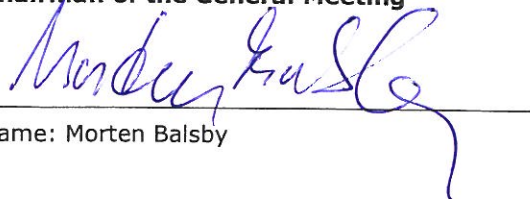


d line A/S
Roholmsvej 12F
2620 Albertslund
Central Business Registration
No 32948367

Annual report 2016

The Annual General Meeting adopted the annual report on 07.04.2017

Chairman of the General Meeting



Name: Morten Balsby

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Entity details

Entity

d line A/S
Roholmsvej 12F
2620 Albertslund

Central Business Registration No: 32948367
Registered in: Glostrup, Denmark
Financial year: 01.01.2016 - 31.12.2016

Phone: +4572170138
Fax: +4572170139
Website: www.dline.com

Board of Directors

Morten Balsby, Chairman
Stefan Ehrlich-Adam
Martin Meesenburg
Frederik Petersen
Hans Christian Petersen

Executive Board

Hans Christian Petersen

Bank

Sydbank A/S
Grevestrandvej 3-5
2670 Greve

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of d line A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

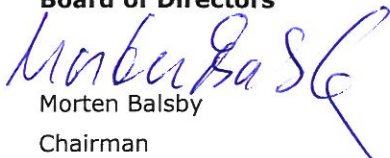
We recommend the annual report for adoption at the Annual General Meeting.

Albertslund, 07.04.2017

Executive Board

Hans Christian Petersen

Board of Directors


Morten Balsby
Chairman


Stefan Ehrlich-Adam


Martin Meesenburg

Frederik Petersen




Hans Christian Petersen

Independent auditor's report

To the shareholders of d line A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of d line A/S for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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.

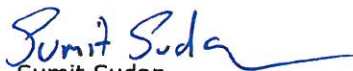
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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, 07.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Sumit Sudan
State-Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	65.115	58.844	54.874	58.705	60.205
Gross profit/loss	22.845	19.266	13.504	10.211	16.046
Operating profit/loss	(1.475)	552	(4.650)	(12.484)	(5.509)
Net financials	2.706	43	(746)	(22)	(22)
Profit/loss for the year	1.095	303	(4.752)	(10.361)	(3.908)
Total assets	52.290	55.844	46.748	52.268	60.872
Investments in property, plant and equipment	367	468	144	1.143	1.757
Equity	26.359	25.914	25.787	30.343	40.904
Cash flows from (used in) operating activities	3.887	3.977	(1.592)	(3.429)	(6.824)
Cash flows from (used in) investing activities	(1.008)	(212)	(303)	(1.699)	(2.763)
Cash flows from (used in) financing activities	(2.877)	0	196	2.350	145
Employees in average	85	77	70	70	84
Ratios					
Gross margin (%)	35,1	32,7	24,6	17,4	26,7
Return on equity (%)	4,2	1,2	(16,9)	(29,1)	(9,1)
Solvency Ratio (%)	51,6	45,9	55,2	58,1	67,2

Gross profit/loss has not previously included other external expenses. In 2015, this has been amended, and the Gross profit/loss for the years 2011 to 2014 have been restated accordingly.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios

Gross margin (%)

Calculation formula

$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{0}$$

Solvency Ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

Ratios

The entity's operating gearing.

The entity's return on capital invested in the entity by the owners.

The financial strength of the Entity.

Management commentary

Primary activities

d line is the innovative design leader of architectural hardware since 1971 and was founded on Knud Holscher's strong design philosophy. Based on 45 years of Danish design legacy, d line today offers solutions regarding hardware and sanitary product designs sold world-wide.

The main activity of d line is to market high-end and high-quality stainless steel products to the building industry.

Development in activities and finances

For 2016, d line experienced a profit of DKK 1.2 million before tax (2015: profit of DKK 0.6 million) and thus the result before tax is improved by DKK 0.6 million compared to 2015. The main factors influencing the result is the following:

- Sales is not increasing as expected, but we have, at the same time, invested in the Danish and UK markets to generate more sales in the coming years
- The full year effect of moving a major part of the production from vendors to d lines factory in Lithuania contributing positively to the result for the year
- High focus on reducing cost prices contributing positively to the result for the year
- The full year effect of the acquisition of d lines main distributor in the UK contributing positively to the result
- One time cost of moving product development to Lithuania
- Change in accounting policy related to measurement of the investment in Friday Labs Limited contributing positively to the result for the year
- The currency development in GBP has had a positive impact on the result for the year

Equity amounts to DKK 26.3 million as of 31 December 2016 compared to DKK 25.9 million as of 31 December 2015.

In 2016, d line has improved the result compared to 2015, but the result is not satisfactory with regard to what was expected for 2016.

Capital resources

Cash amounts to DKK 3.5 million as of 31 December 2016. In addition, d line has an overdraft facility at Sydbank and, furthermore, loans from the shareholders. These loan facilities combined with the cash on hand are expected to be sufficient to cover d lines capital needs for the coming year.

Outlook

d line is expecting a positive development in 2017 with higher sales and an increased result and cash flow.

Particular risks

Market risks

The Company is operating world-wide, however, the main markets are within Europe. Each market is individually evaluated.

Management commentary

Currency risk

As mentioned above, the main markets are within Europe. The majority of these markets is settled in EUR or DKK except for USA, Singapore and UK as these markets are settled in USD, SGD and GBP, respectively. In relation to purchases, the main vendors are paid in EUR, DKK and some oversea vendors are paid in USD. d line does not have any currency hedging as the currency risk in d line is assessed as being at an acceptable level.

Interest risk

The debt to the bank is a floating rate. Consequently, the Company has a significant interest rate risk. The loans from the shareholders are at a fixed rate.

Credit risk

Each market and customer are evaluated individually and many of d lines customers are customers which d line has traded with for many years. Only customers with a positive payment history are allowed credit. All other customers must make a full or partly prepayment when they place an order.

The credit risk is assessed to be at an acceptable level.

Environmental performance

d lines products are of high quality made from non-corrosive rust resistant stainless steel (AISI316). The AISI316 stainless steel gives the products maximum durability. Furthermore, d line products are made of up to 70% recycled steel, and waste material is recycled.

Strategic decisions

d lines strategy is to focus on 6 main sales regions i.e. Nordic, Europe, UK, Middle East, Asia and US. Part of this strategy is also to introduce new products to the market in the first half of 2017 including a new marketing strategy with focus on the top architects in the world. Furthermore, the strategy is to focus on d lines high quality and on delivery performance as these matters are key to d lines customers.

Events after the balance sheet date

There have been no significant events after the balance sheet date.

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue		65.115	58.844
Cost of sales		(31.888)	(30.332)
Other external expenses		(10.382)	(9.246)
Gross profit/loss		22.845	19.266
Staff costs	1	(21.490)	(16.354)
Depreciation, amortisation and impairment losses	2	(2.830)	(2.360)
Operating profit/loss		(1.475)	552
Income from other fixed assets investments		2.014	517
Other financial income	3	1.737	608
Other financial expenses	4	(1.045)	(1.082)
Profit/loss before tax		1.231	595
Tax on profit/loss for the year	5	(136)	(292)
Profit/loss for the year	6	1.095	303

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Completed development projects		222	173
Acquired patents		44	120
Acquired licences		107	177
Goodwill		9.447	10.687
Intangible assets	7	<u>9.820</u>	<u>11.157</u>
Land and buildings		232	244
Other fixtures and fittings, tools and equipment		2.651	3.456
Leasehold improvements		286	345
Property, plant and equipment	8	<u>3.169</u>	<u>4.045</u>
Other investments		3.500	1.011
Deposits		559	551
Fixed asset investments	9	<u>4.059</u>	<u>1.562</u>
Fixed assets		<u>17.048</u>	<u>16.764</u>
Raw materials and consumables		7.665	7.821
Manufactured goods and goods for resale		9.905	12.453
Inventories		<u>17.570</u>	<u>20.274</u>
Trade receivables		8.770	10.031
Deferred tax		4.023	3.607
Other receivables		206	221
Prepayments	10	1.195	1.272
Receivables		<u>14.194</u>	<u>15.131</u>
Cash		<u>3.478</u>	<u>3.675</u>
Current assets		<u>35.242</u>	<u>39.080</u>
Assets		<u>52.290</u>	<u>55.844</u>

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		10.000	10.000
Share premium		31.000	31.000
Retained earnings		(14.641)	(15.086)
Equity		<u>26.359</u>	<u>25.914</u>
Payables to shareholders and management		2.550	2.550
Other payables		3.168	5.585
Non-current liabilities other than provisions		<u>5.718</u>	<u>8.135</u>
Current portion of long-term liabilities other than provisions		1.675	3.126
Bank loans		7.938	8.137
Trade payables		5.109	5.240
Income tax payable		471	248
Other payables	11	5.020	5.044
Current liabilities other than provisions		<u>20.213</u>	<u>21.795</u>
Liabilities other than provisions		<u>25.931</u>	<u>29.930</u>
Equity and liabilities		<u>52.290</u>	<u>55.844</u>
Unrecognised rental and lease commitments	13		
Mortgages and securities	14		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	31.000	(15.086)	25.914
Exchange rate adjustments	0	0	(650)	(650)
Profit/loss for the year	0	0	1.095	1.095
Equity end of year	10.000	31.000	(14.641)	26.359

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry special rights. The share premium account is not subject to any dividend restrictions.

There have been no changes in the contributed capital in the past 5 years.

Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Operating profit/loss		(1.475)	552
Amortisation, depreciation and impairment losses		2.830	2.360
Working capital changes	12	3.902	1.105
Cash flow from ordinary operating activities		5.257	4.017
Financial income received		253	608
Financial income paid		(1.045)	(960)
Income taxes refunded/(paid)		(578)	312
Cash flows from operating activities		3.887	3.977
Acquisition etc of intangible assets		(181)	(77)
Acquisition etc of property, plant and equipment		(367)	(354)
Sale of property, plant and equipment		15	30
Acquisition of fixed asset investments		(475)	(270)
Acquisition of enterprises		0	459
Cash flows from investing activities		(1.008)	(212)
Instalments on loans etc		(2.877)	0
Cash flows from financing activities		(2.877)	0
Increase/decrease in cash and cash equivalents		2	3.765
Cash and cash equivalents beginning of year		(4.462)	(8.227)
Cash and cash equivalents end of year		(4.460)	(4.462)
Cash and cash equivalents at year-end are composed of:			
Cash		3.478	3.675
Short-term debt to banks		(7.938)	(8.137)
Cash and cash equivalents end of year		(4.460)	(4.462)

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	23.283	18.466
Pension costs	828	863
Other social security costs	99	192
Other staff costs	914	772
Staff costs classified as assets	(3.634)	(3.939)
	21.490	16.354
Average number of employees	85	77
	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.518	964
Depreciation of property, plant and equipment	1.327	1.426
Profit/loss from sale of intangible assets and property, plant and equipment	(15)	(30)
	2.830	2.360
	2016 DKK'000	2015 DKK'000
3. Other financial income		
Interest income	111	12
Exchange rate adjustments	1.626	596
	1.737	608
	2016 DKK'000	2015 DKK'000
4. Other financial expenses		
Exchange rate adjustments	195	576
Other financial expenses	850	506
	1.045	1.082
	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	267	66
Change in deferred tax for the year	(59)	76
Adjustment concerning previous years	0	94
Effect of changed tax rates	(72)	56
	136	292

Notes to consolidated financial statements

	2016	2015		
	DKK'000	DKK'000		
6. Proposed distribution of profit/loss				
Retained earnings	1.095	303		
	1.095	303		
	Completed develop- ment projects DKK'000	Acquired patents DKK'000	Acquired licences DKK'000	Goodwill DKK'000
7. Intangible assets				
Cost beginning of year	338	423	2.623	13.899
Additions	100	0	81	0
Cost end of year	438	423	2.704	13.899
Amortisation and impairment losses beginning of year	(165)	(303)	(2.446)	(3.212)
Amortisation for the year	(51)	(76)	(151)	(1.240)
Amortisation and impairment losses end of year	(216)	(379)	(2.597)	(4.452)
Carrying amount end of year	222	44	107	9.447
			Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
8. Property, plant and equipment				
Cost beginning of year		300	11.924	594
Additions		0	367	0
Disposals		0	(3)	0
Cost end of year		300	12.288	594
Depreciation and impairment losses beginning of the year		(56)	(8.468)	(249)
Depreciation for the year		(12)	(1.172)	(59)
Reversal regarding disposals		0	3	0
Depreciation and impairment losses end of the year		(68)	(9.637)	(308)
Carrying amount end of year		232	2.651	286

Notes to consolidated financial statements

	Other investments DKK'000	Deposits DKK'000
9. Fixed asset investments		
Cost beginning of year	494	551
Exchange rate adjustments	0	8
Additions	475	0
Cost end of year	969	559
Revaluations beginning of year	517	0
Fair value adjustments	2.014	0
Revaluations end of year	2.531	0
Carrying amount end of year	3.500	559

10. Prepayments

Prepayment comprise prepayments made for rent, insurance, travelling expenses, etc, that do not relate to the period.

	2016 DKK'000	2015 DKK'000
11. Other short-term payables		
VAT and duties	49	51
Wages and salaries, personal income taxes, social security costs, etc payable	13	11
Holiday pay obligation	1.177	1.024
Other costs payable	3.781	3.958
	5.020	5.044

	2016 DKK'000	2015 DKK'000
12. Change in working capital		
Increase/decrease in inventories	2.657	1.657
Increase/decrease in receivables	1.400	2.044
Increase/decrease in trade payables etc	(155)	(2.596)
	3.902	1.105

	2016 DKK'000	2015 DKK'000
13. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.877	3.194

Notes to consolidated financial statements

14. Mortgages and securities

	2016	2015
	DKK´000	DKK´000
The following assets have been placed as security with banks:		
Mortgage deeds registered to the mortgagor totalling DKK 10,000 thousand providing security on simple claims, inventory, property, plant and equipment at a total carrying amount of:	<u>29.901</u>	<u>33.040</u>

Additional security:

The shares of the Eisenware Group have been placed as security towards the former owners until full payment has been made.

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue		49.425	51.081
Cost of sales		(26.457)	(28.963)
Other external expenses		(7.295)	(6.125)
Gross profit/loss		15.673	15.993
Staff costs	1	(15.062)	(13.657)
Depreciation, amortisation and impairment losses	2	(1.869)	(1.994)
Operating profit/loss		(1.258)	342
Income from investments in group enterprises		(571)	13
Income from other fixed assets investments		2.014	517
Other financial income	3	1.663	641
Other financial expenses	4	(884)	(984)
Profit/loss before tax		964	529
Tax on profit/loss for the year	5	131	(226)
Profit/loss for the year	6	1.095	303

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Completed development projects		222	173
Acquired patents		44	120
Acquired licences		106	178
Goodwill		3.033	3.547
Intangible assets	7	<u>3.405</u>	<u>4.018</u>
Land and buildings		232	244
Other fixtures and fittings, tools and equipment		1.834	2.487
Leasehold improvements		286	346
Property, plant and equipment	8	<u>2.352</u>	<u>3.077</u>
Investments in group enterprises		9.293	12.320
Other investments		3.500	1.011
Deposits		507	517
Fixed asset investments	9	<u>13.300</u>	<u>13.848</u>
Fixed assets		<u>19.057</u>	<u>20.943</u>
Raw materials and consumables		7.665	7.693
Manufactured goods and goods for resale		8.370	10.991
Inventories		<u>16.035</u>	<u>18.684</u>
Trade receivables		5.862	5.154
Receivables from group enterprises		1.974	1.702
Deferred tax		4.015	3.600
Other receivables		0	22
Prepayments	10	948	942
Receivables		<u>12.799</u>	<u>11.420</u>
Cash		<u>1.008</u>	<u>17</u>
Current assets		<u>29.842</u>	<u>30.121</u>
Assets		<u>48.899</u>	<u>51.064</u>

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		10.000	10.000
Share premium		31.000	31.000
Reserve for net revaluation according to the equity method		(13)	1.581
Retained earnings		(14.628)	(16.667)
Equity		26.359	25.914
Payables to shareholders and management		2.550	2.550
Other payables		3.168	5.585
Non-current liabilities other than provisions	11	5.718	8.135
Current portion of long-term liabilities other than provisions	11	1.675	3.126
Bank loans		7.938	8.136
Trade payables		2.895	2.641
Payables to group enterprises		703	0
Other payables	12	3.611	3.112
Current liabilities other than provisions		16.822	17.015
Liabilities other than provisions		22.540	25.150
Equity and liabilities		48.899	51.064
Unrecognised rental and lease commitments	13		
Mortgages and securities	14		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Share premium DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	10.000	31.000	1.581	(16.667)
Exchange rate adjustments	0	0	(650)	0
Dividends from group enterprises	0	0	(1.099)	1.099
Profit/loss for the year	0	0	155	940
Equity end of year	10.000	31.000	(13)	(14.628)
				Total DKK'000
Equity beginning of year				25.914
Exchange rate adjustments				(650)
Dividends from group enterprises				0
Profit/loss for the year				1.095
Equity end of year				26.359

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry special rights. The share premium account is not subject to any dividend restrictions.

There have been no changes in the contributed capital in the past 5 years.

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	13.221	11.933
Pension costs	828	851
Other social security costs	99	101
Other staff costs	914	772
	15.062	13.657
Average number of employees	22	24
	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	793	843
Depreciation of property, plant and equipment	1.091	1.181
Profit/loss from sale of intangible assets and property, plant and equipment	(15)	(30)
	1.869	1.994
	2016 DKK'000	2015 DKK'000
3. Other financial income		
Financial income arising from group enterprises	38	41
Interest income	39	4
Exchange rate adjustments	1.586	596
	1.663	641
	2016 DKK'000	2015 DKK'000
4. Other financial expenses		
Exchange rate adjustments	195	437
Other financial expenses	689	547
	884	984
	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Change in deferred tax for the year	(59)	76
Adjustment concerning previous years	0	94
Effect of changed tax rates	(72)	56
	(131)	226

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	155	134
Retained earnings	940	169
	1.095	303

	Completed development projects DKK'000	Acquired patents DKK'000	Acquired licences DKK'000	Goodwill DKK'000
7. Intangible assets				
Cost beginning of year	338	423	2.618	6.638
Additions	100	0	81	0
Cost end of year	438	423	2.699	6.638
Amortisation and impairment losses beginning of year	(165)	(303)	(2.442)	(3.091)
Amortisation for the year	(51)	(76)	(151)	(514)
Amortisation and impairment losses end of year	(216)	(379)	(2.593)	(3.605)
Carrying amount end of year	222	44	106	3.033

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
8. Property, plant and equipment			
Cost beginning of year	300	10.049	594
Additions	0	367	0
Disposals	0	(3)	0
Cost end of year	300	10.413	594
Depreciation and impairment losses beginning of the year	(56)	(7.562)	(249)
Depreciation for the year	(12)	(1.020)	(59)
Reversal regarding disposals	0	3	0
Depreciation and impairment losses end of the year	(68)	(8.579)	(308)
Carrying amount end of year	232	1.834	286

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other investments DKK'000	Deposits DKK'000
9. Fixed asset investments			
Cost beginning of year	10.244	494	507
Additions	1.265	475	0
Disposals	(1.495)	0	0
Cost end of year	10.014	969	507
Revaluations beginning of year	2.075	517	0
Exchange rate adjustments	(650)	0	0
Amortisation of goodwill	(726)	0	0
Share of profit/loss for the year	155	0	0
Dividend	(1.099)	0	0
Investments with negative equity depreciated over receivables	(476)	0	0
Fair value adjustments	0	2.014	0
Revaluations end of year	(721)	2.531	0
Carrying amount end of year	9.293	3.500	507
	Registered in	Equity inter- est	Equity (local currency 000´)
Investments in group enterprises comprise:			
d line production u.a.b.	Lithuania	100	1.323
d line asia pte ltd.	Singapore	100	200
Eisenware Holdings Limited	United Kingdom	100	56
Kontract Ironmongery Limited	United Kingdom	100	11
Eisenware Limited	United Kingdom	100	274

10. Prepayments

Prepayments comprise prepayments made for rent, insurance, travelling expenses, etc, that do not relate to the period.

Notes to parent financial statements

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
11. Liabilities other than provisions			
Payables to shareholders and management	0	0	2.550
Other payables	1.675	3.126	3.168
	1.675	3.126	5.718
		2016	2015
		DKK'000	DKK'000
12. Other payables			
VAT and duties		49	51
Wages and salaries, personal income taxes, social security costs, etc payable		13	11
Holiday pay obligation		1.177	1.024
Other costs payable		2.372	2.026
		3.611	3.112
		2016	2015
		DKK'000	DKK'000
13. Unrecognised rental and lease commitments			
Hereof liabilities under rental or lease agreements until maturity in total		1.877	3.194
14. Mortgages and securities			
		2016	2015
		DKK'000	DKK'000
The following assets have been placed as security with banks:			
Mortgage deeds registered to the mortgagor totalling DKK 10,000 thousand providing security on simple claims, inventory, property, plant and equipment at a total carrying amount of:		29.901	33.040

Additional security:

The shares of the Eisenware Group have been placed as security towards the former owners until full payment has been made.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to the consolidated financial statements and parent financial statements are consistent with those applied last year, except for the following change:

Changes to accounting policies

In 2016 d line A/S changed its accounting policy with respect to measurement of other investments from cost to fair value, as Management has assessed the fair value to reflect a more true and fair view of measuring the investment. As a result of the change in accounting policy, the comparable figures for 2015 have been restated to reflect the fair value of the investment as of 31 December 2015.

The impact of change in measurement method has resulted in an increase of DKK 517 thousand in "income from other fixed asset investments" in the income statement 2015 and a corresponding increase in "other investments" under assets as of 31 December 2015. Net profit/loss and equity have been impacted similarly. The change in measurement method has impacted both the consolidated and parent financial statements similarly.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses 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, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Accounting policies

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of fair value adjustments, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straightline basis over its useful life, which is assessed at 10-20 years. Useful life are based on an individual assessment of the nature and impact of the acquisition.

Accounting policies

Intellectual property rights etc

Intellectual property rights etc comprise patents, licences (software) and development projects.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however, not exceeding 5 years.

Development projects are measured at the lower of cost less accumulated amortisation and recoverable amount. Development projects are amortised over 5 - 8 years. The useful life are based on an individual assessment of impact and usefulness of the development projects in the d line product line.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	10 years

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is 10-20 years. Useful life is based on an individual assessment of the nature and impact of the acquisition.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Other investments

Other investments comprise securities which are measured at fair value (market price) at the balance sheet date.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.