Danstoker A/S

Industrivej Nord 13, 7400 Herning

CVR no. 16 14 72 49

Annual report 2015/16

Approved at the Company's annual general meeting on 19 May 2016

Chairman:

....
Hemant Prabhakar Mohgaonkar

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2015 - 31 March 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2016 and of the results of the Company's operations for the financial year 1 April 2015 - 31 March 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 19 May 2016

Executive Board:

Jan Enemark	Knud Dürr

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark
Holger Michael D. Jepsen (Elected by the employees)	Jørn Henriksen (Elected by the employees)	

Independent auditors' report

To the shareholders of Danstoker A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Danstoker A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2016 and of the results of its operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 19 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

John Lesbo
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

Management's review

Company details

Name	Danstoker A/S
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	16 14 72 49
Established	13 April 1992
Registered office	Herning
Financial year	1 April - 31 March
Telephone	+ 45 99 28 71 00
Board of Directors	Hemant Prabhakar Mohgaonkar (Chairman) Amitabha Mukhopadhyay (Vice Chairman) Jan Enemark Holger Michael D. Jepsen (Elected by the employees) Jørn Henriksen (Elected by the employees)
Executive Board	Jan Enemark Knud Dürr
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Management's review

Financial highlights

DKK m	2015/16 (12 months)	2014/15 (12 months)	2013/14 (12 months)	2012/13 (12 months)	2010/12 (18 months)
Key figures					
Gross profit	33	29	54	52	74
Ordinary operating profit/loss	4	-1	24	23	30
Profit/loss before tax	3	-58	20	20	28
Profit/loss for the year	**3**	**-58**	**14**	**14**	**20**
Total assets	90	89	159	138	140
Investment in property, plant and equipment	2	2	2	4	2
Equity	**28**	**25**	**94**	**80**	**94**
Financial ratios					
Return on invested capital	8.3	-1.6	39.1	41.9	65.7
Equity ratio	31.6	28.4	59.3	58.0	67.5
Return on equity	11.5	-96.2	16.1	15.9	16.2
Average number of full-time employees	**136**	**144**	**152**	**145**	**132**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Danstoker A/S, which has its registered address in the municipality of Herning, is a fully-owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the company is ARA Trusteeship Company Private Limited (holding shares in Trust), Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Boilerworks A/S.

The Danstoker Group designs, manufactures and sells boilers and associated equipment to the energy market, including also rebuilding and servicing of boilers. The Danstoker Group product range is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based on biofuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

Development during the year under review

Danstoker A/S has had a lower level of activity than expected within the biomass segment but has nevertheless been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, but no orders for the Russian market were received during the last year, due to the crises in Ukraine.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the after-sales services activities have developed positively.

The main activities of **Boilerworks A/S** are service jobs on water-tube boilers and the manufacture of economizers and high pressure boiler components of the water-tube design. Many service jobs have been put on hold, but optimism is clearly returning to the markets again.

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. The result achieved is improved compared to last year, but not satisfactory.

Profit for the year before tax of DKK 3,161 thousand and after tax of DKK 3,067 thousand.

Management's review

Environmental conditions

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could substantially alter the assessment of the annual report.

Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is significant higher than last year and satisfactory.

The improved order fulfilment in Danstoker has resulted in significant improvements, and throughout the coming year, Danstoker will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Danstoker Group to create 2 profitable, strong and individually independent sales companies in Danstoker A/S and Boilerworks A/S, both as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Danstoker A/S is not of the opinion that the Company is facing special long-term risks, neither in its markets nor otherwise.

The growing, necessary, political focus on CO_2 on a global scale will in the long term contribute to making our CO_2-neutral products within biofuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2016/17.

Financial statements 1 April 2015 - 31 March 2016

Income statement

Note	DKK'000	2015/16	2014/15
2	**Gross profit**	32,828	29,275
	Sales and distribution costs	-14,715	-16,081
	Administrative expenses	-14,470	-14,637
	Operating profit/loss	3,643	-1,443
9	Profit/loss on investments in subsidiaries	191	-10,408
3	Exceptional items	0	-45,435
4	Financial income	1,103	1,628
5	Financial expenses	-1,776	-2,503
	Profit/loss before tax	3,161	-58,161
6	Tax on profit/loss for the year	-94	650
	Profit/loss for the year	3,067	-57,511

Proposed profit appropriation		
Interim dividends	0	11,500
Proposed dividends	0	0
Revaluation reserve in subsidiary	0	-20,462
Net revaluation according to the equity method	0	-4,963
Retained earnings	3,067	-43,586
	3,067	-57,511

Financial statements 1 April 2015 - 31 March 2016

Balance sheet

Note	DKK'000	2015/16	2014/15
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Licences, software	10	37
		10	37
8	**Property, plant and equipment**		
	Plant and machinery	6,018	5,835
	Fixtures and fittings, tools and equipment	1,113	1,166
	Property, plant and equipment under construction	0	20
		7.131	7,021
9	**Investments**		
	Investments in subsidiaries	2,531	2,311
		2,531	2,311
	Total non-current assets	9,672	9,369
	Current assets		
	Inventories		
	Raw materials and consumables	10,677	12,167
	Semi-finished goods	2,676	3,314
		13,353	15,481
	Receivables		
	Trade receivables	19,738	19,588
10	Work in progress (customer-specific orders)	30,461	30,045
	Amounts owed by group companies	12,661	8,334
	Other receivables	920	2,117
11	Prepayments	2,120	2,084
		65,900	62,168
	Cash at bank and in hand	623	1,861
	Total current assets	79,876	79,510
	TOTAL ASSETS	89,548	88,879

Financial statements 1 April 2015 - 31 March 2016

Balance sheet

Note	DKK'000	2015/16	2014/15
	EQUITY AND LIABILITIES		
12	**Equity**		
	Share capital	10,001	10,001
	Net revaluation according to the equity method	0	0
	Retained earnings	18,289	15,201
	Total equity	28,290	25,202
	Provisions		
13	Deferred tax	5,349	5,898
14	Other provisions	7,192	9,040
	Total provisions	12,541	14,938
	Liabilities other than provisions		
15	**Non-current liabilities**		
	Bank loans	745	1,355
		745	1,355
	Current liabilities		
15	Current portion of non-current liabilities other than provisions	610	686
	Bank loans	13,359	0
10	Prepayments received from customers	248	2,127
	Trade payables	13,180	11,989
	Amounts owed to group companies	3,467	14,706
	Other payables	17,108	17,876
		47,972	47,384
	Total liabilities other than provisions	48,717	48,739
	TOTAL EQUITY AND LIABILITIES	89,548	88,879

1 **Accounting policies**
16 **Employee relations**
17 **Charges, collateral and contingencies, etc.**
18 **Related party disclosures**

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for the period 1 April 2015 - 31 March 2016 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 86(4) and 112(1) of the Danish Financial Statements Act. The annual report of Danstoker A/S and related subsidiaries forms part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

General comments on recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month in question, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as currency hedges of foreign subsidiaries are also recognised directly in equity.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses and after deduction of amortisation of goodwill.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Exceptional items

Exceptional items include income and costs of a special nature which have a material impact and are non-recurring. Such income and costs include the cost of any gains and losses arising from disposals of assets, including investments. Exceptional items are listed in the income statement in connection with the related items in ordinary loss.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carry-forwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets - Licences, software

Licences, software are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years.

Gains or losses in connection with the disposal of software are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement under other operating income or other operating expenses, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 **Accounting policies (continued)**

Depreciation is provided on a straight-line basis over the expected useful lives and estimated residual values of the assets. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Assets with a cost of less than DKK 13 thousand per unit are recognised as costs in the income statement in the year of acquisition.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Danstoker A/S are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies (continued)

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in process (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the execution of the order is initiated, a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order is immediately recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

1 **Accounting policies (continued)**

Prepayments from customers are recognised as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of a loss, realisation of investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial statements 1 April 2015 – 31 March 2016

Notes to the financial statements

1 **Accounting policies (continued)**

Other provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, guarantees etc. Provisions are recognised when - as the result of past events - the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to compensate any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities other than provisions are recognised at the proceeds received less the transaction costs paid at the date of borrowing. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when applying the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual obligation on finance leases.

The remaining liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

2 **Gross profit**

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

	DKK'000	2015/16	2014/15
3	**Exceptional items**		
	Regarding the bankruptcy in Omnical GmbH (former subsidiary)		
	Write-down on investment in connection with liquidation	0	33,456
	Guarantee obligations and other costs related to the liquidation	0	11,979
		0	45,435
4	**Financial income**		
	Interest income from group enterprises	124	174
	Other interest income, including foreign exchange gains, etc.	979	1,454
		1,103	1,628
5	**Financial expenses**		
	Interest expenses to group enterprises	100	229
	Other interest expenses, including foreign exchange losses, etc.	1,676	2,274
		1,776	2,503
6	**Tax on profit for the year**		
	Current tax for the year	643	4,552
	Deferred tax adjustment for the year	-184	-4,951
	Adjustments of deferred tax due to changes in the tax rate	-365	-251
		94	-650

7 **Intangible assets**

DKK'000	Licences, software
Cost at 1 April 2015	641
Additions	0
Disposals	0
Cost at 31 March 2016	641
Impairment losses and amortisation at 1 April 2015	604
Amortisation	27
Amortisation assets disposed	0
Impairment losses and amortisation at 31 March 2016	631
Carrying amount at 31 March 2016	10

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 April 2015	24,030	3,807	20	27,857
Transferred	20	0	-20	0
Additions	1,891	435	0	2,326
Disposals	-72	-245	0	-317
Cost at 31 March 2016	25,869	3,997	0	29,866
Impairment losses and depreciation at 1 April 2015	18,195	2,641	0	20,836
Depreciation	1,728	485	0	2,214
Depreciation, assets sold	-72	-242	0	-314
Impairment losses and depreciation at 31 March 2016	19,851	2,884	0	22,736
Carrying amount 31 March 2016	6,018	1,113	0	7,131
Property, plant and equipment include finance leases with a carrying amount totalling	0	731	0	731

9 Investments

DKK'000	Investments in subsidiaries
Cost at 1 April 2015	3,000
Additions	0
Disposals	0
Cost at 31 March 2016	3,000
Value adjustments at 1 April 2015	-689
Foreign currency translation adjustments	0
Net profit for the year	191
Equity adjustment in investments	29
Disposals	0
Value adjustments at 31 March 2016	-469
Carrying amount at 31 March 2016	2,531

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit before tax	Profit after tax
			DKK'000	DKK'000	DKK'000	DKK'000
Group enterprises						
Boilerworks A/S	Tønder	100 %	500	2,331	66	191
				2,331	66	191

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

	DKK'000	2015/16	2014/15
10	**Work in progress (customer-specific orders)**		
	Work in progress	80,105	84,209
	Payments on account	-49,892	-56,291
	Carrying amount at 31 March 2016	30,213	27,918
	Recognised as follows:		
	Work in progress (customer-specific orders) (assets)	30,461	30,045
	Prepayments received from customers (liabilities)	-248	-2,127
		30,213	27,918

11 **Prepayments**

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

12 **Equity**

The share capital consists of 1 share at a nominal amount of DKK'000 10,001.

DKK'000	Share capital	Net revaluation according to the equity method	Retained earnings	Total
Equity at 1 April 2015	10,001	0	15,201	25,202
Retained profit for the year	0	0	3,067	3,067
Change in value adjustments of hedging instruments after tax	0	0	-8	-8
Change in value adjustments of hedging instruments in investment after tax	0	0	29	29
Equity at 31 March 2016	10,001	0	18,289	28,290

	DKK'000	2015/16	2014/15
13	**Deferred tax**		
	Deferred tax at 1 April 2015	5,898	11,100
	Deferred tax adjustment	-549	-5,202
	Deferred tax at 31 March 2016	5,349	5,898

Deferred tax primarily relates to work in progress (advance on account).

14 **Other provisions**

Other provisions consists of customs warranties, DKK 736 thousand (2014/15: DKK 840 thousand) and provision for guarantee obligations and other costs DKK 6,456 thousand (2014/15: DKK 8,200 thousand).

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

15 Non-current liabilities other than provisions

DKK'000	Total liabilities at 1/4 2015	Total liabilities at 31/3 2016	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	2,041	1,355	610	745	0

16 Employee relations

DKK'000	2015/16	2014/15
Wages and salaries	58,764	64,000
Pensions	4,300	4,588
Other social security costs	779	898
	63,843	69,486
Remuneration of the Executive Board	2,692	2,658
Remuneration of the Board of Directors	60	60
Average number of full-time employees	136	144

17 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 years total DKK 582 thousand, hereof DKK 397 thousand fall due 2016/17.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 14,672 thousand, of this DKK 4,192 thousand concerns 2016/17.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 7,131 thousand has been provided as collateral for loan raised with credit institution.

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions and banks, DKK 27,099 thousand (2014/15: DKK 19,498 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 13,767 thousand (2014/15: DKK 32,599 thousand). Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and advance payment guarantees and outstanding balances between other enterprises, group enterprises and credit institutions. At 31 March 2016, the guarantee commitment etc. amounted to DKK 4,085 thousand (2014/15: DKK 6,458 thousand).

The company has entered project-related forward exchange contracts concerning currency in SEK 214 thousand and GBP 260 thousand with a net position as of 31 March 2016 to DKK -10 thousand.

The company has received a claim for avoidance from the liquidator in the former subsidiary Omnical Kessel- und Apparatebau GmbH in bankruptcy. Any final amount is unknown at the moment as the company does not find any basis for the claim and has rejected it.

Financial statements 1 April 2015 - 31 March 2016

Notes to the financial statements

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

18 **Related party disclosures**

Danstoker A/S' related parties comprise the following:

Parties exercising control

Thermax Denmark ApS holds the majority of the share capital in the Company.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5 % of the voting rights or at least 5% of the share capital:

Thermax Denmark ApS
Industrivej Nord 13
7400 Herning.