Tax asset/liabilities at 1 January	2,516	2,642
(3)	4	Exchange rate adjustment	26	(6)
(51)	28	Changes during the year, recognised on equity	28	(51)
0	(0)	Changes during the year, recognised in profit and loss account	90	(69)
1,117	1,149		2,660	2,516
The most significant tax assets relate to the parent company, RMIG GmbH, RMIG Nold GmbH and RMIG S.A.S.				
Deferred taxes relate to the following items:				
98	143	Intangible assets	75	8
648	751	Tangible assets	458	352
(75)	(70)	Current assets	16	6
34	28	Provisions	128	131
(28)	(25)	Liabilities other than provisions	4	(5)
979	799	Tax losses carryforward, gross	5,465	6,217
(539)	(477)	Impairment of tax asset	(3,486)	(4,193)
1,117	1,149	Net deferred tax	2,660	2,516
Consisting of:				
1,117	1,149	Deferred tax asset	2,961	2,852
-	-	Provision for deferred tax liabilities	301	336

Tax losses carryforward are recognised at approximately 26% of the gross value (2015: 27%) according to 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	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
14. Pension and similar liabilities				
-	-	Liability at 1 January	818	836
-	-	Spent during the year	(51)	(51)
-	-	Provisions made during the year	178	33
-	-		945	818

Group/Parent

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.

Parent			Group	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
15. Other provisions				
163	155	Other provisions at 1 January	269	478
(0)	0	Exchange rate adjustment	(0)	7
(22)	(55)	Spent during the year	(110)	(253)
-	-	Reversed during the year	(23)	(68)
14	28	Provisions made during the year	82	105
155	128		218	269

Group/Parent

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

Notes

Parent			Group	
2015	2016		2016	2015
€'000	€'000		€'000	€'000
16. Mortgage debt etc.				
9,523	9,618	Mortgage debt	9,618	9,523
2,384	2,519	Derivates	2,519	2,384
11,907	12,137		12,137	11,907
17. 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	-	-
7,690	7,642	Mortgage debt	7,642	7,690
1,390	1,374	Derivates	1,374	1,390
9,080	9,016		9,016	9,080

The subordinated convertible loan capital has no maturity. The outstanding amount is DKK 25 mill. equal to € 3.363 mill. end of 2016 (end of 2015: DKK 25 mill equal to € 3.35 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 current outstanding amount can be converted into share capital of a nominal value of in total DKK 25 mill. There is no deadline for the right of conversion.

	Group	
	2016	2015
	€'000	€'000
18. Working capital changes		
Change in inventories	(107)	(1,157)
Change in receivables	(882)	(1,709)
Change in trade payables, etc	1,146	(148)
Change in other NWC items, primarily VAT and property tax	1,107	1,125
	1,263	(1,889)

Notes

Net book value of assets charged	Charge	Net book value of assets charged	Charge
2016	2016	2015	2015
€'000	€'000	€'000	€'000

19. Assets charged

Group

Current assets	3,319	864	3,627	898
Land and buildings	1,651	13,406	1,780	13,393
	4,970	14,270	5,407	14,291

Parent

Current assets	-	-	-	-
Land and buildings	1,359	12,540	1,466	12,493
	1,359	12,540	1,466	12,493

20. Related parties and group relations

Related party comprise the shareholder, the Board of Directors and 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 in the annual report. Please also refer to 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.

Notes

21. Contingent liabilities

Group

Liabilities from contracts incl. operating lease contracts amount to € 2 mill. of which € 0.32 mill. fall due in 2017.

To external beneficiaries bank guarantees have been issued for an amount of € 0.1 mill. totally.

Parent

Liabilities from contracts incl. operating lease contracts amount to € 1.2 mill. of which € 0.15 mill. fall due in 2017.

The parent company has signed suretyships regarding all current and future obligations of a number of subsidiaries towards Nordea Group. At 31 December 2016 the balance between these subsidiaries and Nordea amounted to zero.

The parent company has issued bank guarantees to external beneficiaries for an amount of € 0.05 mill. totally.

22. Events after the balance sheet date

RMIG has acquired 51% of the shares in United Automotive Interiors Ltd (UAI) based in Wolverhampton, UK. UAI is developing, producing and selling loudspeaker grills to the UK automotive market so the activities in UAI are similar to the ones RMIG has in RMIG Nold. The acquisition will strengthen RMIG's position within automotive speaker grills and be a stronger platform for developing and growing the business. RMIG expects to generate positive earnings from UAI in 2017.

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 also the Group's internal reporting currency. Translation of amounts in DKK is based on the following exchange rates:

DKK/€	2016	2015
Income statement items	744.72	745.99
Balance sheet items	743.44	746.25

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 applying 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 for being treated as hedging instruments, changes in fair value are recognised currently in the income statement.

Changes in the fair value of derivatives, applied for 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 net present 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 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 the 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 for realisation 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 economic useful life on goodwill is estimated on basis of the empirical professional knowledge of Management within each segment. The depreciation period is maximum 20 years and lasts longest for companies with a strong market position and a long profit profile.

Property, plant and equipment, and other intangible assets are in the year of acquisition 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.

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.

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
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

Accounting policies

Fixed assets (continued)

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.

Inventories

Inventories are measured at the lower of 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.

Accounting policies

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 from the 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.