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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 11 March 2016

Chairman of the General Meeting

Front page photo:

Different types of expanded metal meshes produced by RMIG. 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 RMIG A/S for the financial year 1 January - 31 December 2015.

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, 11 March 2016

Management

Torben D. Svanholm Chief Executive Officer

Board of Directors

Sten Scheibye

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

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of RM Rich. Müller A/S for the financial year 1 January to 31 December 2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and 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.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about the fact that the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015, and of the results of their operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditor's report

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 11 March 2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Erik Holst Jørgensen

State Authorised Public Accountant

CVR-nr.: 33 96 35 56

Max Damborg

State Authorised Public Accountant

Management's review

Group chart (The percentages in brackets indicate the shareholding)

	RMIG Sweden AB Sweden	Mariestad (100%)
	RMIG AS Norway	Stokke (100%)
	RMIG Ltd. Great Britain	Warrington (100%)
	RMIG GmbH Germany	Raguhn (100%)
RM Rich. Müller A/S	RMIG Nold GmbH Germany	Stockstadt (100%)
Ballerup Denmark Parent Company	RMIG Lochbleche GmbH Austria	Leobersdorf (100%)
Talent Company	RMIG AG Switzerland	Olten (100%)
	RMIG B.V. The Netherlands	Sliedrecht (100%)
	RMIG N.V./S.A. Belgium	Aalst (100%)
	RMIG Sp. Zo.o.	Poznan (100%)
	RMIG S.A.S. France	Lyon (100%)

Management's review

Group financial highlights

	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Turnover	89,679	87,984	81,069	90,870	82,003
EBITDA	4,758	4,821	5,551	2,303	3,942
EBIT	2,499	2,864	3,685	(430)	884
Net financials	(778)	(959)	(853)	(743)	(567)
Net profit/(loss) for the year	1,503	1,653	1,686	(1,848)	(324)
Investments in property, plant and equipment	1,893	4,555	1,011	836	1,252
Total assets	50,634	47,257	44,115	46,282	50,103
Equity	20,537	18,590	17,790	17,404	20,122
Subordinated loan capital	3,350	3,359	1,997	2,004	1,999
EBITDA ratio	5.3%	5.5%	6.8%	2.5%	4.8%
EBIT ratio	2.8%	3.3%	4.5%	-0.5%	1.1%
Equity ratio (excl subordinated loan capital)	40.6%	39.3%	40.3%	37.6%	40.2%
Equity ratio (incl subordinated loan capital)	47.2%	46.4%	44.9%	41.9%	44.2%
Return on invested capital excl. goodwill	8.7%	11.1%	16.2%	0.5%	5.5%

Ratios for 2011 have not been adjusted to the changed accounting policies.

Ratios

The ratios have been compiled in accordance with "Anbefalinger & Nøgletal 2010" (Recommendations & Ratios 2010) issued by the Danish Society of Financial Analysts and generally accepted calculation formulas.

EBIT ratio	$\frac{EBIT \times 100}{Turnover}$
Equity ratio (excl. subordinated loan capital)	Equity, end of period x 100 Total equity and liabilities, end of period
Equity ratio (incl. subordinated loan capital)	$\frac{(\textit{Equity} + \textit{subordinated loans}, \textit{end of period}) \ x \ 100}{\textit{Total equity and liabilities}, \textit{end of period}}$
Return on invested capital excl. goodwill	(EBITA excl. goodwill write down) x 100 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 name RMIG. The RMIG name is used when the Group's total activities are described.

RMIG is the leading manufacturer and supplier of perforated metal (sheet perforation) in Europe. 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 trading offices in 11 countries. Furthermore RMIG cooperates world-wide with sales representatives and distributors in countries in which the Group is not presented through its own subsidiaries.

Development within the financial year

2015 was influenced by declining raw material prices and a perforation industry that continued to operate under highly competitive market conditions due to overcapacity. It is therefore positive that RMIG increased sales in 2015 by 1.9% and experienced a growth in contribution margin of 3.2%. Due to increasing fixed costs – primarily within administrative costs – EBITDA was a bit lower than in 2014. Earnings for the year also turned out a bit lower than last year mainly because of increased depreciations. The increased depreciations are a result of RMIG's investment programme in new machines and tooling to improve the Group's capabilities and efficiency.

As at 1 June RMIG took over the activities of Nordperf AB, Sweden. The acquisition went as planned and already in September all production was moved to RMIG's existing facilities. The Nordperf business contributed approx. 1 MEUR in turnover in the financial year.

In 2015 continued focus was on developing the business and improving customer relationship. The positive development in sales and contribution is a result of the investment plan, acquisition of Nordperf and focus on customer satisfaction. Management finds the result satisfactory under the current market conditions.

Cash flow statement

The increased activity in 2015 required € 1.9 mill. additional working capital compared to last year. Cash flow from operating activities turned out at € 1.8 mill., € 0.9 mill. better than last year. RMIG continued its high investment plan by investing a net amount of € 2.1 mill. in machines and tooling.

RMIG maintained a strong financial position with an equity ratio of 40.6% and a low need of bank credit facilities. Including subordinated loan capital the equity ratio is 47.2%. The Group's strong financial position is an important factor in developing the business and continuing gaining market shares in this very competitive European market.

Ownership

The Rich. Müller-Foundation, Ballerup, wholly owns RM Rich. Müller A/S.

Management's review

Outlook

RMIG expects continued growth in sales in 2016, and the result is expected to be at least at the same level as for 2015. The expectations are based on plans and initiatives for developing the business and increasing profit and are supported by the investment plan and on a continued focus on customer satisfaction. Furthermore focus will be on improving efficiency through optimisation of internal processes within the Group.

RMIG will continue its investment plans by investing in new production equipment in the scale of € 3.0 mill. in 2016.

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. This decision is based on the evaluation of resources needed and materiality for a company of RMIG's nature.

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. In none of these groups exists an under-represented gender.

Reporting of fulfilment of objectives

The objectives have not yet been achieved. There was a replacement of one board member of the Board of RMIG in 2015, but no candidates of the under-represented gender met the required competences.

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 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.

Environmental performance

It is the management's objective that the Group's products and production processes are not to have any strain on 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.

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

Group

2014 €'000	2015 €'000	**	Note	2015 _€'000	2014 €'000
40,195	42,670	Turnover	1	89,679	87,984
(26,183)	(28,325)	Variable costs		(47,730)	(47,335)
14,012	14,345	Contribution margin		41,949	40,649
(7,760)	(7,761)	Other production costs	2	(21,928)	(21,066)
6,252	6,584	Gross profit		20,021	19,583
(2,630)	(2,677)	Sales and marketing costs	2	(9,649)	(9,546)
(3,748)	(4,139)	Administrative costs	2,3	(5,817)	(5,495)
1,515	1,348	Other operating income	4	225	311
(11)	(19)	Other operating expenses		(22)	(32)
1,378	1,097	Earnings before interest, tax, depreciation and amortisation (EBITDA)		4,758	4,821
(912)	(1,071)	Depreciations, amortisations and impairment losses on fixed assets	10, 11	(2,259)	(1,957)
466	26	Earnings before interest and tax (EBIT)		2,499	2,864
1,675	2,124	Income from investments in group enterprises	5	i n	
270	368	Financial income	6	113	66
(1,038)	(1,015)	Financial expenses	7	(891)	(1,025)
1,373	1,503	Earnings before tax		1,721	1,905
280	()	Tax on profit for the year	8	(218)	(252)
1,653	1,503	Earnings for the year		1,503	1,653
		Proposed distribution of profit			
1,653	1,503	Retained earnings			
1,653	1,503				

Balance sheet

Pa	rent			Gro	up
2014 €'000	2015 €'000		Note	2015 _€'000	2014 €'000
71	64	Software applications		65	71
717	775	Goodwill and other intangible assets		890	844
788	839	Intangible assets	10	955	915
1,611	1,468	Land and buildings		10,114	10,542
3,806	4,152	Plant and machinery		9,842	9,335
185	279	Fixtures and fittings, tools and equipment		859	846
361	143	Tangible assets in progress and prepayments		197	364
5,963	6,042	Tangible assets	11	21,012	21,087
29,846	31,832	Investments in subsidiaires	12	-	
	=	Other securities	12	30	36
1,171	1,117	Deferred tax asset	13	2,852	2,956
31,017	32,949	Fixed asset investments		2,882	2,992
37,768	39,830	Fixed assets		24,849	24,994
2,669	2,714	Inventories	9	10,823	9,657
1,962	1,557	Trade receivables		9,770	9,417
11,383	15,629	Receivables from group enterprises			
	•	Corporation tax receivables		126	126
287	1,315	Other receivables		1,785	525
112	230	Prepayments		420	324
13,744	18,731	Receivables		12,101	10,392
1,380	1,496_	Cash		2,861	2,214
17,793	22,941	Current assets		25,785	22,263
55,561	62,771	Assets		50,634	47,257

Balance sheet

Parent					Group	
2014 €'000	2015 €'000	•	Note	2015 _€'000	2014 €'000	
16,985	16,985	Share capital		16,985	16,985	
1,605	3,552	Retained earnings		3,552	1,605	
18,590	20,537	Equity		20,537	18,590	
	1	Provision for deferred tax	13	336	314	
	2	Pensions and similar liabilities	14	818	836	
163	155	Other provisions	15	269	478	
163	155	Provisions		1,423	1,628	
3,359	3,350	Subordinated convertible loan capital	17	3,350	3,359	
12,139	11,907	Mortgage debt etc.	16	11,907	12,139	
15,498	15,257	Long-term liabilities other than provisions	17	15,257	15,498	
1,588	2,614	Bank debt		2,614	1,737	
1,500	1,422	Trade payables		4,844	4,281	
15,615	20,206	Payables to group enterprises		. ₩).		
254	254	Corporation tax payables		277	265	
2,353	2,326	Other payables		5,682	5,258	
21,310	26,822	Short-term liabilities other than provisions		13,417	11,541	
36,808	42,079	Liabilities other than provisions		28,674	27,039	
55,561	62,771	Equity and liabilities		50,634	47,257	
		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	<u>€'000</u>	€'000
Balance at 1 January 2014	16,985	805	17,790	1,997	19,787
Profit for the year		1,653	1,653	æ	1,653
Exchange rate adjustments relating to subsidiaries, hedging etc.		(54)	(54)	5	(49)
Net value adjustments, derivates	<u>=</u>	(799)	(799)	028	(799)
Installments for the year	\ -	8 2 0		(2,002)	(2,002)
Proceeds of new loan	940	×	12	3,359	3,359
Balance at 31 December 2014	16,985	1,605	18,590	3,359	21,949
Profit for the year	8 = 8	1,503	1,503		1,503
Exchange rate adjustments relating to subsidiaries, hedging, etc	9 5 4		277	(9)	268
Net value adjustments, derivates	2 7 7		167	-	167
Balance at 31 December 2015	16,985	3,108	20,537	3,350	23,887

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.

During 2014 the subordinated loan from RM Foundation was replaced by a new subordinated loan with the right for the Foundation to convert the loan capital into new shares in RMIG A/S. At the same time the loan increased to € 3,359 mill.

Cash flow statement

Group

_	Note	2015 €'000	2014 €'000
Earnings before interest, tax, depreciation and amortisation		4,759	4,821
Adjustment of profits and losses from the sale of property, plant and equipment		(2)	16
Adjusted earnings before interest, tax, depreciation and amortisation		4,757	4,837
Change in provisions		(227)	(219)
Working capital changes	18	(1,889)	(2,376)
Cash flows from operating activities before net financials and tax		2,641	2,242
Net financial items		(765)	(939)
Income taxes paid		(131)	(349)
Net exchange rate adjustments etc. relating to foreign subsidiaries		104	35
Cash flows from operating activities		1,849	989
Acquisition of intangible assets and property, plant and equipment		(2,102)	(5,092)
Sale of property, plant and equipment		23	165
Cash flows from investing activities	-	(2,079)	(4,927)
Cash flows from operating and investing activities		(230)	(3,938)
Changes in equity and subordinated loan capital		*:	1,361
Change in interest-bearing debt excl. subordinated loan capital		877	1,738
Cash flows from financing activities	-	877	3,099
Increase in cash and cash equivalents		647	(839)
Cash and cash equivalents at 1 January		2,214	3,053
Cash and cash equivalents at 31 December	U=	2,861	2,214

Par	ent		Gro	up
2014 E'000	2015 €'000		2015 €'000	2014 €'000
		1. Segment information		
		Turnover by geographical market:		
37,901	40,604	Europe	86,765	85,162
2,294	2,066	Rest of the world	2,914	2,822
40,195	42,670	•	89,679	87,984
		2. Staff costs		
8,040	8,600	Wages and salaries	21,221	19,965
748	779	Pension contributions and other social security costs	3,657	3,432
8,788	9,379		24,878	23,397
		Remuneration for the Parent's Management and Board of Directors is included by € 658 thousand (2014: €630 thousand). Staff costs are included under other production costs, sales and marketing costs and administrative costs.		
128	133	Average number of employees	479	471
		3. Audit fee		
		Fee to auditor appointed at the Annual General Meeting:		
		Deloitte:		
57	41	Legal audit, annual accounts	120	142
36	40	Tax counselling	56	61
10	18	Non-audit services	33	25
103	99		209	228

Parent			Gro	up
2014 €'000	2015 €'000	_	2015 €'000	2014 €'000
		4. Other operating income		Tel Val
1,236	1,207	Management fee from subsidaries		
124	109	Rental/Leasing	121	137
75	27	Grants from Rich. Müller Foundation	27	75
3	=	Gain from fixed assets sold	2	4
5	5	Grants from goverments	43	11
72	ě	Other	32	84
1,515	1,348	•	225	311
		5. Income from investments in group enterprises		
1,342	1,769	Share of profit/loss after tax		
333	355	Changes in intra-group profits		
1,675	2,124			
		6. Financial income		
49	100	Interest income and other financial income	105	60
220	268	Interest income from group enterprises	#	
1	(* C	Exchange gains	8	6
270	368		113	66
		7. Financial expenses		
620	603	Interest expenses and other financial expenses	610	749
268	301	Interest expenses to group enterprises	133	89
150	111	Exchange losses	148	187
1,038	1,015		891	1,025

Par	ent		Gro	up
2014 €'000	2015 €'000	<u>.</u>	2015 €'000	2014 €'000
		8. Tax on profit for the year		
		Current tax	146	161
(283)	ਰ	Change in deferred tax	16	123
3	ā	Adjustment in deferred tax due to changes in tax rates	56	(42)
	Ξ	Adjustment concerning previous years	#1	10
(280)	-	•	218	252
8, 4 7(2)				
		9. Inventories		
1,217	1,199	Raw materials and consumables	3,201	3,133
184	193	Work in progress	1,243	807
1,268	1,322	Manufactured goods and goods for resale	6,379	5,717
2,669	2,714		10,823	9,657

Parent				Group	
Software applica- tions €'000	Goodwill, other intang. assets €'000		Software applica- tions €'000	Goodwill, other intang assets €'000	
		10. Intangible assets			
1,206	1,057	Cost at 1 January 2015	3,459	1,826	
(3)	(3)	Exchange rate adjustment	37	59	
78	230	Additions	*	230	
1,203	1,284	Cost at 31 December 2015	3,496	2,115	
(1,135)	(340)	Depreciation at 1 January 2015	(3,388)	(982)	
2	2	Exchange rate adjustment	(38)	(34)	
(6)	(171)	Depreciation for the year	(5)	(209)	
36	*	Depreciations regarding year's disposals	2	ω	
(1,139)	(509)	Balance at 31 December 2015	(3,431)	(1,225)	
64	775	Carrying amount at 31 December 2015	65	890_	

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 2015	22,200	51,877	7,137	364
Exchange rate adjustment	87	446	141	9
Additions	26	1,762	272	1,751
Disposals	29	(171)	(270)	(1,918)
Adjustments	*	(680)	(64)	2
Cost at 31 December 2015	22,313	53,234	7,216	197
Depreciation at 1 January 2015	(11,658)	(42,542)	(6,291)	=
Exchange rate adjustment	(43)	(395)	(138)	-
Depreciation for the year	(500)	(1,288)	(257)	i a
Depreciations regarding year's disposals	<u>~</u>	151	268	9
Adjustments	2	682	61	-
Balance at 31 December 2015	(12,199)	(43,392)	(6,357)	•
Carrying amount at 31 December 2015	10,114	9,842	859_	197

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 2015	5,328	17,283	976	361
Exchange rate adjustment	(13)	(44)	(2)	(1)
Additions		1,081	144	1,700
Disposals		(47)	(221)	(1,917)
Adjustments		(701)	(27)	
Cost at 31 December 2015	5,315_	17,572	870	143
Depreciation at 1 January 2015	(3,717)	(13,477)	(791)	<u> </u>
Exchange rate adjustment	9	34	2	-
Depreciation for the year	(141)	(686)	(66)	-
Depreciations regarding year's disposals	-	27	219	8
Adjustments	2	682	45	- 聖
Balance at 31 December 2015	(3,847)	(13,420)	(591)	
Carrying amount at 31 December 2015	1,468	4,152	279	143

Invest- ments in subsi- diaries _€'000		Other securities €'000
	12. Financial assets	
56,931	Cost at 1 January 2015	36
	Additions	(4)
-	Disposals	(6)
56,931	Cost at 31 December 2015	30
(27,123)	Adjustments at 1 January 2015	劉
285	Exchange rate adjustment	*
2,124	Share of profit/(loss) for the year in subsidiaries	*
(385)	Dividends from subsidiaries	*
(25,099)	Balance at 31 December 2015	
31,832	Carrying amount at 31 December 2015	30

Parent			Gro	up
2014 €'000	2015 €'000	·	2015 €'000	2014 €'000
		13. Deferred tax		
667	1,171	Tax asset/liabilities at 1 January	2,642	2,475
	(3)	Exchange rate adjustment	(6)	20
224	(51)	Changes during the year, recognised on equity	(51)	224
280	æ.t	Changes during the year, recognised in profit and loss account	(69)	(77)
1,171	1,117		2,516	2,642
		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:		
59	98	Intangible assets	8	(42)
452	648	Tangible assets	352	257
(88)	(75)	Current assets	6	1
36	34	Provisions	131	125
(30)	(28)	Liabilities other than provisions	(5)	(13)
1,148	979	Tax losses carryforward, gross	6,217	6,772
(406)	(539)	Impairment of tax asset	(4,193)	(4,458)
1,171	1,117	Total deferred tax	2,516	2,642
1,171	1,117	Deferred tax asset	2,852	2,956
		Provision for deferred tax liabilities	336	314

Deferred taxes are recognised at approximately 27% of the gross value (2014: 26%) according to current accounting policy in which only the portion of tax losses expected to be used within a five-year period is capitalised.

Parent			Gro	up
2014 €'000	2015 €'000	_	2015 <u>€'000</u>	2014 €'000
		14. Pension and similar liabilities		
-	2	Liability at 1 January	836	904
	*	Spent during the year	(51)	(213)
	*:	Provisions made during the year	33	145
		-	818	836

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.

Pare	ent		Gro	пÞ
2014 €'000	2015 €'000		2015 <u>€</u> '000	2014 €'000
		15. Other provisions		
543	163	Other provisions at 1 January	478	790
2	3. - 2	Exchange rate adjustment	7	9
(230)	(22)	Spent during the year	(253)	(309)
(151)	-	Reversed during the year	(68)	(175)
(1)	14	Provisions made during the year	105	163
163	155		269	478

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.

Par	ent		Gro	up
2014 €'000	2015 €'000	-	2015 _€'000	2014 €'000
		16. Mortgage debt etc.		
9,531	9,523	Mortgage debt	9,523	9,531
2,608	2,384	Derivates	2,384	2,608
12,139	11,907	• •	11,907	12,139
		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:		
	Ä	Subordinated convertible loan capital	.ex:	
8,659	7,690	Mortgage debt	7,690	8,659
1,605	1,390	Derivates	1,390	1,605
10,264	9,080		9,080	10,264

The subordinated convertible loan capital has no maturity. The outstanding amount is DKK 25 mill. equal to € 3.35 mill. end of 2015 (end of 2014: DKK 25 mill equal to € 3.359 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.

G	го	u	P

	2015 <u>€</u> '000	2014 €'000
18. Working capital changes		
Change in inventories	(1,157)	(587)
Change in receivables	(1,709)	(820)
Change in trade paybles, etc	977	(969)
	(1,889)	(2,376)

Notes

	Net book value of assets charged 2015 €'000	Charge 2015 €'000	Net book value of assets charged 2014 €'000	Charge 2014 €'000
19. Assets charged				
Group				
Current assets	3,627	898	3,386	919
Land and buildings	1,780	13,393	1,927	13,398
	5,407	14,291	5,313	14,317
Parent				
Current assets	:#0!	\$ # 0	49	49
Land and buildings	1,466	12,493	1,611	12,524
	1,466	12,493	1,660	12,573

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 5 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 € 1.5 mill. of which € 0.9 mill. fall due in 2016.

To external beneficials bank gurantees have been issued for an amount of € 0.3 mill. totally.

Parent

Liabilities from contracts incl. operating lease contracts amount to € 0.6 mill. of which € 0.5 mill. fall due in 2016.

The parent company has signed suretyships regarding all current and future obligations of a number of subsidiaries towards Nordea Group. At 31 December 2015 the balance between these subsidiaries and Nordea amounted to zero.

The parent company has issued bank gurantees to external beneficials for an amount of € 0.3 mill. totally.

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/€	2015	2014
Income statement items	745.99	745.48
Balance sheet items	746.25	744.36

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, intragroup 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 extend any receiveable 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 receiveable, the remaining amount is recognised under provisions to the extend 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.