

Adopted at the Annual General Meeting  
31 May 2018

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Sander Fynboe

**Matr. nr. 2055 A/S**  
Vigerslev Allé 77, 2500 Valby  
CVR nr. 38 88 18 76

**ANNUAL REPORT 2017**

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## **Company information**

### **Company**

Matr. nr. 2055 A/S  
Vigerslev Allé 77  
2500 Valby  
CVR nr. 38 88 18 76

Founded: 25 August 2017  
Municipality: Copenhagen  
Financial year: 1 January 2017 - 31 December 2017

### **Board of directors**

Lars Vestergaard  
Lars Nielsen  
Sander Fynboe

### **Executive Management**

Per Henrik Jensen

### **Auditors**

Ernst & Young P/S  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4,  
DK-2000 Frederiksberg

## Statement by the Board of Directors

The Board of Directors and the Executive Management have today considered and approved the annual report of Matr. nr. 2055 A/S 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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Lars Vestergaard

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Lars Nielsen

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Sander Fynboe

## The independent auditor's report

### To the shareholders of Matr. nr. 2055 A/S

#### **Opinion**

We have audited the financial statements of Matr. nr. 2055 A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, 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 Entity's internal control.

## The independent auditor's report - continued

- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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's commentary**

Management is responsible for the Management's commentary.

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

Based on the work we have performed, we conclude that the Management's commentary 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 commentary.

Copenhagen, 31 May 2018

### **Ernst & Young**

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**

Matr. nr. 2055 A/S owns the property Vigerslev Allé 77, Valby. The investment has the purpose to rent out and develop the property.

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

Profit for the year amounts to DKK 2,048 thousand which is considered satisfactory. A minor profit is expected for the year 2018.

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

Management is not aware of any subsequent matters that could be of material importance to the company's financial position.

## Accounting policies

### General comments

The 2017 Annual Report for Matr. nr. 2055 A/S 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.

The Annual Report is presented in accordance with following accounting policies.

### 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.

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

### 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.

### Gross profit

Gross profit comprises revenue and other external expenses.

Revenue and other external expenses are comprised in accordance with section 32 of the Danish Financial Statements Act.

### Revenue

Revenue from rental services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.



## Accounting policies - continued

### Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

### Staff cost

No staff cost are included as the company had no employees in 2017.

### Depreciations

Depreciation relating to tangible assets comprise depreciations for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

### Financial items

Financial items comprise interest income and costs, realised and unrealised exchange gains and losses on liabilities and transactions in foreign currency and addition or deduction of amortisation related to mortgage debt, etc.

### 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 FLSmidt & 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 - continued

### Tangible assets

Tangible assets are measured at cost less accumulated depreciation. Depreciation is based on cost less estimated scrap value at the end of useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use.

The cost of an asset is divided into separate components that are depreciated separately if the useful life of the individual components is different. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings.....25 years

Land is not depreciated.

Estimated useful lives and residual values are re-assessed annually.

Tangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of tangible assets are calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale.

### Receivables

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

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Mortgage debt

Payables to credit institutions, etc. are recognised at the amount of proceeds received at the date of borrowing, net of transaction costs paid. In subsequent periods the financial liabilities are measured at amortised costs using 'the effective interest method', the difference between the proceeds and the nominal value therefore being recognised in the Income statement under financial expenses over the term of the loan.

### Other liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

## Income statement

| <b>Notes</b>                  |   | <b>2017</b><br><b>DKK1,000</b> |
|-------------------------------|---|--------------------------------|
|                               | <b>Gross profit</b>                     | <b>13,800</b>                  |
| 1                             | Depreciations of tangible assets        | (10,313)                       |
|                               | <b>Earnings before interest and tax</b> | <b>3,487</b>                   |
| 2                             | Financial income                        | 948                            |
| 2                             | Financial costs                         | (1,810)                        |
|                               | <b>Earnings before tax</b>              | <b>2,625</b>                   |
| 3                             | Tax for the year                        | (577)                          |
|                               | <b>Profit for the year</b>              | <b>2,048</b>                   |
| To be distributed as follows: |   |                                |
|                               | Retained earnings                       | 2,048                          |
|                               |   | <b>2,048</b>                   |

## Assets

| <b>Notes</b> |                                       | <b>2017</b><br><b>DKK1,000</b> |
|--------------|---------------------------------------|--------------------------------|
|              | Land and buildings                    | 419,387                        |
| 4            | <b>Tangible assets</b>                | <u><b>419,387</b></u>          |
|              | <b>Total non-current assets</b>       | <u><b>419,387</b></u>          |
|              | Receivables from affiliated companies | 14,064                         |
|              | <b>Receivables</b>                    | <u><b>14,064</b></u>           |
|              | <b>Total current assets</b>           | <u><b>14,064</b></u>           |
|              | <b>Total assets</b>                   | <u><b>433,451</b></u>          |

## Equity and liabilities

| Notes | 2017<br>DKK1,000                        |                       |
|-------|---|-----------------------|
| 5     | Share capital                           | 10,000                |
|       | Retained earnings                       | 64,372                |
|       | <b>Total equity</b>                     | <b><u>74,372</u></b>  |
| 6     | Deferred tax                            | 48,647                |
|       | <b>Provisions</b>                       | <b><u>48,647</u></b>  |
| 7     | Mortgage debt                           | 287,458               |
|       | <b>Total long-term liabilities</b>      | <b><u>287,458</u></b> |
| 7     | Mortgage debt, short term               | 18,856                |
|       | Other liabilities                       | 1,642                 |
|       | Corporation tax payable                 | 2,476                 |
|       | <b>Total short-term liabilities</b>     | <b><u>22,974</u></b>  |
|       | <b>Total liabilities</b>                | <b><u>310,432</u></b> |
|       | <b>Total liabilities and provisions</b> | <b><u>359,079</u></b> |
|       | <b>Total equity and liabilities</b>     | <b><u>433,451</u></b> |
|       | <b>Other notes</b>                      |                       |
| 8     | Contingent assets and liabilities       |                       |
| 9     | Pledged assets                          |                       |
| 10    | Related parties and shareholders        |                       |

## Equity

| <b>2017</b><br><b>DKK1,000</b>                   | <b>Share<br/>capital</b> | <b>Capital<br/>surplus</b> | <b>Retained<br/>earnings</b> | <b>Total</b>  |
|--|--------------------------|----------------------------|------------------------------|---------------|
| <b>Equity at 1 January 2017</b>                  | <b>10,000</b>            | <b>62,324</b>              | <b>0</b>                     | <b>72,324</b> |
| Transfer of capital surplus to retained earnings | 0                        | (62,324)                   | 62,324                       | 0             |
| Profit for the year                              | 0                        | 0                          | 2,048                        | 2,048         |
| <b>Equity at 31 December 2017</b>                | <b>10,000</b>            | <b>0</b>                   | <b>64,372</b>                | <b>74,372</b> |

## Notes

### 1. Depreciation and amortisation

|                                 | <b>2017</b><br><b>DKK1,000</b> |
|---------------------------------|--------------------------------|
| Depreciation of tangible assets | 10,313                         |
|                                 | <u><b>10,313</b></u>           |

### 2. Financial income and costs

|                                   | <b>2017</b><br><b>DKK1,000</b> |
|-----------------------------------|--------------------------------|
| Amortisation of mortgage debt     | 948                            |
| <b>Financial income</b>           | <u><b>948</b></u>              |
| Interest on mortgage loan         | 1,378                          |
| Foreign exchange gains and losses | 432                            |
| <b>Financial costs</b>            | <u><b>1,810</b></u>            |
| <b>Net financial costs</b>        | <u><b>(862)</b></u>            |

### 3. Tax for the year

|   | <b>2017</b><br><b>DKK1,000</b> |
|---|--------------------------------|
| Current tax on profit/loss for the year | (2,476)                        |
| Adjustment of deferred tax              | 1,899                          |
|   | <u><b>(577)</b></u>            |

## Notes

### 4. Tangible assets

| <b>2017<br/>DKK1,000</b>                               | <b>Land and<br/>buildings</b> | <b>Total</b>    |
|--|-------------------------------|-----------------|
| Cost at 1 January 2017                                 | 429,700                       | 429,700         |
| <b>Cost at 31 December 2017</b>                        | <b>429,700</b>                | <b>429,700</b>  |
| Depreciation and impairment at 1 January 2017          | 0                             | 0               |
| Depreciations  | (10,313)                      | (10,313)        |
| <b>Depreciation and impairment at 31 December 2017</b> | <b>(10,313)</b>               | <b>(10,313)</b> |
| <b>Carrying amount at 31 December 2017</b>             | <b>419,387</b>                | <b>419,387</b>  |

### 5. Share capital

Share capital, DKK 10,000,000, was paid at the establishment of the company 25 August 2018.

### 6. Deferred tax

|                               | <b>2017<br/>DKK1,000</b> |
|-------------------------------|--------------------------|
| Tangible assets               | 48,647                   |
| <b>Deferred tax liability</b> | <b>48,647</b>            |

### 7. Long term liabilities

| <b>2017<br/>DKK1,000</b> | <b>Maturity<br/>within<br/>1 year</b> | <b>Maturity<br/>between<br/>1-5 years</b> | <b>Maturity<br/>after<br/>5 years</b> |
|--------------------------|---------------------------------------|---|---------------------------------------|
| Mortgage loan            | 18,856                                | 60,623                                    | 226,835                               |
|                          | <b>18,856</b>                         | <b>60,623</b>                             | <b>226,835</b>                        |



## Notes

### 8. Contingent liabilities

The company is part of a Danish joint taxation scheme for which FLSmidth & Co. A/S is the administrator. As part of the joint taxation, Matr. nr. 2055 A/S is liable with other companies in the joint taxation scheme for Danish corporate taxes on dividend, interest and royalties within the joint taxation group.

### 9. Pledged assets

| <b>2017</b>        | <b>Carrying amount of pledged assets</b> | <b>Pledge</b> |
|--------------------|--|---------------|
| <b>DKK1,000</b>    |  |               |
| Land and buildings | 419,387                                  | 306,314       |

### 10. Related parties and ownership

FLSmidth & Co. A/S, Denmark owns 100% of the shares of Matr. nr. 2055 A/S.

Matr. nr. 2055 A/S is a fully consolidated subsidiary in the Parent's (largest and smallest group) consolidated financial statements, FLSmidth & Co. A/S, Valby Copenhagen, CVR no. 58180912.

The Group Annual Report 2017 is available on [www.flsmidth.com](http://www.flsmidth.com):

<http://www.flsmidth.com/en-US/Investor+Relations/Download+Center/Financial+Reports>