
RHI Finance A/S

Strandvejen 203, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2017

CVR No 24 21 86 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/05 2018

Antonius Marinus van
Beest
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of RHI Finance A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 29 May 2018

Executive Board

Antonius Marinus van Beest

Board of Directors

Stefan Borgas
Chairman

Felix Peter Warmuth

Antonius Marinus van Beest

Practitioner's Statement on Compilation of Financial Statements

To the Management of RHI Finance A/S

We have compiled the Financial Statements of RHI Finance A/S for the financial year 1 January - 31 December 2017 on the basis of the Enterprise's accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors' Code of Ethics, including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 29 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Martin Enderberg Lassen
State Authorised Public Accountant
mne40044

Company Information

The Company

RHI Finance A/S
Strandvejen 203
DK-2900 Hellerup

Telephone: + 45 70272550

Facsimile: + 45 70272560

CVR No: 24 21 86 35

Financial period: 1 January - 31 December

Municipality of reg. office: Gentofte

Board of Directors

Stefan Borgas , Chairman
Felix Peter Warmuth
Antonius Marinus van Beest

Executive Board

Antonius Marinus van Beest

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Magnusson Law Firm
Sankt Annæ Plads 13, 4.
DK-1250 København K

Management's Review

Key activities

The company's activities consist of the financing of as well as the provision of related financial services of the companies in the RHI Magnesita Group.

Development in the year

The income statement of the Company for 2017 shows a loss of EUR 125,257, and at 31 December 2017 the balance sheet of the Company shows negative equity of EUR 988,688.

Capital resources

As is apparent from the Financial Statements, the Company has in 2017 realised a loss from operations and a further loss is expected in 2018.

In consideration of the Company's financial situation and the budgeted level of general and operation obligations for 2018, the parent company, RHI Feuerfest GmbH has confirmed in a letter of support dated 28 May 2018 its intention to contribute, if necessary, liquid assets to RHI Finance A/S to a maximum of EUR 1.175.000 to ensure RHI Finance A/S will be able to fulfil its general and opening obligations until the completion of the 2018 financial year, and submission of statutory accounts to the Danish Authorities on 31 May 2019.

Targets and expectations for the year ahead

The coming year is expected to show a small negative result before tax.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 EUR	2016 EUR
Other external expenses		-17.058	-21.862
Gross profit/loss		-17.058	-21.862
Staff expenses	2	-86.941	-83.027
Profit/loss before financial income and expenses		-103.999	-104.889
Financial income	3	179.912	61.618
Financial expenses	4	-201.170	-74.649
Profit/loss before tax		-125.257	-117.920
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-125.257	-117.920

Distribution of profit

Proposed distribution of profit

Retained earnings		-125.257	-117.920
		-125.257	-117.920

Balance Sheet 31 December

	Note	2017 EUR	2016 EUR
Assets			
Receivables from group enterprises		272.673	545.242
Other receivables		1.367	1.897
Receivables		274.040	547.139
Cash at bank and in hand		3.565	5.448
Currents assets		277.605	552.587
Assets		277.605	552.587
Liabilities and equity			
Share capital		70.000	70.000
Retained earnings		-1.058.688	-933.430
Equity	5	-988.688	-863.430
Payables to group enterprises		1.220.502	1.373.187
Other payables		45.791	42.830
Short-term debt		1.266.293	1.416.017
Debt		1.266.293	1.416.017
Liabilities and equity		277.605	552.587
Going concern	1		
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Notes to the Financial Statements

1 Going concern

In consideration of the Company's financial situation and the budgeted level of general and operation obligations for 2017, the parent company, RHI Feuerfest GmbH has confirmed in a letter of support dated 28 May 2018 its intention to contribute, if necessary, liquid assets to RHI Finance A/S to a maximum of EUR 1.175.000 to ensure that RHI Finance A/S will be able to fulfil its general and operating obligations until the completion of the 2018 financial year, and submission of statutory accounts to the Danish Authorities on 31 May 2019.

	2017 EUR	2016 EUR
2 Staff expenses		
Wages and salaries	86.498	82.574
Other social security expenses	443	453
	86.941	83.027
Average number of employees	1	1

3 Financial income

Interest received from group enterprises	13.942	7.648
Exchange gains	165.970	53.970
	179.912	61.618

4 Financial expenses

Interest paid to group enterprises	30.057	21.940
Other financial expenses	3	0
Exchange loss	171.110	52.709
	201.170	74.649

5 Equity

	Share capital EUR	Retained earnings EUR	Total EUR
Equity at 1 January	70.000	-933.431	-863.431
Net profit/loss for the year	0	-125.257	-125.257
Equity at 31 December	70.000	-1.058.688	-988.688

Notes to the Financial Statements

	<u>2017</u> EUR	<u>2016</u> EUR
6 Distribution of profit		
Retained earnings	<u>-125.257</u>	<u>-117.920</u>
	<u>-125.257</u>	<u>-117.920</u>

7 Related parties

Consolidated Financial Statements

The Company is included in the:

<u>Name</u>	<u>Place of registered office</u>
Group Annual Report of RHI Magnesita N.V.	RHI Magnesita N.V. Wienerbergstrasse 9 1100 Vienna Austria

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of RHI Finance A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in EUR.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Other external expenses

Other external expenses comprise expenses for premises and office expenses, etc.

Notes to the Financial Statements

8 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses .

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

8 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.