

FLSmidth Rusland Holding A/S

Vigerslev Allé 77

2500 Valby

CVR no. 31 05 15 41

Annual report for 2018

**Adopted at the annual general
meeting on 31 May 2019**

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above a horizontal line.

**Gregers Schmidt
chairman**

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Company details

The company

FLSmidth Rusland Holding A/S
Vigerslev Allé 77
2500 Valby

CVR no.: 31 05 15 41

Reporting period: 1 January - 31 December 2018

Incorporated: 29. October 2007

Domicile: Copenhagen

Board of directors

Gregers Schmidt, chairman
Mette Mellemsgaard Jakobsen
Anders Christian Bech

Executive Management

Anders Christian Bech

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
2000 Frederiksberg

Statement by management on the annual report

The executive management and board of directors have today discussed and approved the annual report of FLSmidth Rusland Holding A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Valby, 31 May 2019

Executive Management

Anders Christian Bech

Board of directors


Gregers Schmidt
chairman

 
Mette Mellemegaard Jakobsen Anders Christian Bech

Independent auditor's report

To the shareholder of FLSmidth Rusland Holding A/S

Opinion

We have audited the financial statements of FLSmidth Rusland Holding A/S for the financial year 1 January - 31 December 2018, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 the 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 31 May 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Claus Tanggaard Jacobsen

State Authorised Public Accountant

mne23314



Kennet Hartmann

State Authorised Public Accountant

mne40036

Management's review

Business activities

FLSmidth Rusland Holding A/S is the parent company of a foreign subsidiary, being the only activity of the company.

Business review

The company's income statement for the year ended 31 December shows a loss of TDKK 20, and the balance sheet at 31 December 2018 shows equity of TDKK 12,762.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of FLSmidth Rusland Holding A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with options from reporting class C companies.

The accounting policies applied are consistent with those of last year.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement in step with being earned, while costs are recognised at the amount related to the financial year.

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 measured reliably.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the 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.

Income statement

Administration costs

Administration costs include audit fee and indirect administrative costs.

Accounting policies

Financial income and costs

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Dividend from investments in subsidiaries

Dividend from investments in subsidiaries 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.

Tax for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Financial assets

Investment in subsidiaries and are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Dividends from subsidiaries 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.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write downs for bad and doubtful debts.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include audit accrual. Other payables are measured at net realisable value.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Administration costs		-12	-8
Profit before financial items		-12	-8
Financial income	1	23	11
Financial costs	2	-36	-55
Profit before tax		-25	-52
Tax for the year	3	5	11
Profit/loss for the year		-20	-41
Retained earnings		-20	-41
		-20	-41

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Assets			
Investments in subsidiaries	4	<u>9,339</u>	<u>9,339</u>
Financial assets		<u>9,339</u>	<u>9,339</u>
Total non-current assets		<u>9,339</u>	<u>9,339</u>
Receivables from Group companies		3,289	3,310
Corporation tax		<u>5</u>	<u>11</u>
Receivables		<u>3,294</u>	<u>3,321</u>
Cash		<u>136</u>	<u>128</u>
Total current assets		<u>3,430</u>	<u>3,449</u>
Total assets		<u><u>12,769</u></u>	<u><u>12,788</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Equity and liabilities			
Share capital		500	500
Retained earnings		<u>12,262</u>	<u>12,282</u>
Equity		<u>12,762</u>	<u>12,782</u>
Other payables		<u>7</u>	<u>6</u>
Total current liabilities		<u>7</u>	<u>6</u>
Total liabilities		<u>7</u>	<u>6</u>
Total equity and liabilities		<u><u>12,769</u></u>	<u><u>12,788</u></u>
Contingent assets and liabilities	5		
Related parties and ownership structure	6		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January 2018	500	12,282	12,782
Net profit/loss for the year	0	-20	-20
Equity at 31 December 2018	500	12,262	12,762

There have been no changes in the share capital during the last 5 years.

Notes

	<u>2018</u> TDKK	<u>2017</u> TDKK
1 Financial income		
Interest income	7	11
Exchange gains	<u>16</u>	<u>0</u>
	<u>23</u>	<u>11</u>
2 Financial costs		
Financial expenses, group entities	18	45
Other financial costs	2	0
Exchange loss	<u>16</u>	<u>10</u>
	<u>36</u>	<u>55</u>
3 Tax for the year		
Current tax for the year	-4	-11
Adjustment of tax concerning previous years	<u>-1</u>	<u>0</u>
	<u>-5</u>	<u>-11</u>

Notes

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
4 Investments in subsidiaries		
Cost at 1 January 2018	<u>9,339</u>	<u>9,339</u>
Cost at 31 December 2018	<u>9,339</u>	<u>9,339</u>
Revaluations at 1 January 2018	<u>0</u>	<u>0</u>
Revaluations at 31 December 2018	<u>0</u>	<u>0</u>
Carrying amount at 31 December 2018	<u><u>9,339</u></u>	<u><u>9,339</u></u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
FLSmidth Rus OOO	Russia	90%

Notes

5 Contingent assets and liabilities

The company is part of a Danish joint taxation scheme for which FLSmidth & 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.

6 Related parties and ownership structure

FLSmidth A/S, Denmark owns 90% of the shares of FLSmidth Rusland Holding A/S.

FLSmidth Global Services A/S, Denmark owns 10% of the shares of FLSmidth Rusland Holding A/S.

FLSmidth Rusland Holding A/S is a consolidated subsidiary in the consolidated financial statements (largest and smallest group), FLSmidth & Co A/S, Valby Copenhagen, CVR no. 58180912.

The Group Annual Report 2018 is available on www.flsmidth.com:
<https://www.flsmidth.com/en-gb/company/investors/downloads/reports-and-presentations>