

Adopted at the Company's Annual General  
Meeting on     /   2018.

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Chairman of the meeting

**FLSmidth Minerals Holding ApS**  
**Vigerslev Allé 77, 2500 Valby**

**ANNUAL REPORT 2017**  
(CVR nr. 27 92 09 34)

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## **Company information**

### **Company**

FLSmidth Minerals Holding ApS  
Vigerslev Allé 77  
2500 Valby  
CVR nr. 27 92 09 34  
Municipality: København  
Date of incorporation: 24.06.2004  
Financial year: 01.01 - 31.12

### **Board of directors**

Sander Fynboe  
Lars Vestergaard  
Per Henrik Jensen

### **Executive Management**

Per Henrik Jensen

### **Auditors**

Ernst & Young P/S  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4,  
DK-2000 Fredericksberg  
CVR nr. DK 30 70 02 28

## **Statement by the Board of Directors**

The Board of Directors and the Executive Management have today considered and approved the annual report of FLSmidth Minerals Holding ApS for the financial year 1 January - 31 December 2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January - 31 December 2017.

In our opinion, the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Valby, 31 May 2018

### **Executive Management**

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Per Henrik Jensen

### **Board of Directors**

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Sander Fynboe

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Lars Vestergaard

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Per Henrik Jensen

## The independent auditor's report

### To the shareholders of FLSmith Minerals Holding ApS.

#### Opinion

We have audited the financial statements of FLSmith Minerals Holding ApS for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, accounting policies and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 Company 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 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 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 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.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## The independent auditor's report continued

6.

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 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 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.

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 commentary

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.

Copenhagen, 31 May 2018

### Ernst & Young P/S

Godkendt Revisionspartnerselskab  
CVR nr. 30 70 02 28

Anders Stig Lauritsen  
State Authorised  
Public Accountant  
MNE no.: mne32800

Kennet Hartmann  
State Authorised  
Public Accountant  
MNE no.: mne40036

## **Management's commentary**

### **Main activity**

FLSmidth Minerals Holding ApS is the parent company of a number of foreign subsidiaries, being the only activity of the company.

Its subsidiaries construct and deliver machinery, delivering spare parts and services to a number of industries such as for ore and mineral preparation and to the lime and cellulose industries.

### **Developments in activities and financial performance**

The result after tax in 2017 amounted to DKK 91.4m (2016: DKK 84.8m).

The result includes a dividend of DKK 156.2m received from FLSmidth (Pty) Ltd., South Africa.

With reference to note 7 in the financial statements, the company has sufficient liquidity and capital to maintain continuous operations during 2018.

### **Events occurring after the balance sheet date**

No events have occurred after the balance sheet date that have a material effect on the amounts in the financial statements.

## Accounting policies

### General comments

The 2017 Annual Report for FLSmidth Minerals Holding ApS is presented in accordance with the provisions of the Danish Financial Statements Act for Reporting Class B companies, with options from Reporting Class C companies. FLSmidth Minerals Holding ApS is included in the FLSmidth & Co. A/S consolidated financial statements. Referring to Section 112 subsection 1 and Section 86 subsection 4 of the Danish Financial Statements Act, the Annual Report of FLSmidth Minerals Holding ApS does not contain consolidated financial statements nor a cash flow statement.

The Annual Report is presented in accordance with the same accounting policies as last year.

### General principles for recognition and measurement

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

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will depart from the Company and the value of the liability can be measured reliably. In case of initial recognition, assets and liabilities are measured at cost. Subsequent measurements are based on value adjustments as described below.

### Translation of foreign currency

Transactions in foreign currency are translated at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Any foreign exchange differences between the rates prevailing at the date of the transaction and the payment date or the balance sheet date, as the case may be, are recognised in the income statement as financial items.

Non-monetary assets and liabilities in foreign currency are recognised at the rate of exchange prevailing at the date of the transaction. Non-monetary items that are measured at fair value (shares) are translated at the exchange rate prevailing at the date of the latest fair value adjustment.

The foreign exchange adjustment of receivables from subsidiaries which are considered to be part of the parent company's total investment in the said subsidiary is recognised in the parent company income statement.



## Accounting policies

### Administrative costs

Administrative costs comprise audit fees and indirect administrative costs.

### Dividend from Group enterprises

Dividend from investments in subsidiaries, associates and joint ventures is recognised as income in the income statement in the financial year in which the dividend is declared. This will typically be at the time of the approval by the Annual General Meeting of the distribution from the company concerned.

### Financial items

Financial items comprise interest income and costs, realised and unrealised exchange gains and losses on securities, liabilities and transactions in foreign currency, impairment of shares in Group enterprises, associates and joint ventures, addition or deduction of amortisation related to mortgage debt, etc.

Interest income and costs are accrued on the basis of the principal amount and the effective interest rate. The effective interest rate is the rate used to discount the anticipated future payments which are related to the financial asset or the financial liability so that the present value of the payments corresponds to the carrying amount of the asset and the liability, respectively.

### Tax

Tax for the year which comprises current tax and the change in deferred tax is recognised in the income statement with the share attributable to the profit/loss of the year, and directly in equity with the share attributable to items entered directly in equity.

Current tax comprises tax calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year, and any adjustments of taxes for previous years.

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to initial recognition of goodwill not deductible for tax purposes. Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates is stated in the income statement unless they are items previously entered directly in the equity. The tax value of losses that are expected with adequate certainty to be available for utilisation against future taxable income in the same legal tax unit and jurisdiction is included in the measurement of de-ferred tax.

Deferred tax assets are annually assessed and are only recognised to the extent that it is probable that they will be used.

The Company and its Danish Group enterprises are jointly taxed with the other Danish members of the FLSmidth & Co. A/S Group. The current Danish corporation tax is shared between the jointly taxed companies in proportion to their taxable incomes (full distribution with refund of tax losses).

## Accounting policies

### BALANCE SHEET

#### Receivables

Receivables comprise receivables from tax authorities and other receivables.

Receivables are measured at amortised cost. An impairment loss is recognised when there is an objective indication that a receivable has been impaired.

#### Financial assets

Investments in Group enterprises, associates and joint ventures are measured at cost less impairment. Where the cost exceeds the recoverable amount, an impairment loss is recognised.

Dividends from subsidiaries and associates are recognised in full as income in profit and loss for the year, not considering if distributed dividends exceed the accumulated earnings after the acquisition date.

#### Dividends

Dividends are provided for in the financial statements at the time when it is decided at the Annual General Meeting, the company thereby having incurred a liability. The dividend proposed for distribution is stated as a separate item in equity.

#### Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Other liabilities

Other liabilities include audit accruals, taxes and duties and interest payable.

**Income statement for 2017**

(Amounts in 1,000 DKK)

Note:	<u>2017</u>	<u>2016</u>
Administration costs	(19)	(35)
Impairment of Group enterprises	<u>(53,852)</u>	<u>0</u>
<b>Earnings before interest and tax (EBIT)</b>	<b>(53,871)</b>	<b>(35)</b>
1 Financial income	156,205	94,768
1 Financial costs	<u>(3,949)</u>	<u>(7,014)</u>
<b>Earnings before tax (EBT)</b>	<b>98,385</b>	<b>87,719</b>
2 Tax for the year	<u>(6,937)</u>	<u>(2,932)</u>
<b>Profit for the year</b>	<b><u>91,448</u></b>	<b><u>84,787</u></b>
To be distributed as follows:		
Transfer to retained earnings	<u>91,448</u>	<u>84,787</u>
	<u>91,448</u>	<u>84,787</u>

**Balance sheet at 31 December 2017**

(Amounts in 1,000 DKK)

Note:	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>3</b>		
Investments in Group enterprises	1,727,199	1,781,051
<b>Financial assets</b>	<u>1,727,199</u>	<u>1,781,051</u>
<b>Total non-current assets</b>	<u>1,727,199</u>	<u>1,781,051</u>
Tax receivables	873	1,551
<b>Receivables</b>	<u>873</u>	<u>1,551</u>
<b>Total current assets</b>	<u>873</u>	<u>1,551</u>
<b>Total assets</b>	<u>1,728,072</u>	<u>1,782,602</u>
<b>Equity and liabilities</b>		
Share capital	200	200
Retained earnings	1,135,450	1,044,002
<b>4 Total equity</b>	<u>1,135,650</u>	<u>1,044,202</u>
Payables to affiliated companies	592,403	738,365
Other liabilities	19	35
<b>Total short-term liabilities</b>	<u>592,422</u>	<u>738,400</u>
<b>Total equity and liabilities</b>	<u>1,728,072</u>	<u>1,782,602</u>
<b>Other notes</b>		
<b>5</b>	Staff costs	
<b>6</b>	Contingent assets and liabilities	
<b>7</b>	Related parties, capital resources and ownership	
<b>8</b>	List of Group companies	

**NOTES**  
(Amounts in 1,000 DKK)

	<u>2017</u>	<u>2016</u>
<b>Note 1, Financial income and costs</b>		
<b>Financial income</b>		
Dividends from Group enterprises	156,205	94,768
	<u>156,205</u>	<u>94,768</u>
<b>Financial costs</b>		
Interest costs to Group enterprises	3,949	5,131
Foreign exchange losses	0	1,883
	<u>3,949</u>	<u>7,014</u>
<b>Note 2, Tax for the year</b>		
Current tax on the profit/loss for the year	(873)	(1,551)
Withholding tax on dividends	7,810	4,738
Adjustment for previous years, current taxes	0	(255)
	<u>6,937</u>	<u>2,932</u>
<b>Note 3, Investments in Group enterprises</b>		
Cost at 1 January 2017	1,781,051	
<b>Cost at 31 December 2017</b>	<u><b>1,781,051</b></u>	
Adjustments at 1 January 2017	0	
Write-downs	(53,852)	
<b>Adjustments at 31 December 2017</b>	<u><b>(53,852)</b></u>	
<b>Carrying amount at 31 December 2017</b>	<u><b>1,727,199</b></u>	
Carrying amount at 31 December 2016	<u>1,781,051</u>	

Overview of Group companies is detailed on page 15.

**NOTES**

(Amounts in 1,000 DKK)

**Note 4, Total equity**

	Share capital	Retained earnings	Total
Equity at 1 January 2016	200	959,215	959,415
Profit/loss for the year		84,787	84,787
Equity at 31 December 2016	200	1,044,002	1,044,202
Equity at 1 January 2017	200	1,044,002	1,044,202
Profit/loss for the year		91,448	91,448
Equity at 31 December 2017	200	1,135,450	1,135,650

Share capital consists of 1 share of DKK 200.000.

5 year development of share capital

	2017	2016	2015	2014	2013
Start of year	200	200	200	200	200
End of year	200	200	200	200	200

**Note 5, Staff costs**

In 2017 the company had no employees.

**Note 6, Contingent assets and liabilities**

The company is part of a Danish joint taxation scheme for which FLSmith & Co. A/S is the administrator. The company is therefore jointly liable under the provisions of the Danish company taxation act for all tax obligations in the jointly taxed companies.

**Note 7, Related parties, capital resources and ownership**

FLSmith Minerals Holding ApS is a fully consolidated subsidiary in the FLSmith & Co. A/S Group, FLSmith A/S is the sole shareholder and the parent company. Regarding FLSmith Minerals Holding ApS's transactions with related parties, reference is made to the consolidated financial statements for the company's parent, which can be obtained at the following address: [www.flsmith.com](http://www.flsmith.com)

FLSmith & Co A/S has committed to provide liquidity and/or capital support to FLSmith Minerals Holding ApS necessary to maintain continuous operations during 2018.

**NOTES**

(Amounts in 1,000 DKK)

**Note 8, List of Group companies**

<b>Company name</b>	<b>Profit/(loss) for the year 2017 DKKm</b>	<b>Equity at 31 December 2017 DKKm</b>
FLSmith Ltd., Canada	227	-5
9189-6175 Quebec Inc., Canada	0	0
4437845 Canada Inc., Canada	-1	0
FLSmith Pty. Ltd., Australia	603	-94
DMI Holdings Pty. Ltd., Australia	0	0
DMI Australia Pty. Ltd., Australia	4	0
ESSA Australia Limited, Australia	0	0
Fleet Rebuild Pty. Ltd., Australia	43	0
Mayer Bulk Group Pty. Ltd., Australia	41	0
FLSmith Mayer Pty. Ltd., Australia	25	0
Mayer International Machines South Africa Pty. Ltd., South Africa	0	0
FLSmith ABON Pty. Ltd., Australia	279	77
FLSmith Krebs Australia Pty. Ltd., Australia	28	0
FLSmith M.I.E. Enterprises Pty. Ltd., Australia	181	0
Ludowici Pty. Limited, Australia	1,079	0
Hicom Technologies Pty. Ltd., Australia	0	0
Ludowici Australia Pty. Ltd., Australia	0	0
Ludowici China Pty Limited, Australia	0	0
Ludowici Beijing Ltd., China	0	1
Ludowici Hong Kong Limited, Hong Kong	27	0
Yantai Ludowici Mineral Processing Equipment Limited, China	19	0
Rojan Advanced Ceramics Pty. Ltd., Australia	0	0
Ludowici Hong Kong Investments Ltd., Hong Kong	-5	-1
Ludowici Packaging Australia Pty. Ltd., Australia	0	0
Ludowici Packaging Limited, New Zealand	13	0
FLSmith S.A., Chile	0	0
FLSmith S.A. de C.V., Mexico	125	50
FLSmith Private Ltd., India	957	14
FLSmith (Pty.) Ltd., South Africa	543	149
FLSmith Buffalo (Pty) Ltd., South Africa	2	-1
FLSmith Mozambique Limitada, Mozambique	0	0
FLSmith South Africa (Pty.) Ltd., South Africa	47	-25
FLSmith Roymec (Pty) Ltd., South Africa	59	8
FLSmith (Pty) Ltd., Botswana	18	0
Euroslot KDSS (South Africa) (Pty), South Africa	-2	0

All companies are 100% owned, except for FLSmith South Africa (Pty) Ltd. which is 75% owned and FLSmith Roymec (Pty) Ltd., South Africa and FLSmith (Pty) Ltd, Botswana which are both 74% owned.