Deloitte.

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Phone 36 10 20 30
Fax 36 10 20 40
www.deloitte.dk

d line A/S

Roskildevej 22
2620 Albertslund
Central Business Registration
No 32948367

Annual report 2018

The Annual General Meeting adopted the annual report on 22.05.2019

Chairman of the General Meeting

Name: Hans Christian Petersen

Contents

Entity details

Entity
d line A/S
Roskildevej 22
2620 Albertslund

Central Business Registration No (CVR): 32948367
Founded: 03.06.2010
Registered in: Albertslund
Financial year: 01.01.2018 - 31.12.2018

Phone: +4572170138
Website: www.dline.com

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

Executive Board
Søren Blangsted

Bank
Sparekassen Sjælland-Fyn A/S
Isefjord Alle 5
4300 Holbæk

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen 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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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, 22.05.2019

Executive Board

Søren Blangsted

Board of Directors

Hans Christian Petersen
Chairman

Stefan Ehrlich-Adam

Martin Meesenburg

Frederik Petersen

Morten Balsby

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 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

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, 22.05.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Christian Sanderhage
State Authorised Public Accountant
Identification No (MNE) mne23347

Mads Juul Hansen
State Authorised Public Accountant
Identification No (MNE) mne44386

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	67.949	71.161	65.115	54.874	58.705
Gross profit/loss	22.734	24.197	22.845	13.504	10.211
Operating profit/loss	(1.566)	2.916	(1.475)	(4.650)	(12.484)
Net financials	(4.596)	(713)	2.706	(746)	(22)
Profit/loss for the year	(6.347)	1.763	1.095	(4.752)	(10.361)
Total assets	48.452	54.569	52.290	46.748	52.268
Investments in property, plant and equipment	879	1.836	367	144	1.143
Equity	21.456	27.810	26.359	24.787	30.343
Cash flows from (used in) operating activities	1.100	4.359	3.977	(1.592)	(3.429)
Cash flows from (used in) investing activities	(2.662)	(4.659)	(212)	(303)	(1.699)
Cash flows from (used in) financing activities	(1.987)	(1.730)	-	196	2.350
Average numbers of employees	86	82	85	77	70
Ratios					
Gross margin (%)	33,5	34,0	35,1	24,6	17,4
Return on equity (%)	(25,8)	6,5	4,3	(17,2)	(29,1)
Solvency Ratio (%)	51,0	50,9	46,4	55,2	58,1

Gross profit/loss did not previously include other external expenses. In 2015, this has been amended, and 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	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Solvency Ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity.

Management commentary

Primary activities

d line is a leading Danish design brand that conceives and hand crafts enduring architectural hardware, sanitary ware and solutions for barrier-free living. The designs behind the brand – which include the perfectly balanced lever handles – respond to needs, while pushing to evolve, innovate and lead in new areas.

Launched in 1971 with the coordinated line of stainless steel architectural products that Knud Holscher created for St Catherine's College Oxford, d line has since collaborated with iconic Danish designers including Arne Jacobsen and Bjarke Ingels. The ambition of the brand is to be generally known, coveted and admired for the uncompromising endurance of its design, craftsmanship and quality.

The main activity of d line is to market premium quality stainless steel products targeted at the building industry. In addition to the company's core BtB business, d line intends to devote significant time and effort in to pursuing international e-commerce opportunities in the BtC (private end-consumer) segment, which offers tremendous potential for value creation.

Development in activities and finances

In 2018, d line generated a loss of DKK 6.1 million before tax (2017: profit of DKK 2.2 million) and achieved free cash flow from operating activities of DKK 1.1 million compared to DKK 4.4 million the year before. The main factors influencing this decrease are as follows:

- Sales decreased due to a stagnation in the UK market, as well as a decrease in sales in the other markets mainly due to orders being postponed to 2019. d line has in 2018 seen an increase in its pipeline of projects for 2019, and in the first months of 2019 sales has increased compared to the same period in 2018.
- As with 2017, d line has invested heavily in product development and is in 2019 introducing as new series of products designed by Bjarke Ingels Group (BIG). The internal product development cost related to specific products are capitalised.
- d line has invested in an e-commerce platform to market its products towards the private end-consumer. This activity is expected to strengthen the d line brand awareness.
- Due to organisational changes in the Management Team, d line has accrued additional recruitment- and termination costs in 2018.
- d line has in 2018 written down DKK 3.5 million of the investment in Friday labs, since the activities in Friday Labs Ltd in the UK was moved to Friday Home APS in Denmark. This was done to continue the development and promotion of the Friday Home products. The d line investment in Friday Home APS has changed from below 20% to above 20%, thus changing the valuation of the asset from fair value to net asset value and realising a loss of DKK 3.5 million.

Equity amounts to DKK 21.5 million on December 31st 2018 compared to DKK 27.8 million at 31 December 2017.

The result of 2018 is considered unsatisfactory.

Management commentary

Capital resources

Cash amounts to DKK 3.1 million on December 31st 2018. In addition, d line has an overdraft facility at Sparekassen Sjælland-Fyn and further loans from shareholders. These loan facilities, combined with the cash in hand, are expected to be sufficient to cover d line's capital needs in the coming year.

Outlook

d line expects a positive development in 2019 with increased sales and a positive result, as well as a positive cash flow from operations as well as in total.

Particular risks

Market risks

The Company is operating worldwide; however, the main markets are within Europe. Each market is evaluated individually.

Currency risk

As mentioned above, d line's core markets are within Europe. Most of these markets are exposed to EUR or DKK, apart from the US, Singapore and the UK, as these markets are exposed to USD, SGD and GBP. With regard to purchases, the main vendors are paid in EUR and DKK, and some oversea vendors are paid in USD. d line has not made hedges to eliminate any risks and protection against exposures related to currency risks, as these risks are assessed to be at an acceptable level.

Interest risk

The bank loans are floating-rate loans. Consequently, d line is subject to a significant interest rate risk. The loans from shareholders are fixed-rate loans.

Credit risk

Each market and client are evaluated individually and many of d line's clients are clients with whom d line has traded with for many years. Only clients with positive payment records are allowed credit. All other clients must make full payment or partly prepayments when placing orders. The credit risk is assessed to be at an acceptable level.

Environmental performance

d line's products are of premium quality made from marine-grade, non-corrosive and rust resistant stainless steel AISI 316. The AISI 316 stainless steel gives the products maximum durability. Furthermore, d line products are made of up to 70% recycled steel and its waste material is recycled.

d line's waste minimisation goals include a keen focus on getting its production perfect each time. This focus means that these types of scraps only account for about 0.3% of the entire production.

Management commentary

Strategic decisions

d line’s strategy; The Five Letters, is an operational and KPI’s driven initiative to strengthen its four main sales regions and its e-commerce platform.

The Five Letters focus on the ability to service the architect and assist with project consulting. In relation to this, a product development plan has been detailed out to stay relevant in the market and increase the brand awareness. It is d line’s ambition to deliver products of premium quality with the best possible customer service, as these elements are the key to d line’s success.

Events after the balance sheet date

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

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue		67.949	71.161
Cost of sales		(34.712)	(35.114)
Other external expenses		(10.503)	(11.850)
Gross profit/loss		**22.734**	**24.197**
Staff costs	1	(21.481)	(18.044)
Depreciation, amortisation and impairment losses	2	(2.819)	(3.237)
Operating profit/loss		**(1.566)**	**2.916**
Other financial income	3	173	424
Impairment losses on financial assets		(3.500)	0
Other financial expenses	4	(1.269)	(1.137)
Profit/loss before tax		**(6.162)**	**2.203**
Tax on profit/loss for the year	5	(185)	(440)
Profit/loss for the year	6	**(6.347)**	**1.763**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Completed development projects		1.424	478
Acquired patents		34	43
Acquired licences		928	918
Goodwill		6.948	8.207
Development projects in progress		1.341	1.074
Intangible assets	7	**10.675**	**10.720**
Land and buildings		1.212	986
Other fixtures and fittings, tools and equipment		1.846	1.989
Leasehold improvements		254	385
Property, plant and equipment	8	**3.312**	**3.360**
Other investments		0	3.500
Deposits		388	388
Fixed asset investments	9	**388**	**3.888**
Fixed assets		**14.375**	**17.968**
Raw materials and consumables		6.519	7.112
Manufactured goods and goods for resale		8.073	8.883
Inventories		**14.592**	**15.995**
Trade receivables		9.812	11.474
Deferred tax		4.172	4.172
Other receivables		1.261	1.164
Income tax receivable		294	0
Prepayments	10	855	765
Receivables		**16.394**	**17.575**
Cash		**3.091**	**3.031**
Current assets		**34.077**	**36.601**
Assets		**48.452**	**54.569**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		10.000	10.000
Retained earnings		11.456	17.810
Equity		**21.456**	**27.810**
Payables to shareholders and management		2.550	2.550
Other payables		0	1.779
Non-current liabilities other than provisions		**2.550**	**4.329**
Current portion of long-term liabilities other than provisions		1.351	1.559
Bank loans		13.130	9.520
Trade payables		5.736	5.542
Income tax payable		478	675
Other payables	11	3.751	5.134
Current liabilities other than provisions		**24.446**	**22.430**
Liabilities other than provisions		**26.996**	**26.759**
Equity and liabilities		**48.452**	**54.569**
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	17.810	27.810
Exchange rate adjustments	0	(7)	(7)
Profit/loss for the year	0	(6.347)	(6.347)
Equity end of year	**10.000**	**11.456**	**21.456**

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry special rights.

No changes to the contributed capital have been made in the past five years.

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		(1.566)	2.916
Amortisation, depreciation and impairment losses		2.819	3.181
Working capital changes	12	1.594	(550)
Cash flow from ordinary operating activities		**2.847**	**5.547**
Financial income received		173	425
Financial expenses paid		(1.269)	(1.142)
Income taxes refunded/(paid)		(651)	(471)
Cash flows from operating activities		**1.100**	**4.359**
Acquisition etc of intangible assets		(1.718)	(2.439)
Acquisition etc of property, plant and equipment		(1.280)	(1.836)
Sale of property, plant and equipment		336	4
Acquisition of fixed asset investments		0	(388)
Cash flows from investing activities		**(2.662)**	**(4.659)**
Acquisition of treasury shares		0	(225)
Repayments of debt		(1.987)	(1.505)
Cash flows from financing activities		**(1.987)**	**(1.730)**
Increase/decrease in cash and cash equivalents		**(3.549)**	**(2.030)**
Cash and cash equivalents beginning of year		(6.490)	(4.460)
Cash and cash equivalents end of year		**(10.039)**	**(6.490)**
Cash and cash equivalents at year-end are composed of:			
Cash		3.091	3.031
Short-term debt to banks		(13.130)	(9.521)
Cash and cash equivalents end of year		**(10.039)**	**(6.490)**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
1. Staff costs		
Wages and salaries	24.858	21.453
Pension costs	707	557
Other social security costs	84	72
Other staff costs	1.414	1.078
Staff costs classified as assets	(5.582)	(5.116)
	21.481	**18.044**
Average number of employees	**86**	**82**

	2018 DKK'000	2017 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.896	1.536
Depreciation of property, plant and equipment	927	1.704
Profit/loss from sale of intangible assets and property, plant and equipment	(4)	(3)
	2.819	**3.237**

	2018 DKK'000	2017 DKK'000
3. Other financial income		
Other interest income	4	41
Exchange rate adjustments	169	383
	173	**424**

	2018 DKK'000	2017 DKK'000
4. Other financial expenses		
Exchange rate adjustments	149	148
Other financial expenses	1.120	989
	1.269	**1.137**

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	185	590
Change in deferred tax	0	(125)
Adjustment concerning previous years	0	(25)
	185	**440**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	(6.347)	1.763
	(6.347)	**1.763**

	Completed develop-ment projects DKK'000	Acquired patents DKK'000	Acquired licences DKK'000	Goodwill DKK'000
7. Intangible assets				
Cost beginning of year	802	463	3.664	13.899
Transfers	867	0	0	0
Additions	337	0	380	0
Cost end of year	**2.006**	**463**	**4.044**	**13.899**
Amortisation and impairment losses beginning of year	(324)	(420)	(2.746)	(5.692)
Amortisation for the year	(258)	(9)	(370)	(1.259)
Amortisation and impairment losses end of year	**(582)**	**(429)**	**(3.116)**	**(6.951)**
Carrying amount end of year	**1.424**	**34**	**928**	**6.948**

	Develop-ment projects in progress DKK'000
7. Intangible assets	
Cost beginning of year	1.074
Transfers	(734)
Additions	1.001
Cost end of year	**1.341**
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**1.341**

Development projects

Development projects amount to DKK 2,765 thousand, of which development projects in progress represent DKK 1,341 thousand. Capitalised costs for development projects primarily consist of labour costs.

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
8. Property, plant and equipment			
Cost beginning of year	1.066	10.145	415
Additions	238	641	0
Disposals	0	(26)	0
Cost end of year	**1.304**	**10.760**	**415**
Depreciation and impairment losses beginning of year	(80)	(8.156)	(30)
Depreciation for the year	(12)	(784)	(131)
Reversal regarding disposals	0	26	0
Depreciation and impairment losses end of year	**(92)**	**(8.914)**	**(161)**
Carrying amount end of year	**1.212**	**1.846**	**254**

	Other investments DKK'000	Deposits DKK'000
9. Fixed asset investments		
Cost beginning of year	969	388
Disposals	(969)	0
Cost end of year	**0**	**388**
Revaluations beginning of year	2.531	0
Reversal of revaluations	(2.531)	0
Revaluations end of year	**0**	**0**
Carrying amount end of year	**0**	**388**

10. Prepayments

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

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
11. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc payable	11	11
Holiday pay obligation	898	887
Other costs payable	2.842	4.236
	3.751	**5.134**

	2018 DKK'000	2017 DKK'000
12. Change in working capital		
Increase/decrease in inventories	1.402	1.576
Increase/decrease in receivables	341	(2.192)
Increase/decrease in trade payables etc	(149)	(493)
Other changes	0	559
	1.594	**(550)**

	2018 DKK'000	2017 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**3.568**	**4.282**

14. Assets charged and collateral

	2018 DKK´000	2017 DKK´000
The following assets have been placed as security with banks:		
Mortgage deeds registered to the mortgagor totalling DKK 15,000 thousand providing security on simple claims, inventory, property, plant and equipment at a total carrying amount of:	**27.716**	**29.901**

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 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue		43.727	46.072
Cost of sales		(24.716)	(25.438)
Other external expenses		(8.456)	(7.725)
Gross profit/loss		**10.555**	**12.909**
Staff costs	1	(12.036)	(10.795)
Depreciation, amortisation and impairment losses	2	(1.734)	(2.198)
Operating profit/loss		**(3.215)**	**(84)**
Income from investments in group enterprises		1.091	2.250
Income from other fixed asset investments		(3.500)	0
Other financial income	3	172	413
Other financial expenses	4	(1.189)	(966)
Profit/loss before tax		**(6.641)**	**1.613**
Tax on profit/loss for the year	5	294	150
Profit/loss for the year	6	**(6.347)**	**1.763**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Completed development projects		1.424	478
Acquired patents		34	43
Acquired licences		785	774
Goodwill		1.986	2.519
Development projects in progress		1.312	1.178
Intangible assets	7	**5.541**	**4.992**
Land and buildings		208	220
Other fixtures and fittings, tools and equipment		921	1.176
Leasehold improvements		254	385
Property, plant and equipment	8	**1.383**	**1.781**
Investments in group enterprises		9.027	9.737
Other investments		0	3.500
Deposits		355	355
Fixed asset investments	9	**9.382**	**13.592**
Fixed assets		**16.306**	**20.365**
Raw materials and consumables		6.519	7.112
Manufactured goods and goods for resale		6.783	7.528
Inventories		**13.302**	**14.640**
Trade receivables		4.949	4.559
Receivables from group enterprises		4.584	3.099
Deferred tax		4.166	4.166
Other receivables		1.050	1.001
Income tax receivable		294	0
Prepayments	10	757	661
Receivables		**15.800**	**13.486**
Cash		**647**	**554**
Current assets		**29.749**	**28.680**
Assets		**46.055**	**49.045**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		10.000	10.000
Reserve for net revaluation according to the equity method		0	1.156
Reserve for development expenditure		2.052	1.236
Retained earnings		9.404	15.420
Equity		**21.456**	**27.812**
Payables to shareholders and management		2.550	2.550
Other payables		0	1.502
Non-current liabilities other than provisions	11	**2.550**	**4.052**
Current portion of long-term liabilities other than provisions	11	1.351	1.559
Bank loans		13.130	9.522
Trade payables		3.432	2.514
Payables to group enterprises		1.679	1.044
Other payables	12	2.457	2.542
Current liabilities other than provisions		**22.049**	**17.181**
Liabilities other than provisions		**24.599**	**21.233**
Equity and liabilities		**46.055**	**49.045**
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	10.000	1.156	1.236	15.420
Exchange rate adjustments	0	(9)	0	0
Transfer to reserves	0	0	816	(816)
Profit/loss for the year	0	(1.147)	0	(5.200)
Equity end of year	**10.000**	**0**	**2.052**	**9.404**

	Total DKK'000
Equity beginning of year	27.812
Exchange rate adjustments	(9)
Transfer to reserves	0
Profit/loss for the year	(6.347)
Equity end of year	**21.456**

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry special rights.

No changes to the contributed capital have been made in the past five years.

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
1. Staff costs		
Wages and salaries	10.125	9.088
Pension costs	708	557
Other social security costs	84	72
Other staff costs	1.119	1.078
	12.036	**10.795**
Average number of employees	**12**	**15**

	2018 DKK'000	2017 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.170	810
Depreciation of property, plant and equipment	568	1.391
Profit/loss from sale of intangible assets and property, plant and equipment	(4)	(3)
	1.734	**2.198**

	2018 DKK'000	2017 DKK'000
3. Other financial income		
Other interest income	2	30
Exchange rate adjustments	170	383
	172	**413**

	2018 DKK'000	2017 DKK'000
4. Other financial expenses		
Exchange rate adjustments	147	149
Other financial expenses	1.042	817
	1.189	**966**

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	(294)	0
Change in deferred tax	0	(125)
Adjustment concerning previous years	0	(25)
	(294)	**(150)**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	(1.147)	0
Retained earnings	(5.200)	1.763
	(6.347)	**1.763**

	Completed develop-ment projects DKK'000	Acquired patents DKK'000	Acquired licences DKK'000	Goodwill DKK'000
7. Intangible assets				
Cost beginning of year	802	463	3.517	6.638
Transfers	867	0	0	0
Additions	337	0	380	0
Cost end of year	**2.006**	**463**	**3.897**	**6.638**
Amortisation and impairment losses beginning of year	(324)	(420)	(2.742)	(4.119)
Amortisation for the year	(258)	(9)	(370)	(533)
Amortisation and impairment losses end of year	**(582)**	**(429)**	**(3.112)**	**(4.652)**
Carrying amount end of year	**1.424**	**34**	**785**	**1.986**

	Develop-ment projects in progress DKK'000
7. Intangible assets	
Cost beginning of year	1.178
Transfers	(867)
Additions	1.001
Cost end of year	**1.312**
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**1.312**

Notes to parent financial statements

Development projects

Development projects amount to DKK 2,736 thousand, of which development projects in progress represent DKK 1,312. Capitalised costs for development projects primarily consist of labour costs.

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
8. Property, plant and equipment			
Cost beginning of year	300	8.023	415
Additions	0	170	0
Disposals	0	(27)	0
Cost end of year	**300**	**8.166**	**415**
Depreciation and impairment losses beginning of year	(80)	(6.847)	(30)
Depreciation for the year	(12)	(425)	(131)
Reversal regarding disposals	0	27	0
Depreciation and impairment losses end of year	**(92)**	**(7.245)**	**(161)**
Carrying amount end of year	**208**	**921**	**254**

	Invest-ments in group enterprises DKK'000	Other investments DKK'000	Deposits DKK'000
9. Fixed asset investments			
Cost beginning of year	10.013	969	355
Additions	50	0	0
Disposals	0	(969)	0
Cost end of year	**10.063**	**0**	**355**
Revaluations beginning of year	(276)	2.531	0
Exchange rate adjustments	(124)	0	0
Amortisation of goodwill	(726)	0	0
Share of profit/loss for the year	1.920	0	0
Adjustment of intra-group profits	(104)	0	0
Dividend	(1.726)	0	0
Impairment losses for the year	0	(2.531)	0
Revaluations end of year	**(1.036)**	**0**	**0**
Carrying amount end of year	**9.027**	**0**	**355**

Notes to parent financial statements

	Registered in	Equity interest	Equity (local currency 000´)
Investments in group enterprises comprise:			
d line production u.a.b.	Lithuania	100	1.698
d line asia pte ltd.	Singapore	100	1.152
Eisenware Limited	United Kingdom	100	428
d line invest ApS	Denmark	100	0

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10. Prepayments

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

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000
11. Liabilities other than provisions			
Payables to shareholders and management	0	0	2.550
Other payables	1.351	1.559	0
	1.351	**1.559**	**2.550**

	2018 DKK'000	2017 DKK'000
12. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	11	11
Holiday pay obligation	898	887
Other costs payable	1.548	1.644
	2.457	**2.542**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**3.568**	**4.282**

14. Assets charged and collateral

	2018 DKK´000	2017 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:	**27.716**	**29.901**

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).

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.

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.

Accounting policies

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.

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-down of receivables.

Staff costs

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

Depreciation, amortisation 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.

Other financial income

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

Impairment losses on financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

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.

Accounting policies

Tax on profit/loss for the year
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 straight-line 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.

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 five years.

Development projects are measured at the lower of cost less accumulated amortisation and recoverable amount. Development projects are amortised over 5 - 10 years. The useful lives 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

Accounting policies

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.

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.

Accounting policies

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.

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.