Thermax Denmark ApS

Industrivej Nord 13, 7400 Herning

CVR no. 33 25 57 48

Annual report 2018/19

Approved at the Company's annual general meeting on 29 July 2019

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 2018 - 31 March 2019.

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 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2018 - 31 March 2019.

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, 16 May 2019
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 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 2019 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 2018 - 31 March 2019 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 the 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch	Claes Jensen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne35420	mne44108

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	2018/19	2017/18	2015/16	2014/15	2013/14
Key figures					
Revenue	289	285	292	261	303
Operating profit	-84	-16	4	2	-60
Profit from financial income and expenses	-4	-3	-4	-5	-5
Profit before tax	-88	-18	1	-3	-66
Profit/loss for the year	**-82**	**-17**	**-1**	**-3**	**-64**
Non-current assets	95	154	140	147	157
Current assets	111	106	87	84	85
Total assets	**206**	**260**	**226**	**232**	**242**
Equity	**57**	**99**	**101**	**101**	**103**
Provisions	10	16	17	17	19
Non-current liabilities other than provisions	34	45	43	24	44
Current liabilities other than provisions	105	99	66	89	76
Cash flows from operating activities	-1	-24	26	-7	20
Cash flows from investing activities	-10	-27	-4	-3	-2
Portion relating to investment in property, plant and equipment	-6	-26	-2	-3	-2
Cash flows from financing activities	32	28	0	-20	-20
Total cash flows	**21**	**-21**	**22**	**-30**	**-2**
Financial ratios					
Operating margin	-29.1	-5.6	1.5	0.8	-4.8
Equity ratio	27.5	38.0	44.5	43.7	42.6
Return on equity	-105.5	-17.0	-1.2	-2.9	-47.3
Average number of full-time employees	**292**	**290**	**204**	**214**	**259**

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 Ejendomsanpartsselskabet 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 and Danstoker Poland Sp. Z o.o.

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.

Result for the year before tax of DKK -87,640 thousand and after tax of DKK -82,416 thousand, respectively, is deemed not satisfactory by the Management.

The result is negatively affected by amortisation of goodwill amounting to DKK 60,425 thousand.

To recover the financial position and support further growth of the Group there has been an equity inflow of DKK 40,170 thousand in Thermax Denmark ApS and further to Danstoker A/S.

Management is aware that the Company is subject to the capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through future earnings.

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, and with the new setup in Poland we will develop a stronger position in the east part of Europe.

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.

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.

Danstoker Poland S.p. z.o.o

The Company has been acquired in 2017/18.

Danstoker Poland 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.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2017/18.

Future outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is significantly higher than last year and is considered 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 3 profitable, strong and individually independent sales companies in Danstoker A/S, Danstoker Poland Sp. Z o.o. and Boilerworks, all 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 of the opinion that the Group is not 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 2019/20.

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, social and employee conditions as well as anticorruption, it should be noted that the Thermax Denmark Group does not, so far, have such written policies. This is due to the fact that the activity in the Thermax Denmark Group is limited compared to Thermax Ltd.

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 2020. The aim in not fulfilled in the parent company as the Group's Executive Board of two men is unchanged in 2018/19.

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 2018/19.

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 2018 - 31 March 2019

Income statement

		Consolidated		Parent company	
Note	DKK'000	2018/19	2017/18	2018/19	2017/18
2	Revenue	288,982	285,164	0	0
3	Production costs	-319,503	-255,055	0	0
	Gross profit	-30,521	30,109	0	0
3	Distribution costs	-23,729	-21,282	0	0
3,4	Administrative expenses	-30,043	-25,168	-115	-113
	Other operating income	157	584	0	0
	Operating profit	-84,136	-15,757	-115	-113
10	Profits/losses from investments in subsidiaries	0	0	-81,648	-15,734
5	Financial income	1,999	1,530	5	23
6	Financial expenses	-5,503	-4,160	-874	-1,087
	Profit before tax	-87,640	-18,387	-82,632	-16,911
7	Tax on profit for the year	5,224	1,784	216	308
	Profit for the year	-82,416	-16,603	-82,416	-16,603

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Balance sheet

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent Company 2018/19	Parent Company 2017/18
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Completed development projects	2,296	0	0	0
	Licences, software	1,878	2,703	0	0
	Goodwill	28,907	89,332	0	0
	Development projects in progress	850	0	0	0
		33,931	92,035	0	0
9	**Property, plant and equipment**				
	Land and buildings	48,001	50,056	0	0
	Plant and machinery	12,099	10,027	0	0
	Fixtures and fittings, tools and equipment	1,233	1,482	0	0
		61,333	61,565	0	0
10	**Investments**				
	Investments in subsidiaries	0	0	98,292	140,251
		0	0	98,292	140,251
	Total non-current assets	95,264	153,600	98,292	140,251
	Current assets				
	Inventories				
	Raw materials and consumables	16,800	16,250	0	0
	Semi-finished goods	2,634	3,117	0	0
	Finished goods	24	4	0	0
		19,458	19,371	0	0
	Receivables				
	Trade receivables	21,008	24,188	0	0
11	Deferred tax assets	411	0	213	206
12	Work in progress (customer-specific orders)	59,056	55,815	0	0
	Amounts owed by group companies	0	0	5,334	4,751
	Corporation tax receivable	0	898	0	898
	Other receivables	2,841	4,096	0	0
13	Prepayments	1,711	1,254	0	0
		85,026	86,251	5,547	5,855
	Cash at bank and in hand	6,314	1,010	463	10
	Total current assets	110,798	106,632	6,010	5,865
	TOTAL ASSETS	206,062	260,232	104,302	146,116

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Balance sheet

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent Company 2018/19	Parent Company 2017/18
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	130,000	89,829	130,000	89,829
	Retained earnings	-73,279	9,617	-73,279	9,617
	Total equity	56,721	99,446	56,721	99,446
	Provisions				
11	Deferred tax	5,640	10,482	0	0
14	Other provisions	4,649	5,859	0	0
	Total provisions	10,289	16,341	0	0
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
	Mortgage credit institutions	11,920	12,836	0	0
	Bank loans	18,663	31,668	18,663	31,668
	Lease liabilities	3,644	814	0	0
		34,227	45,318	18,663	31,668
	Current liabilities other than provisions				
15	Current portion of non-current liabilities other than provisions	15,061	12,387	13,064	11,177
	Bank loans	6,203	22,250	0	0
12	Prepayments received from customers	16,938	9,613	0	0
	Trade payables	23,033	26,552	0	0
	Amounts owed to group companies	18,362	3,208	12,630	3,616
	Corporation tax payable	0	0	3,029	0
	Other payables	25,065	25,117	196	209
	Deferred income	165	0	0	0
		104,827	99,127	28,919	15,002
	Total liabilities other than provisions	139,054	144,445	47,582	46,670
	TOTAL EQUITY AND LIABILITIES	206,062	260,232	104,302	146,116

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

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Statement of changes in equity

		Consolidated		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 April 2018	89,829	9,617	99,446
19	Transfer, see "Proposed profit/loss appropriation"	0	-82,416	-82,416
	Capital increase	40,171	0	40,171
	Exchange rate adjustments	0	-389	-389
	Change in value of adjustments of hedging instruments in investment	0	-117	-117
	Tax on equity transactions	0	26	26
	Equity at 31 March 2019	130,000	-73,279	56,721

		Parent			
Note	DKK'000	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	Equity at 1 April 2018	89,829	0	9,617	99,446
19	Transfer, see "Proposed profit/loss appropriation"	0	480	-82,896	-82,416
	Capital increase	40,171	0	0	40,171
	Exchange rate adjustments	0	-389	0	-389
	Change in value of adjustments of hedging instruments in investment	0	-117	0	-117
	Tax on equity transactions	0	26	0	26
	Equity at 31 March 2019	130,000	0	-73,279	56,721

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally.

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Cash flow statement, consolidated

DKK'000	2018/19	2017/18
Net profit for the year before tax	-87,640	-18,387
Depreciation for the year and gains from sales of fixed assets	67,517	13,082
Changes in equity before tax	-506	640
Other adjustments	490	0
Corporation tax paid, net	898	-394
Cash flows from operations (operating activities) before changes in working capital	-19,241	-5,059
Change in inventories	-87	-2,614
Change in receivables and work in progress	738	-16,640
Change in provisions	-1,210	503
Change in current liabilities	19,072	-405
Cash flows from operating activities	-728	-24,215
Acquisition of intangible asset	-3,894	-1,041
Acquisition of property, plant and equipment, net	-5,781	-1,237
Acquisition of subsidiary	0	-23,536
Cash flows from investing activities	-9,675	-25,814
Capital increase	40,171	14,829
Mortgage of new loans	5,019	14,903
Repayment of long-term debt	-13,436	-1,245
Cash flows from financing activities	31,754	28,487
Net cash flows for the year	21,351	-21,542
Cash, cash equivalents and banks at 1 April 2018	-21,240	302
Cash, cash equivalents and banks at 31 March 2019	111	-21,240
Cash, cash equivalents and bank loans		
Cash at bank and in hand	6,314	1,010
Banks loans, current liabilities	-6,203	-22,250
Cash, cash equivalents and bank loans	111	-21,240

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2018/19 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.

The financial statements have been prepared in accordance with the same accounting policies as 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.

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.

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

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 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 2018 - 31 March 2019

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 2018 - 31 March 2019

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 2018 - 31 March 2019

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 2018 - 31 March 2019

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 2018 - 31 March 2019

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 2018 - 31 March 2019

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

The financial statements have been prepared in accordance with the same accounting policies as last year.

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 2018 - 31 March 2019

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	281,384	280,941	0	0
	Outside Europe	7,598	4,223	0	0
		288,982	285,164	0	0
3	**Employee relations**				
	Wages and salaries	114,688	109,973	0	0
	Pensions	6,722	6,807	0	0
	Other social security costs	876	839	0	0
		122,286	117,619	0	0
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	292	290	0	0
4	**Fees paid to auditors appointed at the annual general meeting**				
	Fee regarding statutory audit	335	356	15	19
	Assurance engagements	446	372	40	57
	Tax assistance	37	66	8	10
	Other assistance	186	172	25	23
		1,004	966	88	109
5	**Financial income**				
	Interest income from group enterprises	0	0	0	0
	Other financial income	1,999	1,530	5	23
		1,999	1,530	5	23
6	**Financial expenses**				
	Interest expense for group enterprises	140	0	56	79
	Other interest expense	5,363	4,160	818	1,008
		5,503	4,160	874	1,087

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Notes to the financial statements

		Consolidated		Parent Company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
7	**Tax on the profit for the year**				
	Current tax for the year	26	-407	-209	-137
	Deferred tax adjustment for the year	-5,224	-1,062	-7	-122
	Prior-year adjustments	0	-186	0	-49
		-5,198	-1,655	-216	-308
	Specified as follows:				
	Tax on profit for the year	-5,224	-1,784	-216	-308
	Tax on changes in equity	26	129	0	0
		-5,198	-1,655	-216	-308

8 **Intangible assets**
Consolidated

DKK'000	Completed development projects	Licences, software	Development projects in progress	Goodwill	Total
Cost at 1 April 2018	210	4,104	0	141,569	145,883
Additions	2,924	120	850	0	3,894
Disposals	0	-227	0	0	-227
Cost at 31 March 2019	3,134	3,997	850	141,569	149,550
Impairment losses and amortisation at 1 April 2018	210	1,401	0	52,237	53,848
Amortisation	628	945	0	60,425	61,998
Disposals	0	-227	0	0	-227
Impairment losses and amortisation at 31 March 2019	838	2,119	0	112,662	115,619
Carrying amount at 31 March 2019	2,296	1,878	850	28,907	33,931

Development costs are recognized based on expectations for future earnings generated from development projects.

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

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	Total
Cost at 1 April 2018	57,733	26,013	2,646	86,392
Additions	0	5,690	539	6,229
Disposals	0	-3,086	-790	-3,876
Currency translation	-517	0	0	-517
Cost at 31 March 2019	57,216	28,617	2,395	88,228
Impairment losses and depreciation at 1 April 2018	7,677	15,986	1,164	24,827
Depreciation and impairment losses	1,561	3,451	507	5,519
Disposals	0	-2,919	-509	-3,428
Currency translation	-23	0	0	-23
Impairment losses and depreciation at 31 March 2019	9,215	16,518	1,162	26,895
Carrying amount at 31 March 2019	48,001	12,099	1,233	61,333
Property, plant and equipment include finance leases with a carrying amount totalling	0	4,759	592	5,351

10 Investments
Parent

DKK'000	Investments in subsidiaries
Cost at 1 April 2018	233,725
Additions	40,171
Cost at 31 March 2019	273,896
Value adjustments at 1 April 2018	-93,474
Profits for the year	-21,331
Exchange rate adjustments	-389
Change in value adjustments of hedging instruments in investments	-91
Depreciation, goodwill	-60,319
Value adjustments at 31 March 2019	-176,022
Carrying amount at 31 March 2019	98,292

Carrying amount of goodwill amounts to DKK 28,907 thousand as of 31 March 2019.

Name	Registered office	Voting rights and ownership	Share capital
Danstoker A/S	Herning, Denmark	100 %	10,001
Ejendomsanparts-selskabet Industrivej Nord 13	Herning, Denmark	100 %	200
Boilerworks A/S	Tønder, Denmark	100 %	500
Boilerworks Properties ApS	Herning, Denmark	100 %	80
Danstoker Polen	Poland	100 %	9

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
11	**Deferred tax**				
	Deferred tax at 1 April 2018	10,482	11,819	-206	-34
	Deferred tax adjustment	-5,253	-1,248	-7	-172
	Deferred tax from acquisition of subsidiaries	0	-89	0	0
	Deferred tax at 31 March 2019	5,229	10,482	-213	-206
	Deferred tax are recognized as follows:				
	Deferred tax assets	411	0	213	206
	Deferred tax liabilities	5,640	10,482	0	0
		5,229	10,482	213	206

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

	DKK'000	2018/19	2017/18
12	**Work in progress (customer-specific orders)**		
	Consolidated		
	Work in progress	299,998	253,185
	Payment on account	-257,880	-206,983
		42,118	46,202
	Recognised as follows:		
	Work in progress (customer-specific orders) (assets)	59,056	55,815
	Prepayments received from customers (liabilities)	-16,938	-9,613
		42,118	46,202
13	**Prepayments**		
	Consolidated		
	Prepaid insurance premiums	694	936
	Other prepaid costs	1,017	318
		1,711	1,254
14	**Other provisions**		
	Consolidated		
	Other provisions at 1 April 2018	5,859	5,356
	Provision for the year, adjustment	-1,210	503
	Other provisions at 31 March 2019	4,649	5,859

Other provisions consists of custom warranties, DKK 618 thousand (2017/18: DKK 1,709 thousand) and provision for guarantee obligations and other costs DKK 4,031 thousand (2017/18: DKK 4,150 thousand).

Consolidated financial statements and parent company financial statements for the period 1 April 2018 - 31 March 2019

Notes to the financial statements

15 Non-current liabilities other than provisions
Consolidated

DKK'000	Total liabilities at 31/3 2019	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	12,836	916	11,920	8,491
Bank loans	31,727	13,064	18,663	0
Lease liabilities	4,725	1,081	3,644	0
Total liabilities	49,288	15,061	34,227	8,491

Parent company

DKK'000	Total liabilities at 31/3 2019	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	31,727	13,064	18,663	0
Total liabilities	31,727	13,064	18,663	0

16 Contractual obligations and contingencies, etc.
Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1.555 thousand, hereof DKK 841 thousand fall due 2018/19.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 8,800 thousand with a net position as of 31 March 2019 of totally DKK -1,631 thousand (2017/18: DKK -1,785 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 33,939 thousand, currency in NOK 3,324 thousand and currency in GBP 649 thousand and with a net position as of 31 March 2019 to DKK -47 thousand (2017/18: DKK 212 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 2018 - 31 March 2019

Notes to the financial statements

17 Mortgages and collateral
Consolidated

Land and buildings with a carrying amount of DKK 25,680 thousand out of a total carrying amount of land and buildings of DKK 48,001 thousand at 31 March 2019 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 12,836 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 7,829 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 46,980 thousand (2017/18: DKK 51,408 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 2019, the guarantee commitment amounted to DKK 2,308 thousand (2017/18: DKK 2,190 thousand).

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

18 Related parties

Thermax Denmark ApS' related parties comprise the following:

Related party transactions

Transactions with related parties are specified as follows:

DKK'000	2018/19	2017/18
Revenue	195	1,139
Production costs	5,141	4,802
Financial expenses	140	0
Amounts owed to group companies (Liabilities)	18,362	3,208
Equity contribution from parent	40,171	14,829

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 2018 - 31 March 2019

Notes to the financial statements

		Consolidated		Parent	
	DKK'000	2018/19	2017/18	2018/19	2017/18
19	**Proposed profit/loss**				
	Transferred to reserves under equity	-82,416	-16,603	-82,896	-16,104
	Reserve for net revaluation under the equity method	0	0	480	-499
		-82,416	-16,603	-82,416	-16,603