Thermax Denmark ApS

Industrivej Nord 13, 7400 Herning

CVR no. 33 25 57 48

Annual report 2016/17

Approved at the Company's annual general meeting on 28 April 2017

Chairman:

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Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2016 - 31 March 2017.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2016 - 31 March 2017.

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

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

Herning, 28 April 2017
Executive Board:

Hemant Prabhakar Mohgaonkar

Amitabha Mukhopadhyay

Independent auditor's report

To the shareholders of Thermax Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Thermax Denmark ApS for the financial year 1 April 2016 - 31 March 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as a consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2016 - 31 March 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company 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 company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Parent Company'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 company 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 Parent Company'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 company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 28 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Stagaard Jensen
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

Management's review

Company details

Name	Thermax Denmark ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	33 25 57 48
Established	29 October 2010
Registered office	Herning
Financial year	1 April - 31 March
Executive Board	Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Management's review

Financial highlights for the Group

DKKm	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	292	261	303	479	388
Operating profit	4	2	-60	16	16
Profit from financial income and expenses	-4	-5	-5	-5	-6
Profit before tax	1	-3	-66	11	10
Profit/loss for the year	**-1**	**-3**	**-64**	**7**	**5**
Non-current assets	140	147	157	199	193
Current assets	87	84	85	172	159
Total assets	**226**	**232**	**242**	**372**	**352**
Equity	**101**	**101**	**103**	**167**	**159**
Provisions	17	17	19	22	19
Non-current liabilities other than provisions	43	24	44	65	84
Current liabilities other than provisions	66	89	76	118	90
Cash flows from operating activities	26	-7	20	10	11
Cash flows from investing activities	-4	-3	-2	-20	-5
Portion relating to investment in property, plant and equipment	-2	-3	-2	-3	-5
Cash flows from financing activities	0	-20	-20	-10	-2
Total cash flows	**22**	**-30**	**-2**	**-20**	**4**
Financial ratios					
Operating margin	1.5	0.8	-4.8	3.3	4.0
Equity ratio	44.5	43.7	42.6	45.0	45.1
Return on equity	-1.2	-2.9	-47.3	4.2	3.4
Average number of full-time employees	**204**	**214**	**259**	**330**	**256**

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

Principal activities of the Company

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V., which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. The ultimate holding company of Thermax Ltd. is RDA Holdings Private Limited, Pune, India.

The main activity of the company is owning shares in the fully-owned daughter companies Danstoker A/S and Ejendomsanpartsssselskabet Industrivej Nord 13" (estate company). All operational activities take place within these respective daughter companies.

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

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

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

The activity of "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease estate, which is also the activity in the wholly owned subsidiary Boilerworks Properties ApS.

Development in activities and financial position

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 605 thousand and after tax of DKK -1,222 thousand, respectively, is deemed not satisfactory by the Management.

Danstoker A/S

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.

Danstoker has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

Management's review

Operating review

Boilerworks A/S

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re-establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Boilerworks is highly active within the area of service, and the Company has been able to re-establish its position as one of the leading operators in Scandinavia within this segment.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2015/16. The result achieved is deemed satisfactory.

Future outlook

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

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

It is the aim of the Thermax Denmark Group to create 2 profitable, strong and individually independent sales companies in Danstoker and Boilerworks, 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 delivered 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 Thermax Denmark is not of the opinion that the Group is facing special risks in the long term, neither in its markets nor otherwise.

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

Satisfactory results are expected for the financial year 2017/18.

Particular risks

The Management of the Group is of the opinion that it is not faced with special long-term risks, neither in terms of its markets, nor otherwise.

Management's review

Operating review

Social Responsibility

With regard to §99a of the Financial Statements Act on policies regarding Social Responsibility including human rights, climate- and environmental impact, it should be noted that the Thermax Denmark Group does not, so far, have such written policies.

However, it is the declared intention of the Group in every respect and at any time to run a decent and responsible business, in compliance with all existing laws and regulations as well as with human rights.

Gender diversity

The Executive Board of Thermax Denmark ApS wants to give equal access to leadership positions for members of both sexes and believes that board members should be chosen for their overall competence.

Taking this in consideration and the Group's size and primary business area, it is however the Group's aim to have a 50 % / 50 % male-female balance in the Group's Executive Board before 31 March 2018. The aim in not fulfilled in the parent company as the Group's Executive Board of two men is unchanged in 2016/17.

It is the Group's policy that management positions are to be filled by the most qualified candidates, while both male and female management talents are trained and upgraded. The proportion of female managers is unchanged in 2016/17.

Knowledge resources

The Thermax Denmark Group performs current development of processes and upgrading of employees.

Environmental conditions

The Thermax Denmark Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group. The Group companies have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after balance sheet date

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

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Income statement

		Consolidated		Parent company	
Note	DKK'000	2016/17	2015/16	2016/17	2015/16
2	Revenue	292,192	261,458	0	0
3	Production costs	-251,581	-223,845	0	0
	Gross profit	40,611	37,613	0	0
3	Distribution costs	-16,484	-15,857	0	0
3,4	Administrative expenses	-19,715	-19,717	-109	-69
	Other operating income	23	16	0	0
	Operating profit	4,435	2,055	-109	-69
10	Profits/losses from investments in subsidiaries	0	0	520	-932
5	Financial income	1,650	1,516	49	17
6	Financial expenses	-5,480	-6,222	-2,190	-2,544
	Profit before tax	605	-2,651	-1,730	-3,528
7	Tax on profit for the year	-1,827	-296	508	581
	Profit for the year	-1,222	-2,947	-1,222	-2,947

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Balance sheet

		Consolidated		Parent Company	
Note	DKK'000	2016/17	2015/16	2016/17	2015/16
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Development completed	6	76	0	0
	Licences, software	134	140	0	0
	Goodwill	96,411	103,489	0	0
	Prepayments for intangible assets	1,602	0	0	0
		98,153	103,705	0	0
9	**Property, plant and equipment**				
	Land and buildings	31,345	32,327	0	0
	Plant and machinery	8,695	10,204	0	0
	Fixtures and fittings, tools and equipment	1,228	1,176	0	0
	Property, plant and equipment under construction	228	0	0	0
		41,496	43,707	0	0
10	**Investments**				
	Investments in subsidiaries	0	0	140,686	139,866
		0	0	140,686	139,866
	Total non-current assets	139,649	147,412	140,686	139,866
	Current assets				
	Inventories				
	Raw materials and consumables	13,745	12,675	0	0
	Semi-finished goods	3,012	2,676	0	0
		16,757	15,351	0	0
	Receivables				
	Trade receivables	14,818	27,486	0	0
13	Deferred tax assets	0	0	34	0
11	Work in progress (customer-specific orders)	50,633	37,276	0	0
	Amounts owed by group companies	25	80	3,791	2,863
	Corporation tax receivable	0	89	0	89
	Other receivables	1,862	932	0	0
12	Prepayments	1,400	1,461	0	0
		68,738	67,324	3,825	2,952
	Cash at bank and in hand	1,100	1,567	206	227
	Total current assets	86,595	84,242	4,031	3,179
	TOTAL ASSETS	226,244	231,654	144,717	143,045

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Balance sheet

Note	DKK'000	Consolidated 2016/17	Consolidated 2015/16	Parent Company 2016/17	Parent Company 2015/16
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	75,000	75,000	75,000	75,000
	Net revaluation according to the equity method	0	0	0	0
	Retained earnings	25,721	26,123	25,721	26,123
	Total equity	100,721	101,123	100,721	101,123
	Provisions				
13	Deferred tax	11,819	9,773	0	0
14	Other provisions	5,356	7,669	0	0
	Total provisions	17,175	17,442	0	0
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
	Mortgage credit institutions	13,752	14,440	0	0
	Bank loans	27,892	9,919	27,892	9,174
	Lease liabilities	937	0	0	0
		42,581	24,359	27,892	9,174
	Current liabilities other than provisions				
15	Current portion of non-current liabilities other than provisions	1,466	19,875	0	18,349
	Bank loans	798	22,970	0	0
11	Prepayments received from customers	12,462	1,078	0	0
	Trade payables	20,241	15,863	0	0
	Amounts owed to group companies	4,484	2,023	15,928	13,483
	Other payables	26,156	26,921	176	916
	Deferred income	160	0	0	0
		65,767	88,730	16,104	32,748
	Total liabilities other than provisions	108,348	113,089	43,996	41,922
	TOTAL EQUITY AND LIABILITIES	226,244	231,654	144,717	143,045

1 **Accounting policies**
16 **Contractual obligations and contingencies, etc.**
17 **Mortgages and collateral**
18 **Related party disclosures**

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Statement of changes in equity

		Consolidated		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 April 2016	75,000	26,123	101,123
19	Transfer, see "Proposed profit/loss appropriation"	0	-1,222	-1,222
	Change in value of adjustments of hedging instruments	0	667	667
	Change in value of adjustments of hedging instruments in investment	0	383	383
	Tax on equity transactions	0	-230	-230
	Equity at 31 March 2017	75,000	25,721	100,721

		Parent			
Note	DKK'000	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	Equity at 1 April 2016	75,000	0	26,123	101,123
19	Transfer, see "Proposed profit/loss appropriation"	0	-299	-923	-1,222
	Change in value of adjustments of hedging instruments	0	0	667	667
	Change in value of adjustments of hedging instruments in investment	0	383	0	383
	Tax on equity transactions	0	-84	-146	-230
	Equity at 31 March 2017	75,000	0	25,721	100,721

The share capital comprises 75,000,000 shares of DKK 1 each. All shares rank equally.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Cash flow statement, consolidated

DKK'000	2016/17	2015/16
Net profit for the year before tax	605	-2,651
Depreciation for the year and gains from sales of fixed assets	11,951	12,387
Changes in equity before tax	1,050	1,224
Corporation tax paid, net	78	-3,267
Cash flows from operations (operating activities) before changes in working capital	13,684	7,693
Change in inventories	-1,406	2,595
Change in receivables	-1,503	-8,647
Change in provisions	-2,313	-1,864
Change in current liabilities	17,618	-6,665
Cash flows from operating activities	26,080	-6,888
Acquisition of intangible asset	-1,738	0
Acquisition of property, plant and equipment, net	-2,450	-3,062
Cash flows from investing activities	-4,188	-3,062
Repayment of long-term debt	-187	-20,291
Cash flows from financing activities	-187	-20,291
Net cash flows for the year	21,705	-30,241
Cash, cash equivalents and banks at 1 April 2016	-21,403	8,838
Cash, cash equivalents and banks at 31 March 2017	302	-21,403
Cash, cash equivalents and bank loans		
Cash at bank and in hand	1,100	1,567
Banks loans, current liabilities	-798	-22,970
Cash, cash equivalents and bank loans	302	-21,403

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 **Accounting policies**

The annual report of Thermax Denmark ApS for 2016/17 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the parent company is prepared, as the parent company's cash flows are part of the consolidated cash flow statement.

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

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 the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability 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.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

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, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, 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 which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Thermax Denmark ApS, and subsidiaries in which Thermax Denmark ApS directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 and 50 % of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, please see the group chart.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 **Accounting policies (continued)**

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

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

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 at the date at which the receivable or payable arose or was recognised in the latest financial statements, is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

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.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 **Accounting policies (continued)**

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.

Contract 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).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Tax for the year comprises current tax for the year and changes in deferred tax. 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. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, due to strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software rights are measured at cost less accumulated amortisation and impairment losses. Software rights are amortised on a straight-line basis over the expected useful life which has been fixed at three years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development costs, software rights, and licences 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 costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30-50 years
Roofing tiles and paving stones	20 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs, 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 costs, 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 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 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 under the equity method.

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

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Thermax Denmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, please see Consolidated financial statements above.

Impairment of non-current 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 amortisation or depreciation.

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 this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods and work in progress 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. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account 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 progress (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 start of the order 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.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

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.

Prepayments from customers are recognized 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 losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at 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

In its capacity as the administrative company, Thermax Denmark ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised 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 and jurisdiction.

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 and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, guarantees etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

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 are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using 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 capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

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:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2016/17	2015/16	2016/17	2015/16
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	287,126	236,435	0	0
	Outside Europe	5,066	25,023	0	0
		292,192	261,458	0	0
3	**Employee relations**				
	Wages and salaries	93,892	93,386	0	0
	Pensions	6,585	6,583	0	0
	Other social security costs	927	955	0	0
		101,404	100,924	0	0
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	204	214	0	0
4	**Fees paid to auditors appointed at the annual general meeting**				
	Fee regarding statutory audit	302	347	19	21
	Assurance engagements	381	40	46	8
	Tax assistance	30	20	8	0
	Other assistance	100	149	26	34
		813	556	99	63
5	**Financial income**				
	Interest income from group enterprises	0	0	0	17
	Other financial income	1,650	1,516	49	0
		1,650	1,516	49	17
6	**Financial expenses**				
	Interest expense for group enterprises	0	0	454	55
	Other interest expense	5,480	6,222	1,736	2,489
		5,480	6,222	2,190	2,544

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

DKK'000	Consolidated 2016/17	Consolidated 2015/16	Parent Company 2016/17	Parent Company 2015/16
7 Tax on the profit for the year				
Current tax for the year	0	520	-314	-389
Deferred tax adjustment for the year	2,045	573	-34	0
Prior-year adjustments	12	-508	-13	0
	2,057	585	-361	-389
Specified as follows:				
Tax on profit for the year	1,827	296	-508	-561
Tax on changes in equity	230	289	147	192
	2,057	585	-361	-369

8 Intangible assets
Consolidated

DKK'000	Development completed	Licences, software	Goodwill	Prepayments for intangible assets	Total
Cost at 1 April 2016	210	1,325	141,569	0	143,104
Additions	0	136	0	1,602	1,738
Cost at 31 March 2017	210	1,461	141,569	1,602	144,842
Impairment losses and amortisation at 1 April 2016	134	1,185	38,080	0	39,399
Amortisation	70	142	7,078	0	7,290
Impairment losses and amortisation at 31 March 2017	204	1,327	45,158	0	46,689
Carrying amount at 31 March 2017	6	134	96,411	1,602	98,153

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

9 Property, plant and equipment
Consolidated

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Plants and equipment under con-struction	Total
Cost at 1 April 2016	37,404	20,464	2,353	0	60,221
Additions	35	1,766	506	228	2,535
Disposals	0	-713	-531	0	-1,244
Cost at 31 March 2017	37,439	21,517	2,328	0	61,512
Impairment losses and depreciation at 1 April 2016	5,077	10,260	1,177	0	16,514
Depreciation and impairment losses	1,017	3,228	416	0	4,661
Disposals	0	-666	-493	0	-1,159
Impairment losses and depreciation at 31 March 2017	6,094	12,822	1,100	0	20,016
Carrying amount at 31 March 2017	31,345	8,695	1,228	228	41,496
Property, plant and equipment include finance leases with a carrying amount totalling	0	570	848	0	1,418

10 Investments
Parent

DKK'000	Investments in subsidiary
Cost at 1 April 2016	218,925
Additions	0
Cost at 31 March 2017	218,925
Value adjustments at 1 April 2016	-79,059
Profits for the year	7,493
Change in value adjustments of hedging instruments in investments	300
Depreciation, goodwill	-6,973
Value adjustments at 31 March 2017	-78,239
Carrying amount at 31 March 2017	140,686

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit / loss before tax	Profit / loss after tax
Danstoker A/S	Herning, Denmark	100 %	10,001	32,544	6,290	4,261
Ejendomsanparts-selskabet Indu strivej Nord 13	Herning, Denmark	100 %	200	13,430	3,726	3,232
Boilerworks A/S	Tønder, Denmark	100 %	500	355	-2,770	-2,164
Boilerworks Proper-ties ApS	Herning, Denmark	100 %	80	4,646	1,900	1,482

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2016/17	2015/16	2016/17	2015/16
11	**Deferred tax**				
	Deferred tax at 1 April 2016	9,773	9,707	0	0
	Deferred tax adjustment	2,046	66	-34	0
	Deferred tax at 31 March 2017	11,819	9,773	-34	0

Deferred tax relates to non-current assets and work in progress (advance on account).

	DKK'000	2016/17	2015/16
12	**Work in progress (customer-specific orders)**		
	Consolidated		
	Work in progress	187,546	119,537
	Payment on account	-149,375	-83,339
		38,171	36,198
	Recognised as follows:		
	Work in progress (customer-specific orders) (assets)	50,633	37,276
	Prepayments received from customers (liabilities)	-12,462	-1,078
		38,171	36,198
13	**Prepayments**		
	Consolidated		
	Prepaid insurance premiums	913	652
	Other prepaid costs	487	809
		1,400	1,461
14	**Other provisions**		
	Consolidated		
	Other provisions at 1 April 2016	7,669	9,533
	Provision for the year, adjustment	-2,313	-1,864
	Other provisions at 31 March 2017	5,356	7,669

Other provisions consists of custom warranties, DKK 1,180 thousand (2015/16: DKK 1,213 thousand) and provision for guarantee obligations and other costs DKK 4,176 thousand (2015/16: DKK 6,456 thousand).

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

15 Non-current liabilities other than provisions
Consolidated

DKK'000	Total liabilities at 31/3 2017	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	14,668	916	13,752	10,087
Bank loans	28,142	250	27,892	0
Lease liabilities	1,237	300	937	0
Total liabilities	44,047	1,466	42,581	0

Parent company

DKK'000	Total liabilities at 31/3 2017	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	27,892	0	27,892	0
Total liabilities	27,892	0	27,892	0

16 Contractual obligations and contingencies, etc.
Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1,363 thousand, hereof DKK 579 thousand fall due 2017/18.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 10,159 thousand with a net position as of 31 March 2017 of totally DKK -2,175 thousand (2015/16: DKK -3,233 thousand).

The Group 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.

The Group has entered into forward exchange contracts concerning currency in SEK 43,639 thousand and with a net position as of 31 March 2017 to DKK -38 thousand (2015/16: DKK -31 thousand).

Parent company

The company is jointly taxed with the 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.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

17 **Mortgages and collateral**
Consolidated

Land and buildings with a carrying amount of DKK 27,255 thousand out of a total carrying amount of land and buildings of DKK 31,345 thousand at 31 March 2017 have been provided as collateral for mortgages of DKK 14,668 thousand.

The group has provided collateral in land and buildings, nom. DKK 26,000 thousand for all balances between bank and the group. At 31 March 2017 balances amounted to DKK 250 thousand (2015/16: DKK 625 thousand).

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 6,925 thousand has been provided as collateral for loan raised with credit institution.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 54,003 thousand (2015/16: DKK 13,767 thousand).

Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and outstanding balances between other enterprises and credit institutions. At 31 March 2017, the guarantee commitment amounted to DKK 2,174 thousand (2015/16: DKK 4,085 thousand).

Mortgage registered to the owner, nominal DKK 500 thousand, is held by the Group.

18 **Related party disclosures**

Thermax Denmark ApS' related parties comprise the following:

Ownership

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

Thermax Netherlands B.V.
Herikerbergweg 238
1101 CM Amsterdam
The Netherlands.

Related party transactions

All transactions with related parties are carried out at arm's length.

Information about consolidated financial statements

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

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

DKK'000	Consolidated 2016/17	Consolidated 2015/16	Parent 2016/17	Parent 2015/16
19 Proposed profit/loss				
Transferred to reserves under equity	-1,222	-2,947	-923	-2,638
Reserve for net revaluation under the equity method	0	0	-299	-309
	-1,222	-2,947	-1,222	-2,947