One Source

Annual Report 2009

FLSmidth

Contents

Front cover: Holcim, Ste. Genevieve, Missouri, USA. The world's largest cement production line with a capacity of 12,000 tonnes clinker per day. Designed and delivered by FLSmidth.

Group financial highlights
(5-year summary)

DKKm	2005 [1]	2006 [1]	2007	2008	2009	2009 EUR [2]
INCOME STATEMENT						
Revenue	10,250	12,311	19,967	25,285	23,134	3,107
Gross profit	1,908	2,602	4,272	5,621	5,406	726
Earnings before non-recurring items, depreciation, amortisation (EBITDA)	558	966	2,100	2,911	2,725	366
Earnings before interest and tax (EBIT)	398	775	1,824	2,409	2,261	304
Earnings before tax (EBT)	512	924	1,877	2,123	2,108	283
Profit/loss for the year, continuing activities	**530**	**1,107**	**1,293**	**1,456**	**1,705**	**229**
Profit/loss for the year, discontinued activities	(54)	25	1	59	(41)	(6)
Profit/loss for the year	**476**	**1,132**	**1,294**	**1,515**	**1,664**	**223**
CASH FLOW						
Cash flow from operating activities	1,731	1,288	1,493	2,324	2,470	332
Acquisition and disposal of enterprises and activities	(47)	(190)	(3,409)	(210)	(286)	(38)
Acquisition of tangible assets	(176)	(249)	(386)	(627)	(210)	(28)
Other investments, net	279	52	(18)	(34)	(34)	(5)
Cash flow from investing activities	56	(387)	(3,813)	(871)	(530)	(71)
Cash flow from operating and investing activities of continuing activities	1,787	976	(2,448)	1,492	1,719	231
Cash flow from operating and investing activities of discontinued activities	21	(75)	128	(39)	221	30
WORKING CAPITAL	**(240)**	**(435)**	**665**	**207**	**21**	**3**
NET INTEREST-BEARING RECEIVABLES / (DEBT)	**2,600**	**2,847**	**(1,583)**	**(574)**	**1,085**	**146**
ORDER INTAKE, CONTINUING ACTIVITIES (GROSS)	**13,289**	**18,534**	**24,061**	**30,176**	**13,322**	**1,790**
ORDER BACKLOG, CONTINUING ACTIVITIES	**10,834**	**18,264**	**25,312**	**30,460**	**21,194**	**2,848**
BALANCE SHEET						
Non-current assets	1,913	2,355	7,799	8,255	8,473	1,137
Current assets	7,664	9,764	11,865	12,474	13,429	1,805
Assets held for sale	0	132	8	8	0	0
Total assets	**9,577**	**12,251**	**19,672**	**20,737**	**21,902**	**2,942**
Consolidated equity	2,648	3,192	4,214	5,035	6,627	889
Long-term liabilities	1,271	1,710	4,826	4,103	3,338	448
Short-term liabilities	5,658	7,344	10,632	11,599	11,937	1,605
Liabilities regarding assets held for sale	0	5	0	0	0	0
Total equity and liabilities	**9,577**	**12,251**	**19,672**	**20,737**	**21,902**	**2,942**
PROPOSED DIVIDEND TO THE SHAREHOLDERS	**372**	**372**	**372**	**0**	**372**	**50**
DIVIDEND PAID OUT DURING THE YEAR	**372**	**372**	**372**	**372**	**105**	**14**
FINANCIAL RATIOS						
Continuing activities						
Contribution ratio	*18.6%*	*21.1%*	*21.4%*	*22.2%*	*23.4%*	*23.4%*
EBITDA ratio	*5.4%*	*7.8%*	*10.5%*	*11.5%*	*11.8%*	*11.8%*
EBIT ratio	*3.9%*	*6.3%*	*9.1%*	*9.5%*	*9.8%*	*9.8%*
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*3.9%*	*6.3%*	*9.9%*	*10.6%*	*10.2%*	*10.2%*
EBT ratio	*5.0%*	*7.5%*	*9.4%*	*8.4%*	*9.1%*	*9.1%*
Return on equity	18%	39%	35%	33%	29%	29%
Equity ratio	28%	26%	21%	24%	30%	30%
Number of employees at 31 December, Group	**5,849**	**6,862**	**9,377**	**11,510**	**10,664**	**10,664**
Number of employees in Denmark	1,463	1,508	1,657	1,871	1,650	1,650
Share and dividend ratios, Group						
CFPS (Cash flow per share), DKK (diluted)	33.0	24.5	28.4	44.2	47.1	6.3
EPS (earnings per share), DKK (diluted)	9.1	21.6	24.6	28.8	31.9	4.3
EPS (earnings per share), DKK (diluted) before the effect of purchase price allocations regarding GL&V Process	-	-	*26.4*	*32.5*	*33.1*	*4.5*
Net asset value per share (Group), DKK	50	60	79	94	124	16.7
Dividend per share, DKK	7	7	7	0	7	0.9
Payout ratio (%)	77%	32%	29%	0%	22%	19%
FLSmidth & Co. share price, DKK	186	359	522	181	367	49
Number of shares, 31 December (000s)	53,200	53,200	53,200	53,200	53,200	53,200
Average number of shares (000s) (diluted)	52,518	52,558	52,640	52,544	52,429	52,429
Market capitalisation, DKKm	9,895	19,099	27,770	9,629	19,524	2,624

The financial ratios have been computed in accordance with the guidelines issued by the Danish Society of Financial Analysts.

1) The financial highlights for 2005 - 2006 are prepared in accordance with the change in accounting policy in 2006 in respect of measurement of financial assets pursuant to the changed IAS 39. In accordance with the transition provisions for the changed IAS 39 implementation has therefore taken place retroactively as from 1 January 2005.
2) Income statement items are translated at the average EUR exchange rate of 744.63, and the balance sheet and cash flow items are translated at the year-end EUR exchange rate of 744.15.

FLSmidth & Co. in brief

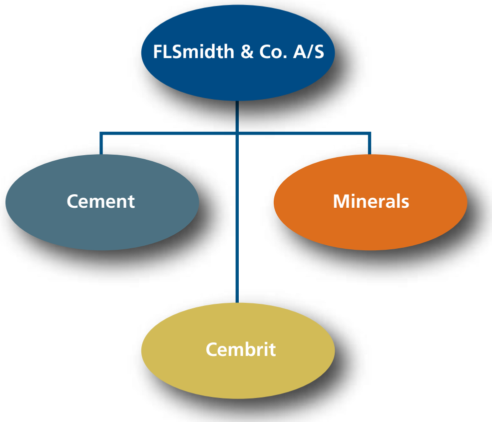
Company vision

FLSmidth is a leading supplier of equipment and services to the global cement and minerals industries. FLSmidth supplies everything from single machinery to complete cement plants and minerals facilities including services before, during and after the construction.

FLSmidth is a global company with a local presence in more than 40 countries and project and technology centres in Denmark, USA and India.

The Group's in-house resources are primarily engineers who develop, plan, design, install and service equipment, with most of the manufacturing being outsourced to subsuppliers.

Over the past 128 years, FLSmidth has developed a business culture based on three basic values: competence, responsibility and cooperation, reflecting the way in which FLSmidth interacts with its stakeholders.



Strategic focus areas

The key strategic focus areas of the Group in the coming years are:

- Stronger focus in Minerals
- Stronger focus on China and India
- Increased activity in Customer Services
- Streamlining of the organisation and optimising the cost structure
- One company - One Name - "One Source"

Investing in FLSmidth

FLSmidth & Co. is listed on NasdaqOMX Nordic Exchange Copenhagen and may be characterised as a project and service focused engineering business with a unique global market position and strong potential for growth.

- The total return on the FLSmidth & Co. share in 2009 was 104% (2008: -64%)
- Earnings per share (diluted) before the effect of purchase price allocations regarding GL&V Process amounted to DKK 33.1 in 2009 (2008: DKK 32.5)
- The Board of Directors will propose at the Annual General Meeting that an additional dividend of DKK 5 per share be distributed for 2009. In August 2009, extraordinary dividend of DKK 2 per share was distributed. The Board and Management wish to maintain capital resources for the financing of future growth and to strengthen the Group's commercial position through acquisition of complementary technologies and services.
- It is FLSmidth's dividend policy to be able to pay an annual dividend of DKK 7 per share in future.

Main conclusions 2009

Historically high EBIT ratio, profit and cash flow from operating activities in 2009

- In 2009, FLSmidth & Co. posted satisfactory developments in revenue, earnings and cash flow from operating activities
- Revenue decreased 9% to DKK 23,134m in 2009 (2008: DKK 25,285m)
- Earnings before interest and tax, depreciation and amortisation and special non-recurring items (EBITDA) decreased 6% to DKK 2,725m in 2009 (2008: DKK 2,911m)
- Earnings before interest and tax (EBIT) decreased 6% to DKK 2,261m in 2009 (2008: DKK 2,409m), corresponding to an EBIT ratio of 9.8% (2008: 9.5%)
- Earnings before tax (EBT) decreased 1% in 2009 to DKK 2,108m (2008: DKK 2,123m)
- Profit for the year increased 10% to DKK 1,664m in 2009 (2008: DKK 1,515m)
- Cash flow from operating activities increased 6% to DKK 2,470m in 2009 (2008: DKK 2,324m)
- Cash flow from investing activities amounted to DKK -530m in 2009 (2008: DKK -871m).
- The order intake decreased 56% to DKK 13,322m in 2009 (2008: DKK 30,176m)
- The order backlog decreased 30% to DKK 21,194m at the end of 2009 (end of 2008: DKK 30,460m)

Prospects for 2010

- The level of investments both in the cement and minerals industries is expected to increase in 2010 compared to 2009, but is expected to remain at a lower level than before the global financial crisis. All other things being equal, this will result in an increasing order intake in both Cement and Minerals in 2010 compared to 2009.
- In 2010, the global market for new contracted cement kiln capacity (exclusive of China) is expected to amount to 50m tonnes per year (2009: 45m tonnes per year).
- In 2010, FLSmidth & Co. expects a consolidated revenue of approximately DKK 19-20bn and an EBIT ratio of 8-9%.
- The prospects of the individual business areas in 2010 are as follows:

	Revenue	EBIT ratio
Cement	DKK 9-10bn	approximately 9%
Minerals	DKK 8-9bn	approximately 9%
Cembrit	DKK approx. 1.2bn	approximately 2%

- The effect of purchase price allocations regarding GL&V Process is expected to be approximately DKK -100m, which is included in the above expectations.
- Cash flow from operating activities for 2010 as a whole is expected to show a positive result, albeit with large fluctuations during the year.
- Investments (exclusive of acquisitions) are expected to be around approximately DKK 400m in 2010.
- The effective tax rate is expected to be approximately 30%.

The market situation

In the first half of 2009, there was a marked slowdown in the willingness to invest among customers. Planned projects were deferred, ongoing projects were put on hold and several plants stopped production. Inventories were reduced and maintenance was minimised. The customers were mainly focusing on liquidity and cost reduction. In the second half of 2009, the gloomy prospects waned and signs of slightly increased optimism and increased customer interest could be observed. The demand for cement capacity depends on local conditions of supply and demand and this means that there is a local need for new cement capacity independent of the overall global business cycles. Minerals, on the other hand, is a global market with global pricing. The demand for new capacity for the extraction of minerals is therefore much more dependent on the overall global business cycles.

- Cement: The global market for new contracted cement kiln capacity (exclusive of China) amounted to 45m tonnes per year in 2009 (2008: 123m tonnes per year), FLSmidth & Co.'s share of the market being 38% (2008: 32%).
- Minerals: Investment in the minerals industry dropped markedly in 2009, overall investments were reduced to half of the historically high level in 2008.

Long-term growth and earnings prospects

In 2009, the global financial crisis severely dampened the cement and minerals producers' willingness to invest. There are signs, however, indicating that particularly the minerals producers' propensity to invest is about to return, as higher minerals prices and economic key indicators are supporting plans for capacity expansion.

In the longer term, it is still expected that particularly urbanisation and industrialisation in developing countries will generate increasing demand for cement and minerals.

In the coming years, earnings from Minerals and Customer Services in both Cement and Minerals are expected to account for a larger share of the Group's total earnings, which will reduce the effect of cyclical market fluctuations in Cement. Against this background, the Group expects its EBIT ratio to be 10-12% in periods of high activity and 8-9% in periods of low activity, where it should be noted that FLSmidth is late cyclical by nature. Adjusted for purchase price allocations regarding GL&V Process, the Group's EBIT ratio was 10.6% in 2008 and 10.2% in 2009. The annual effect of purchase price allocations regarding GL&V Process is in future expected to be approximately DKK -100m.

Moving forward, the annual investments (exclusive of acquisitions) are expected to be approximately DKK 300-400m.

The long-term average sustainable level for addition of new global cement kiln capacity (exclusive of China) is expected to be 60-75m tonnes per year.

Management's review

Market trends

In 2009, activity in the Cement and Minerals industries was markedly affected by the global financial crisis and the derived effects of it. The first half of 2009 saw great uncertainty, negative market trends and customers were primarily focusing on balance sheet and liquidity management and reducing investments and operating costs. As a result, ongoing projects were deferred and put on hold, and inventories and maintenance activities were reduced.

In the second half of 2009, the gloomy prospects waned and signs of slightly increased optimism and customer interest could again be observed.

The demand for cement capacity depends on local conditions of supply and demand which means that a local demand for new cement capacity exists irrespective of the overall global business cycles. In 2009, the global market for new contracted cement kiln capacity (exclusive of China) amounted to 45m tonnes per year (2008: 123m tonnes per year), FLSmidth & Co.'s share of the market amounting to 38% (2008: 32%). India, Indonesia, Vietnam and Africa were the most active markets in 2009.

Minerals, on the other hand, is a global market with global pricing. The demand for new capacity for the extraction of minerals is therefore dependent on the overall global business cycles, particularly demand from China, and is therefore more late-cyclical by nature. Investments in Minerals dropped markedly in 2009, and overall investments were reduced to half of the historically high level in 2008. In the fourth quarter of 2009, however, the number of inquiries increased appreciably as mining companies revised their budgets, and an increasing number of customers wished to start substantive negotiations.

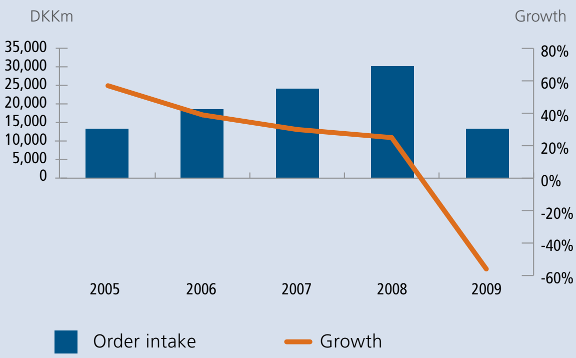
Order intake and order backlog

The overall order intake (gross) amounted to DKK 13,322m in 2009, representing a 56% decrease compared to last year (2008: DKK 30,176m) which is attributable to falling investments in Cement and Minerals. In the fourth quarter alone, the order intake decreased 7% on the same quarter last year. When adjusting the order intake in the fourth quarter of 2008 for cancelled orders of DKK 0.9bn in the same period, however, there was a 17% increase in the order intake (net) in the fourth quarter of 2009 compared to the same period the year before.

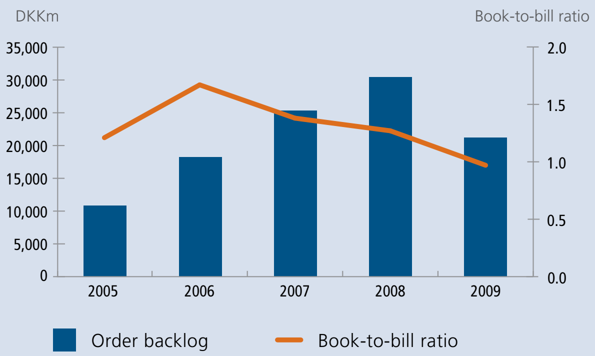
In Cement, the largest orders in 2009 came from India, Indonesia, Libya, Peru, Uruguay and Egypt and in Minerals major orders were received from India, Peru, Germany and Vietnam for alumina, copper and coal projects.

By the end of 2009, the total order backlog amounted to DKK 21,194m, which corresponds to a 30% decrease compared to

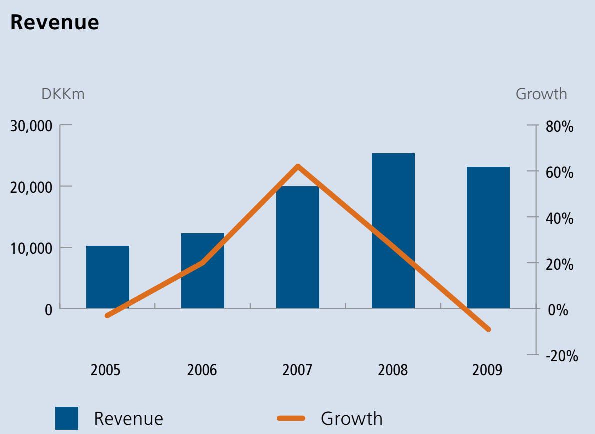
Order intake

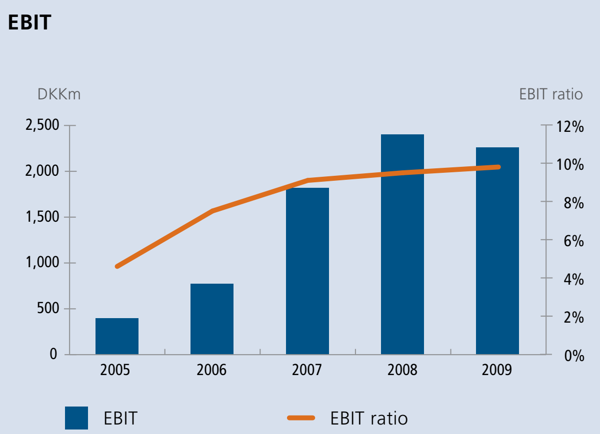


Order backlog and Book-to-bill ratio

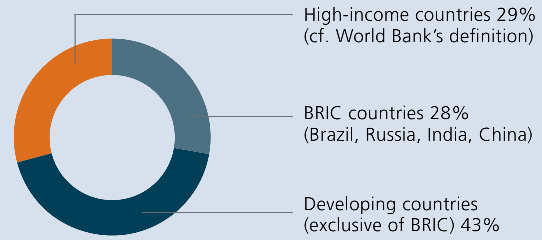



FLSmidth - One Source

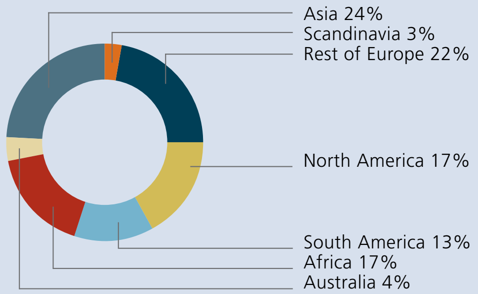

Revenue
DKKm
Growth
30,000
20,000
10,000
0
80%
60%
40%
20%
0%
-20%
2005
2006
2007
2008
2009
Revenue
Growth


EBIT
DKKm
EBIT ratio
2,500
2,000
1,500
1,000
500
0
12%
10%
8%
6%
4%
2%
0%
2005
2006
2007
2008
2009
EBIT
EBIT ratio

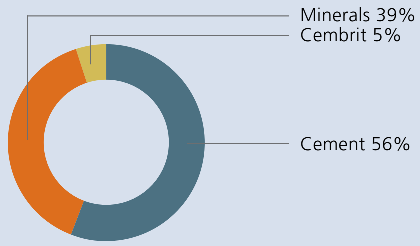
Revenue 2009 - classified by country category



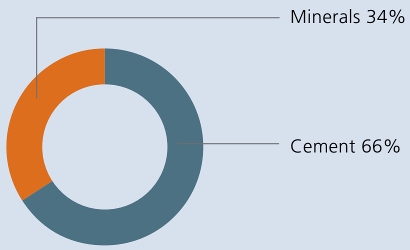
Revenue 2009 - classified geographically



Revenue 2009 - classified by segments



EBIT result 2009 - classified by segments



the year before (end of 2008: DKK 30,460m) and a 9% drop since the end of the third quarter (end of the third quarter 2009: DKK 23,307m). The order backlog at 31 December 2009 was 1.0 times the revenue for the year in Cement and Minerals (book-to-bill ratio) (2008: 1.3). For major projects, the order intake is recognised in revenue over a period of two to three years in step with the progress of the projects. Meanwhile, times of delivery markedly decreased in 2009, which in principle will increase the earnings capacity in the coming years. The order backlog is characterised by the fact that on signing major contracts customers typically make a prepayment representing 10-25% of the total contract sum.

Back in the fourth quarter of 2008, approximately 10% of the order backlog, corresponding to approximately DKK 3bn, was put on hold because some customers were having difficulties obtaining the remaining financing and others were reconsidering the market situation. At the end of 2009, approximately DKK 2.5bn of the order backlog remained on hold. However, dialogue with the relevant customers is ongoing and progress in the project plans is generally being made.

Consolidated results

DKKm	2009	2008	Change (%)
Order backlog	**21,194**	**30,460**	-30%
Order intake (gross)	**13,322**	**30,176**	**-56%**
Cement and Minerals - Projects and products	8,235	24,103	-66%
Cement and Minerals - Customer Services	5,087	6,073	-16%
Revenue	**23,134**	**25,285**	**-9%**
Cement and Minerals - Projects and products	16,436	18,535	-11%
Cement and Minerals - Customer Services	5,455	5,360	2%
Cembrit	1,243	1,390	-11%
EBITDA	**2,725**	**2,911**	**-6%**
EBITDA ratio	*11.8%*	*11.5%*	
EBIT	**2,261**	**2,409**	**-6%**
EBIT ratio	*9.8%*	*9.5%*	
CFFO	**2,470**	**2,324**	**6%**



Revenue and earnings

In 2009, FLSmidth's revenue, earnings and cash flow were satisfactory considering the difficult market situation, postponed orders, and low order intake. The strong order backlog at the beginning of the year protected the Group against the weak business cycles and resulted in a softer landing than the slowdown in order intake otherwise indicated.

In 2009, the revenue amounted to DKK 23,134m, representing a 9% decline on the year before (2008: DKK 25,285m). Revenue was evenly distributed on the major continents with Europe (primarily Russia) and Asia (primarily India) and USA as the major markets.

The gross profit amounted to DKK 5,406m in 2009 (2008: DKK 5,621m) corresponding to a contribution ratio of 23.4%, which is 1.2 percentage points above that of the previous year (2008: 22.2%). The contribution ratio increased both in Cement and Minerals as a result of improved order processing. In the fourth quarter alone, the contribution ratio was 26.3%, which is due to a high level of order processing and revenue, and projects being profitably finalised.

Sales, distribution and administrative costs, etc. amounted to DKK 2,681m in 2009 (2008: DKK 2,710m) corresponding to 11.6% of the revenue (2008: 10.7%). Sales, distribution and administrative costs accounted for a rising proportion of the revenue, but were in absolute figures unchanged compared to last year. In 2009, it has been a challenge to optimise the use of time and resources in connection with the order processing because many projects were put on hold or postponed.

FLSmidth's business model is based on the major part of the manufacturing of machinery and equipment being outsourced to subsuppliers. The internal resources mainly consist of engineers and the organisation is continuously adjusted to the current level of activity both up and downwards. At the end of 2009, the number of employees amounted to 10,664 corresponding to a 10% reduction exclusive of acquisitions (end of 2008: 11,510) mainly as a result of two major organisational adjustments in January and June, but also as a result of natural attrition. 2009 showed that it is possible to control and adjust the costs despite the fact that, as mentioned above, it was difficult to plan and use internal resources efficiently because projects were being postponed, etc.

2009 saw total investments in research and development at DKK 315m (2008: DKK 268m), accounting for 1.4% of the revenue (2008: 1.1%). DKK 70m (2008: DKK 37m) is capitalised as intangible assets. In addition, project financed development takes place in cooperation with the customers.

Earnings before special non-recurring items, depreciation, amortisation and write-downs (EBITDA) amounted to DKK 2,725m (2008: DKK 2,911m), corresponding to an EBITDA ratio of 11.8% (2008: 11.5%). As mentioned above, the higher EBITDA margin reflects improved order processing and completion of projects in Cement and Minerals.

In 2009, the effect of purchase price allocations regarding GL&V Process amounted to DKK -97m (2008: DKK -278m) in the form of amortisation of intangible assets. Depreciation, amortisation and write-downs totalled DKK 472m in 2009 (2008: DKK 395m). The increase compared to the previous year is due to major investments in recent years, and write-downs during the year.

Earnings before interest and tax (EBIT) amounted to DKK 2,261m in 2009 (2008: DKK 2,409m) which represents an EBIT ratio of 9.8% (2008: 9.5%). Adjusted for purchase price allocations, the EBIT result amounted to DKK 2,358m (2008: 2,687m) corresponding to an EBIT ratio of 10.2% (2008: 10.6%). In the 2009 fourth quarter alone, the EBIT ratio was 11.7% (fourth quarter of 2008: 11.2%), which is due to the finalisation of a number of orders and projects in both Cement and Minerals being profitably finalised.

Financial net costs in 2009 amounted to DKK 153m (2008: net income DKK 286m), and primarily consist of foreign exchange adjustments of hedging transactions.

Earnings before tax (EBT) amounted to DKK 2,108m (2008: DKK 2,123m), which equals an EBT ratio of 9.1% (2008: 8.4%). The tax for the year amounted to DKK 403m (2008: DKK 667m) corresponding to an effective tax rate of 19% (2008: 31%). Tax for the year was positively affected by income recognition of a DKK 230m tax asset as a result of the National Tax Tribunal on 30 April 2009 deciding in favour of FLSmidth & Co. A/S and agreeing that the company's permanent establishment in the UK ceased before 31 December 2004. This meant that a tax loss of some DKK 900m could be carried forward under Danish joint taxation with a tax value of DKK 230m (see note 19 page 79).

The profit for the year of the continuing activities amounted to DKK 1,705m (2008: DKK 1,456m). Profit for the year for the Group including discontinued activities amounted to DKK 1,664m (2008: DKK 1,515m), corresponding to earnings per share (diluted) of DKK 31.9 (2008: DKK 28.8). The earnings per share before the effect of purchase price allocations regarding GL&V Process amount to DKK 33.1 (2008: DKK 32.5).

Balance sheet

The balance sheet total amounted to DKK 21,902m at the end of 2009 (end of 2008: DKK 20,737m). The consolidated equity at the end of 2009 amounted to DKK 6,627m (end of 2008: DKK 5,035m) corresponding to an equity ratio of 30% (end of 2008: 24%). The aim of an equity ratio of minimum 30% has thus been fulfilled as a result of positive development in equity.

The return on equity in 2009 amounted to 29% (2008: 33%). Investments and working capital are described in the following paragraphs.

Cash flow from operating activities

Cash flow from operating activities amounted to DKK 2,470m in 2009 (2008: DKK 2,324m). In 2009, cash flow developed highly satisfactorily as a result of positive operating activities and a focused effort to reduce working capital.

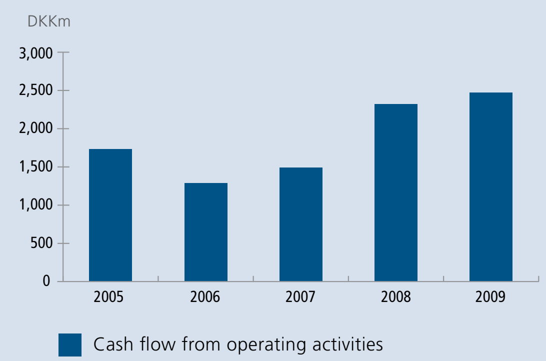
Cash flow from investing activities amounted to DKK -530m in 2009 (2008: DKK -871m) including DKK -286m deriving from acquisition of enterprises and activities (2008: DKK -208m).

Cash flow from operating and investing activities totalled DKK 1,940m in 2009, including DKK 1,719m from continuing activities and DKK 221m from discontinued activities (2008: DKK 1,453m, including 1,492m from continuing activities and DKK -39m from discontinued activities).

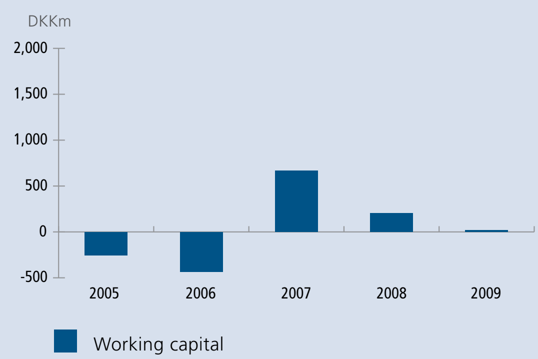
Working capital

The working capital amounted to DKK 21m at the end of 2009 (end of 2008: DKK 207m). In the fourth quarter alone, there was a drop in working capital of DKK 430m. For the year as a whole, the working capital decreased DKK 186m, however the underlying components have changed substantially during the year. Work-in-progress for third parties (net) rose by DKK 533m due to the fact that customers were deferring ongoing projects. Trade payables declined by DKK 327m due to execution of the order backlog. Trade receivables fell by DKK 793m reflecting a focused follow-up on payments from customers. Prepayments (net) fell by DKK 169m as a result of lower order intake.

Cash flow from operating activities



Working capital





Prospects for 2010

The level of investments both in the cement and minerals industries is expected to increase in 2010 compared to 2009, but is expected to remain at a lower level than before the global financial crisis. This will, all things being equal, result in an increasing order intake in both Cement and Minerals in 2010 compared to 2009.

- In 2010, the global market for new contracted cement kiln capacity (exclusive of China) is expected to amount to 50m tonnes per year (2009: 45m tonnes per year)
- In 2010, FLSmidth & Co. expects a consolidated revenue of DKK 19-20bn and an EBIT ratio of 8-9%
- The prospects of the individual business areas in 2010 are as follows:

	Revenue	EBIT ratio
Cement	DKK 9-10bn	approximately 9%
Minerals	DKK 8-9bn	approximately 9%
Cembrit	DKK approx. 1.2bn	approximately 2%

- The effect of purchase price allocations is expected to be approximately DKK -100m per year, which is included in the above expectations
- Cash flow from operating activities for 2010 as a whole is expected to show a positive result, albeit with large fluctuations during the year
- Investments (exclusive of acquisitions) are expected to be around DKK 400m in 2010
- In 2010, the effective tax rate is expected to be approximately 30%

Strategic focus areas in 2010

The main strategic focus areas in 2010 will be to steer the Group safely through the aftermaths of the global financial crisis and to continue ongoing efforts to streamline the organisation and strengthen the Group's position and growth opportunities within selected segments and markets.

Stronger focus in Minerals

FLSmidth has in recent years moved from being a provider of equipment and single machine units to becoming a leading supplier of complete solutions and systems in many mineral segments. This position has primarily been achieved through the acquisition of a number of companies and technologies and has given FLSmidth a strong position in relation to customers and competitors. As the product range has been expanded, the organisation has grown in scope and complexity. It has therefore been decided to adjust the structure and of the minerals business based on a more focused strategy.

Based on a customer survey from 2009 and a wish to increasingly focus more sharply on the customer, FLSmidth restructured its organisation in February 2010 to centralise and standardise products and solutions and simplify and streamline the organisation.

The main purpose of the new structure is a more strongly focused organisation which gives high priority to the customer and is supported by market leading technologies in a set of prioritised industries which will continuously be evaluated.

Stronger focus on China and India

Within the next decades, China and India will most likely become the two largest economies in the world, and already today they are the world's largest consumers of cement and minerals, which is reflected in FLSmidth's growing activities in these countries.

Besides China's and India's significance as major and growing regional markets for FLSmidth, the engineering centre in Chennai, India will in the longer term be responsible for order-related engineering work in FLSmidth, and China will be the Group's largest supplier of internally and externally manufactured components and equipment.

The Chinese market for cement equipment has in recent years been very competitive and difficult to access for foreign suppliers. However, FLSmidth has been successful in selling selected machinery and equipment to Chinese customers and has in some years had a revenue of above one billion Danish kroner.

Management's review

The long-term goal is to become a competitive supplier of cement plants and selected types of minerals machinery and services in China, based on a Chinese sales organisation, Chinese design and Chinese production.

FLSmidth has been permanently represented in China since establishing an office in Beijing in 1912. Today, it has a sales office in Beijing and an approximately 13,000 m^2 manufacturing plant in Qingdao that produces both cement and minerals equipment. To handle the increasing production for international projects and the stronger focus on the local Chinese market, the Qingdao production facility will be expanded to double its present size in 2010.

As of 1 July 2010, Bjarne Moltke Hansen, Group Executive Vice President in FLSmidth & Co. A/S, will be in charge of the FLSmidth Group's activities in India. Bjarne Moltke Hansen will move to India, but will remain a member of Group Management and maintain his existing areas of responsibility. In future, the FLSmidth Group will be represented by one member of Group Management in each of the Group's three major engineering centres in India, Denmark and USA.

The aim is that the engineering centre in India is to be responsible for order-related engineering work in the Group and for an increasing part of the Group's administrative functions. The Group's global IT operations and services are already handled by the Indian office. India will also increasingly be used for manufacturing, and in 2009, FLSmidth opened its own foundry in India for the production of spare parts. In addition, FLSmidth in 2009 acquired the company EEL India Limited, India's leading producer of cement handling and packing equipment, which is of particular interest in India as it is the world's second largest market for packed cement.

Increasing activity in Customer Services

The past few years have also seen a systematic increase in the activities in Customer Services in both Cement and Minerals which comprises all services before, during and after the installation of a new plant - from the initial feasibility study, via installation, staff training and commissioning to subsequent operation. The customers are increasingly asking for assistance with conversion, optimisation and expansion projects for existing facilities which make them more competitive in terms of greater production stability, higher availability and lower energy, operating and maintenance costs in addition to reduced environmental impact.

Customer Services continuously develops new and innovative service concepts, that add value to the customers and their production facilities, and there is particular focus on long-term operation and maintenance contracts (O&M).

The first O&M contract in Cement was signed in 2007 in North Africa and by the autumn of 2009 it had been operating very successfully for one year. In 2009, a four-year O&M contract was signed for two production lines in Libya.

In Minerals, FLSmidth is responsible for the day-to-day maintenance of machinery and buildings at the Collahuasi and Los Pelambres copper processing plants in Chile, and at the latter FLSmidth celebrated its 10-year anniversary in 2009. In addition, FLSmidth is responsible for the maintenance of the lead and zinc processing plant at Peñasquito in Mexico.

Streamlining of the organisation and optimising the cost structure

FLSmidth's business model is based on a flexible cost structure with most of the actual manufacturing being outsourced

to subsuppliers. Approximately 25% of the Group' strategic procurement comes from low cost countries, and the aim is to continuously increase this percentage.

The in-house resources consist primarily of engineers, a growing number of whom are employed in India. At the end of 2009, 28% of the Group's staff were employed in India, and the Indian engineering centre will in future be responsible for order-related engineering work in the Group.

Over the past years, a focused integration of the engineering activities and the administrative functions of Cement and Minerals has taken place to attain greater flexibility and better utilisation of resources. Consequently, a number of regional and global technical and administrative functions have been merged to make the organisation more of a unified global business. Besides, legal units and physical offices have been merged in Australia, Brazil, Canada, Chile, Denmark, France, India, Italy, Spain, South Africa and USA.

In addition, LEAN is being implemented to enhance efficiency. It is now four years since LEAN was initially introduced in the Danish engineering centre. The results achieved so far, show that the lead time for design in the departments where LEAN has been introduced, has been reduced by 40%. LEAN is now also being implemented both in India and USA according to the same principles.

As a result of a significantly decreasing order intake at the end of 2008 and the beginning of 2009, a focused effort has been made to adjust the capacity costs and the internal resources to a lower level of activity. Initially, these steps included termination of contract employees, a freeze on external recruitment, reduced travel activity and lower investments. Then, two major staff reductions were implemented, primarily in the engineering centres in Valby (Denmark), Bethlehem (USA) and to a minor extent in Chennai (India) followed by some minor adjustments from time to time. At the end of 2009, the number of employees amounted to 10,664.

One company - One Name - "One Source"

To strengthen the Group's international appearance, Board and Management has adopted a global branding strategy: "One Company - One Name". The aim is to streamline all external communication and marketing at a global level and to support FLSmidth's strategic position as a supplier of the whole value chain to the cement and minerals processing industries. As a consequence of this strategy, all subsidiaries and product companies will change their names to FLSmidth. All historical brands and product names will, however, be maintained, as they represent a large asset and are a significant reason why FLSmidth today is a leading supplier to the cement and minerals industries. The visual branding will in future be supported by a common web platform and the "One Source" slogan, which will convey FLSmidth's unique opportunity, both locally and globally, to offer the customers complete solutions that are tailored to their needs.

Long-term growth and earnings prospects

In the longer term, it is still expected that the structural market conditions will remain intact and that particularly urbanisation and industrialisation in developing countries will generate increasing demand for cement and minerals.

Earnings from Minerals and Customer Services in both Cement and Minerals are expected in the coming years to account for a larger share of the Group's total earnings, which will reduce the effect of cyclical market fluctuations in Cement. Against this background, the Group expects its EBIT ratio to be 10-12% in periods of high activity and 8-9% in periods of low activity, where it should be noted that FLSmidth is late cyclical by nature. Adjusted for purchase price allocations in connection with GL&V Process the Group achieved an EBIT ratio of 10.6% in 2008 and 10.2% in 2009.

In future, the effect of purchase price allocations regarding GL&V Process is expected to be approximately DKK -100m per year.

Moving forward, the annual investments (exclusive of acquisitions) are expected to be approximately DKK 300-400m. The long term average sustainable level for addition of new global cement kiln capacity (exclusive of China) is expected to be 60-75m tonnes per year.

Capital structure and dividend

It is the FLSmidth Group's aim at all times to have an adequate capital structure in relation to the underlying operating results so that it is always possible to obtain the necessary and sufficient credit and guarantee facilities to support the commercial operations. In the longer term, the aim is to achieve an equity ratio in the range of 30%. At the end of 2009, the equity ratio amounted to 30% (end of 2008: 24%) and the aimed equity ratio has thus been achieved in 2009.

Due to the positive development in the Group's cash flow in 2009, the Group's interest bearing net debt was paid off in

2009, and at the end of 2009, the Group had interest-bearing net receivables of DKK 1,085m (end of 2008: interest-bearing net debt of DKK 574m).

Based on the positive developments in cash flow and capital structure in 2009, the Board of Directors proposes at the Annual General Meeting that an additional dividend of DKK 5 per share be paid out for 2009, corresponding to a total of DKK 267m. In August 2009, an extraordinary dividend of DKK 2 per share was distributed corresponding to DKK 105m.

The Board and Management wish to maintain capital resources to finance future growth and to strengthen the Group's commercial position through complementary technologies and services.

It is FLSmidth's dividend policy to be able to pay an annual dividend of DKK 7 per share in future.

Treasury shares

FLSmidth & Co.'s holding of treasury shares at 31 December 2009 totalled 628,602 representing 1.2% of the share capital (31 December 2008: 814,457). The holding of treasury shares is adjusted from time to time to match the Group's incentive plan.

Incentive plan

As at 31 December 2009, there were a total of 659,310 unexercised options under the Group's share option plan, and the fair value of them was DKK 110m. The fair value is calculated by means of a Black-Scholes model based on a current share price of 367, and a volatility of 49.74%. The earnings impact of the share option plan in 2009 was DKK 19m (2008: DKK 14m). Please see note 9 to the consolidated financial statements for further information.

Granting of employee shares

In 2009, the Board of Directors of FLSmidth & Co. A/S decided on a trial basis to grant employee shares to all employees of the Group except the Management based on the financial result achieved in 2009 and specific criteria of employment. A total of 171,600 shares or the equivalent cash sum will be distributed. The carrying amount hereof in 2009 is DKK -40m at EBIT level. The shares are taken from the FLSmidth & Co. A/S holding of treasury shares.

Statement of corporate social responsibility

Reference is made to page 46 regarding the statutory statement of cororate social responsibility pursuant to the Danish Financial Statements Act, Section 99a.

Statement of corporate governance

Reference is made to page 43 regarding the statutory statement of corporate governance pursuant to the Danish Financila Statements Act, Section 107b.

Events occurring after the balance sheet date

As announced on 22 February 2010, FLSmidth has been awarded contracts worth approximately DKK 220m from Vale Inco for the supply of comminution and sedimentation equipment for the processing plant project in Long Harbour, New Foundland in Canada.

Statement by the Board and Management

We have today presented the Annual Report of FLSmidth & Co. A/S for the financial year 1 January to 31 December 2009.

The consolidated financial statements are presented in conformity with the International Financial Reporting Standards, which are approved by the EU, and the parent company financial statements are presented in accordance with the Danish Financial Statements Act. The Annual Report is also presented in accordance with additional Danish disclosure requirements for annual reports of listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial standing at 31 December 2009 and of the financial results of the Group's and the parent company's activities and the Group's cash flow for the financial year 1 January to 31 December 2009.

We also consider the Management's Review to give a true and fair account of the developments of the activities and financial affairs of the Group and the parent company, the earnings for the year and the Group's and the parent company's financial standing as a whole and to contain a description of the major risks and uncertainties facing the Group and the parent company.

We submit the Annual Report for approval by the Company in general meeting.

Copenhagen, 25 February 2010

Group Management	Jørgen Huno Rasmussen *Group CEO*	Poul Erik Tofte *Group Executive Vice President (CFO)*	Bjarne Moltke Hansen *Group Executive Vice President*	Christian Jepsen *Group Executive Vice President*
Board of Directors	Jørgen Worning *Chairman*	Jens S. Stephensen *Vice Chairman*	Jens Palle Andersen	Torkil Bentzen
	Mette Dobel	Martin Ivert	Frank Lund	Jesper Ovesen
	Vagn Ove Sørensen			

Independent auditor's report

To the shareholders of FLSmidth & Co. A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of FLSmidth & Co. A/S for the financial year 1 January - 31 December 2009, which comprise the income statement, comprehensive income statemet, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Statements Act. Further, the consolidated financial statements and financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, and in accordance with the Danish Financial Statements Act in respect of the parent financial statements, and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2009, and of its financial performance and its cash flows for the financial year 1 January - 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2009, and of its financial performance for the financial year 1 January - 31 December 2009 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies.

Statement on the management's review

Management is responsible for preparing a management's review that contains a fair review in accordance with the Danish Financial Statements Act.

Our audit did not include the management's review, but we have read it pursuant to the Danish Financial Statements Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and parent financial statements.

Based on this, we believe that the disclosures in the management's review are consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 25 February 2010

Deloitte *Statsautoriseret Revisionsaktieselskab*	Anders Dons *State Authorised Public Accountant*	Jesper Jørgensen *State Authorised Public Accountant*

Group Board and Management

Board of Directors

1 Jesper Ovesen
Member of the Board of Directors elected at the General Meeting since 2005, age 52, state authorised public accountant, Senior Executive Vice President and Chief Financial Officer of TDC A/S.
Managerial posts: Member of the Boards of Directors of Skandinaviska Enskilda Banken and Danisco A/S. Shareholding in FLSmidth & Co. A/S: 1,000 shares.

2 Jens Palle Andersen
Employee-elected member of the Board of Directors since 2006, age 59, BSc (electrical engineering), Project Manager, Power & Drives. Shareholding in FLSmidth & Co. A/S: 742 shares.

3 Mette Dobel
Employee-elected member of the Board of Directors since 2009, age 42, BSc (commercial engineering), Global Product Manager. Shareholding in FLSmidth & Co. A/S: 22 shares.

4 Martin Ivert
Member of the Board of Directors elected at the General Meeting since 2008, age 62, MSc (metallurgy).
Managerial posts: Chairman of Swerea (Swedish Research) and Swedish Centre for Maintenance Management. Member of the Board of Directors of Åkers Group. Shareholding in FLSmidth & Co. A/S: 300 shares.

5 Jens S. Stephensen
Vice Chairman of the Board of Directors since 2002 and member of the Board of Directors elected at the General Meeting since 1995, age 68, MSc (engineering).
Managerial posts: Chairman of the Boards of Directors of BornholmsTrafikken A/S, Holm & Grut A/S and Danish Airlease ApS. Vice Chairman of Nordic Ferry Service A/S. Member of the Board of Directors of Hedgeforeningen Mermaid Nordic. Member of the Remuneration Committee. Shareholding in FLSmidth & Co. A/S: 60,000 shares.

6 Jørgen Worning
Chairman and member of the Board of Directors elected at the General Meeting since 2002, age 69, MSc (engineering).
Managerial posts: Chairman of the Boards of Directors of Bang & Olufsen A/S and Alk-Abelló A/S. Member of the Remuneration Committee. Shareholding in FLSmidth & Co. A/S: 14,345 shares.

7 Torkil Bentzen
Member of the Board of Directors elected at the General Meeting since 2002, age 63, MSc (engineering).
Managerial posts: Chairman of the Board of Directors of Burmeister & Wain Scandinavian Contractor A/S, EUDP (Energy Development and Demonstration Programme) and Klimakonsortiet (the Climate Consortium). Member of the Boards of Directors of Mesco Denmark A/S, Siemens Aktieselskab, Denmark and Greentech Energy Systems A/S. Member of the Remuneration Committee. Shareholding in FLSmidth & Co. A/S: 2,600 shares.

8 Vagn Ove Sørensen
Member of the Board of Directors elected at the General Meeting since 2009, age 50, MSc (Econ. and Bus.Admin.).
Managerial posts: Chairman of the Boards of Directors of KMD A/S, Scandic Hotels AB (Sweden), Select Service Partner Plc (UK) and TDC A/S. Vice Chairman of the Board of Directors of DFDS A/S and ST Global (Austria). Member of the Boards of Directors of Cimber Sterling, Air Canada (Canada) and Braganza AS (Norway). Shareholding in FLSmidth & Co. A/S: 521 shares.

9 Frank Lund
Employee-elected member of the Board of Directors since 2006, age 48, MSc (electrical engineering), Grad.Dipl.EBA, Service sales engineer. Shareholding in FLSmidth & Co. A/S: 32 shares.

1 2 3 4 5 6 7 8 9

Management

1 Poul Erik Tofte
Group Executive Vice President and CFO of FLSmidth & Co. A/S since January 2003, age 53, MSc (Econ.) and Dipl.Bus.Admin.
Address: FLSmidth Valby (Denmark)
Managerial posts: Member of the Board of Directors of Dansk Kapitalanlæg.

2 Christian Jepsen
Group Executive Vice President in FLSmidth & Co. A/S since October 2005, with overall responsibility for Mineral activities, age 51, MSc (Econ. and Bus.Admin.).
Address: FLSmidth, Bethlehem, Pennsylvania (USA).
Managerial posts: Chairman of the Board of Directors of Industrial Automation Group A/S.

3 Jørgen Huno Rasmussen
Group Chief Executive Officer of FLSmidth & Co. A/S since January 2004, with overall responsiblity for Cement activities, age 57, MSc (engineering), Dipl.Bus.Admin. and PhD (technical science).
Address: FLSmidth, Valby (Denmark).
Managerial posts: Member of the Boards of Directors of Vestas Wind Systems A/S, Lundbeckfonden and LFI A/S.

4 Bjarne Moltke Hansen
Group Executive Vice President of FLSmidth & Co. A/S since August 2002 with overall responsibility for Customer Services, the Cement product companies and Cembrit, age 48, BSc (engineering).
Address from 1 July 2010: FLSmidth, Chennai (India).
Managerial posts: Vice Chairman of the Board of Directors of GEO. Member of the Board of Directors of RMIG A/S.

Cement

Outline of the business

Since 1882, FLSmidth has been the leading supplier of complete production plants, equipment, single machinery, spare parts, know-how, services and maintenance to the global cement industry.

The major cement projects are handled by three regional FLSmidth project divisions which each cover their particular geographical region. The project divisions are located in Denmark (Valby), USA (Bethlehem) and India (Chennai).

Global responsibility for technology, innovation and design of the Group's key machinery is concentrated in a global organisation, Technical Division, to ensure that all projects worldwide maintain a consistent and high technological standard. The engineering work is carried out in Technical Division's three centres in Valby, Bethlehem and Chennai through a common IT platform.

The Indian centre increasingly serves as subsupplier and partner for the project centres in Denmark and USA in step with the transferring of engineering work and know-how to the Indian organisation.

The global product divisions Customer Services, Automation and Airtech (air pollution control) supply specialised products and services both internally to FLSmidth's project business and externally to the cement and minerals industries.

The product companies FLSmidth Pfister, FLSmidth Ventomatic and FLSmidth MAAG Gear supply specialised equipment and services to the global cement industry.

Most of the actual manufacturing of machinery and equipment is outsourced to subsuppliers. FLSmidth operates its own manufacturing plant in Manheim, USA and a foundry in Chennai, India, both for the production of spare parts, and a manufacturing plant in Qingdao, China for the production of key components. Besides, FLSmidth Pfister has production facilities in Germany, FLSmidth Ventomatic in Italy and India and FLSmidth MAAG Gear in Poland.

By the end of 2009, the number of staff in Cement amounted to 5,553 (end of 2008: 6,223).

Demand for cement and cement production capacity

Cement produced by means of modern technology is a relatively homogeneous product with price and cement quality being important sales parameters. It is also a heavy and voluminous product which is expensive to transport – especially by land. Generally speaking, it is therefore not profitable to transport cement by land over distances greater than a few hundred kilometres. This means that cement production is to a large extent a local or a regional business in the vicinity of the end user. This is illustrated by the fact that only around 6% of the world's cement production is traded internationally, and typically the cement plant is therefore located in connection with port terminals from which transport can take place as bulk goods. Freight rates play an important role for the profitability of international cement trade. Freight rates increased during 2009 whilst retail prices decreased, which generally speaking means that import/export of cement has become less attractive.

The investment climate among cement producers depends on local and regional supply and demand. Typically, cement capacity within a country will be expanded if cement consumption exceeds the local production capacity and it is not considered profitable to compensate for the lack of production by means of imports. Over time, the development in new capacity will follow the underlying increase in demand for cement, but whilst the underlying cement consumption develops continuously, the addition of new capacity happens incrementally.

FLSmidth's main market focus is on the global cement industry outside China, as over the last decade, the Chinese market has in fact only been accessible to western suppliers within a number of niches of advanced machine types for which FLSmidth is the leading foreign supplier. FLSmidth is strongly placed in all geographical regions outside China. FLSmidth has a long-term objective to become a competitive supplier on the Chinese market based on equipment specifically designed for the Chinese

market on the basis of a Chinese sales organisation and Chinese manufacturing.

FLSmidth's product range covers the total provision of equipment for a full-scale, modern cement plant. FLSmidth is the global provider offering the most complete technologically advanced product range and therefore the market's best comprehensive and environmentally sustainable solution. Thus, FLSmidth is able to provide particularly competitive products for reducing air, noise and flue gas pollution and for the use of alternative fuels. In addition, energy efficiency, heat recuperation and reduction of greenhouse gas emissions are action areas that are given top priority in connection with the Group's research and development activities.

In 2009, FLSmidth acquired the production company EEL India Limited, which is India's leading producer of cement handling and packing equipment. This is particularly interesting in India which is the world's second largest market for packed cement. EEL India Limited supplies the same types of products and services as those provided by FLSmidth Ventomatic in Italy which had a pronounced need for additional production capacity.

Cement

EEL India Limited has three manufacturing facilities close to New Delhi and employs 225 people on a permanent basis as well as a large number of contractual employees.

FLSmidth is also leading with regard to services to the global cement industry which is a highly prioritised business area for the Group. These services include all types of services before, during and after the supply of new plants. FLSmidth aims at increasing revenue within Customer Services by 10-15% per year with a view to creating stable and continuous earnings. A focused effort is thus being made to develop new business areas based on the customers' needs.

In 2007, FLSmidth introduced Operation and Maintenance as a business area where FLSmidth offers to undertake operation and maintenance of cement plants. So far, FLSmidth has obtained two contracts, one in Egypt and one in Libya. Experience has shown that outsourcing of operation and maintenance is particularly interesting for relatively new and regional market players who consider it beneficial for their business model to leave operation and production to FLSmidth, and concentrate their own efforts on sales, distribution and other market-related issues.

According to International Cement Review Global Cement Report 8th Edition, the global cement consumption for 2009 was estimated at 2,906m tonnes per year (2008: 2,857m tonnes per year) of which China accounted for 50% (2008: 49%). In 2009, global cement consumption grew 1.7% (2008: 3.4%). Exclusive of China, however, the consumption declined 1.4% (2008: increase 1.7%).

Market trends in 2009

In 2009, the market for new contracted cement kiln capacity outside China amounted to 45 million tonnes per year. (2008: 123m tonnes per year). The demand for new capacity, services and spare parts dropped markedly in 2009 as a result of the global financial crisis which together with a high level of gearing among many of the major cement producers meant that many investments were put on hold and that optimisation of liquidity and tied up funds were given highest priority because access to liquidity and credits had become tighter.

Many developing countries have in recent years seen an expansion of the middle classes which has been the main driver of their economic growth. In 2009, the largest customers for new capacity outside China were North Africa, South America, India and the rest of Asia.

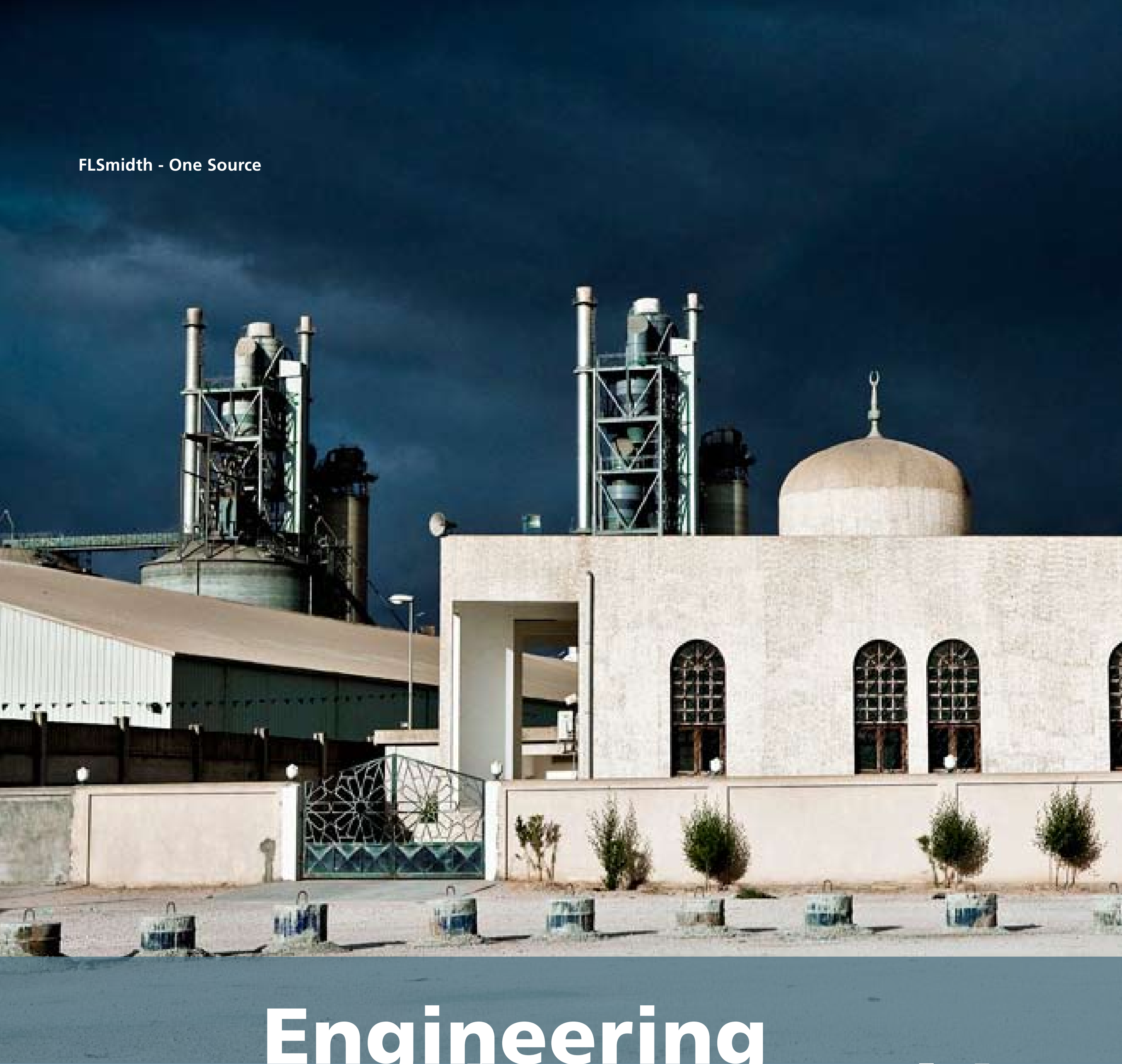
In many North African countries, cement consumption is driven by high oil prices, resulting increasing investments in infrastructure, and residential construction as a result of new opportunities for mortgage financing.

In South America, cement consumption is growing in a number of countries as a result of revenue from exports of oil and minerals and public infrastructure investments. In 2014, Brazil is set to host the Soccer World Cup and in 2016 the Olympic Games, two events that will boost the cement consumption in the years ahead.

The Indian economy has proved particularly resilient during the past year and cement consumption increased by 9% in 2009 as a consequence of high economic growth.

In the rest of Asia, activity was particularly high in Indonesia and Vietnam.

In 2009, the five major global cement producers accounted for 9% of FLSmidth's total order intake in Cement (2008: 12%).



Engineering a better world

FLSmidth engineers have the best job in the world. We get to work in places that most people will never visit, such as Nigeria and Kazakhstan. And we make a difference, giving local economies a lift and creating new jobs and opportunities for local people.

Getting into negotiations with big companies, you have to draw on all your professional and personal resources to meet their demands. And today, our customers want solutions that meet rising environmental requirements and restrictions; they want sustainable solutions.

That's why we are leading the industry in sustainable design, being able to build plants with waste heat recovery systems that reduce power consumption and minimise CO_2 emissions. Our cement mill uses less power than any other on the market. It might not be revolutionary, but it can mean huge, long-term savings for our customers.

Stig Jensen, Senior Proposal Manager, Cement Project Division

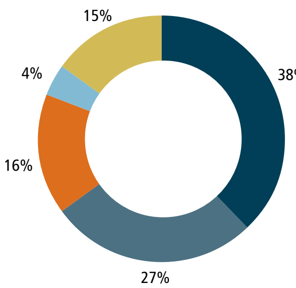
Cement

The cement producers are to a larger extent than previously beginning to focus on "Total Cost of Ownership" which means that not only the initial investment but also the total costs incurred over the investment's life time are taken into account. Factors such as shorter delivery times, lower energy consumption, higher effective production time, lower emissions and lower maintenance costs, environmental aspects are therefore important parameters in the purchase decision process.

Competition

In 2009, FLSmidth's market share was 38% (2008: 32%) exclusive of China in terms of new contracted cement kiln capacity. The competitive situation is largely unchanged compared to 2008.

Market share 2009 based on global contracted kiln capacity (exclusive of China)



Financial results for 2009

The total order intake in Cement amounted to DKK 7,163m (gross) in 2009, which is 54% lower than the year before (2008: DKK 15,721m). The backlog of orders at the end of 2009 amounted to DKK 12,568m, which represents a decrease of 32% on the year before (end of 2008: DKK 18,565m).

The order intake from Customer Services amounted to DKK 2,900m in 2009, which is 9% lower than the year before (2008: DKK 3,200m). The activity in Customer Services was also affected by the negative market developments and the cement producers' focus on reducing costs and optimising cash flow. However, developments in the fourth quarter alone showed an increase of 55% in 2009 compared to the year before.

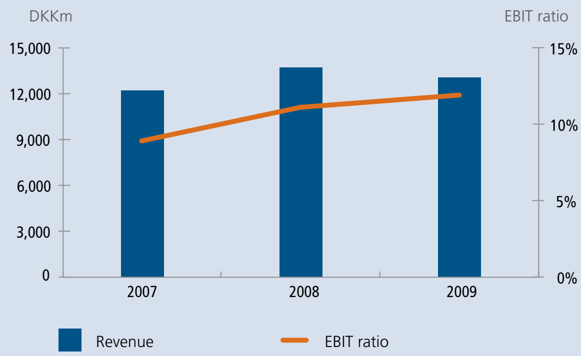
The total revenue in Cement amounted to DKK 13,059m in 2009, representing a 5% decrease compared to the previous year (2008: DKK 13,708m).

The revenue deriving from Customer Services amounted to DKK 2,946m in 2009, representing a 4% decrease compared to the previous year (2008: DKK 3,060m).

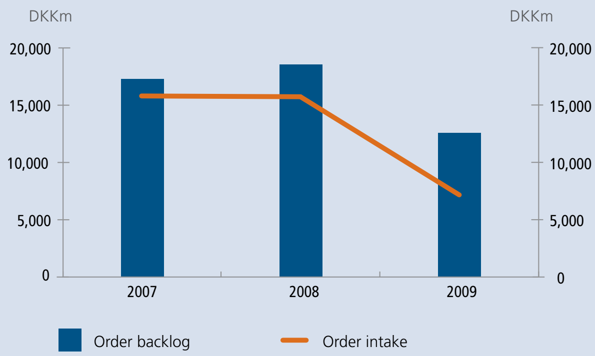
The EBIT result in Cement for 2009 amounted to DKK 1,548m (2008: DKK 1,521m), which is a 2% increase compared to the previous year. In 2009, the realised EBIT ratio was 11.9% (2008 11.1%), which is due to a change in product mix, improved order execution and projects being profitably finalised. Meanwhile depreciation, amortisation and write-downs increased by DKK 69m in 2009 compared to 2008 due to investments made in previous years, and write-downs during the year.

In the 2009 fourth quarter alone, the EBIT ratio was 15.6% (fourth quarter of 2008: 13.8%), which is due to the finalisation of a number of orders with a positive result.

Revenue and EBIT ratio



Order backlog and order intake



Partnerships in Russia

FLSmidth first established its presence in Russia more than 100 years ago. But in the last three years, we have cemented our position with a number of big equipment supply contracts for environmentally friendly greenfield plants. Today, we are the only supplier who can engineer, design, supply, commission, maintain, service and operate a modern cement plant from A-Z.

Our Russian customers are looking for a stable supplier with state-of-the-art technology, equipment and service. We have proven our ability to help them simplify their cement and minerals operations, offering them the full range of solutions from just one source. Not only do we deliver on time, on cost, on specifications, we also help our Russian customers reduce their energy consumption and CO_2 per tonne of cement.

Claus Christian Torbøl, Managing Director of FLSmidth Russia, Cement and Minerals

Cement

Cement

DKKm	2009	2008	Change (%)
Order backlog	**12,568**	**18,565**	-32%
Order intake (gross)	**7,163**	**15,721**	-54%
Projects & products	4,263	12,521	-66%
Customer Services	2,900	3,200	-9%
Revenue	**13,059**	**13,708**	-5%
Projects & products	10,113	10,648	-5%
Customer Services	2,946	3,060	-4%
EBITDA	**1,727**	**1,629**	**6%**
EBITDA ratio	*13.2%*	*11.9%*	
EBIT	**1,548**	**1,521**	**2%**
EBIT ratio	*11.9%*	*11.1%*	
Number of employees	*5,553*	*6,223*	-11%

Prospects for 2010

Based on a lower order backlog at the beginning of the year, revenue in Cement is expected to reach DKK 9-10bn in 2010 (2009: DKK 13,059m) and an EBIT ratio of approximately 9% (2009: 11.9%).

The level of investments in Cement in 2010 is expected to be on a par with the level of activity in the second half of 2009, as access to credit and liquidity is still not fully normalised and the market outlook remains uncertain. As a result, it is expected that most of the cement producers will continue to adopt a wait-and-see attitude.

In 2010, the global market for new contracted cement kiln capacity (exclusive of China) is expected to amount to approximately 50m tonnes per year (2009: 45m tonnes per year).

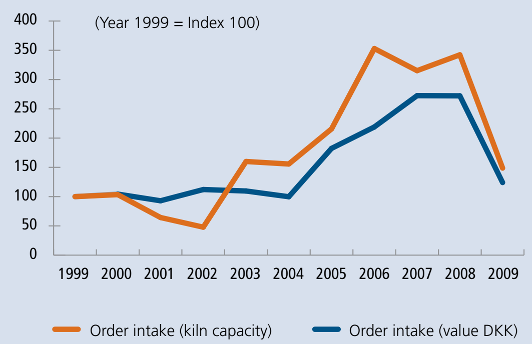
Future outlook

In the longer term, the global demand for cement kiln capacity (exclusive of China) is expected to reach a sustainable volume of approximately 60-75m tonnes per year, based on global annual GDP growth (exclusive of China) of 3-4%.

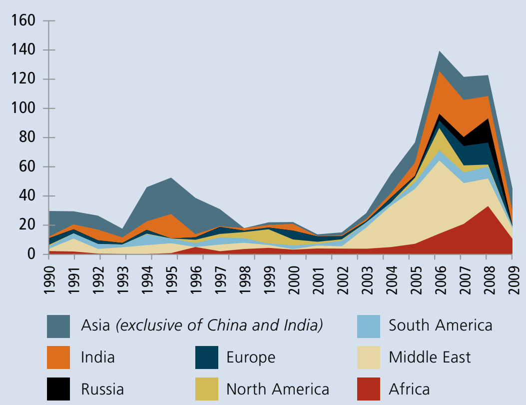
The development in demand for new contracted kiln capacity is used as an indicator of the development in the overall demand for equipment and services for the global cement industry.

There are large differences in the revenue of an order for the same kiln capacity between different regions. The average order volume, for example, is relatively low in India, whereas the opposite is the case in more advanced economies. The kiln system, however, which includes preheater/calciner, kiln and cooler accounts for only around 25% of the value of a cement production line, and in addition, the lifetime of a kiln is generally longer than the other equipment due to lower wear. New contracted cement kiln capacity should therefore only be considered an indicator of the overall capital investments in the cement industry and consequently FLSmidth's order intake regarding projects and products.

Historical market share in order intake



Historical trend in global new contracted cement kiln capacity (exclusive of China)



Holcim's state-of-the-art 12,000 tonnes per day cement plant in the US is designed and delivered by FLSmidth.

Minerals

Outline of the business

FLSmidth is among the leading suppliers of complete process plants, equipment, single machinery, spare parts, know-how, services and maintenance to the global minerals industries.

Under the 'One source' slogan FLSmidth Minerals is moving from being a product supplier to becoming a leading provider of complete solutions and systems to the minerals processing industry supported by a world class product range combined with core competencies in related engineering disciplines.

The product range includes equipment for mining, processing and transport of a number of different ores and minerals, base and precious metals, limestone, iron ore and coal, etc.

FLSmidth Minerals is among the leading suppliers of crushers, mills, hydrocyclones, pumps, separation, calcining and material handling equipment. FLSmidth Minerals is up against a number of competitors in the various product and minerals segments; overall, however, FLSmidth Minerals is among the one or two market leaders in all the segments in which the company is active, i.e. typically within the actual minerals processing plant.

The contact with customers is handled through three regional divisions covering North and South America (AMER), Europe, the Middle East, Africa and China (EMEA) and India, Asia and the Pacific (APAC), respectively. The divisions are supported by global technical and commercial competence centres and product companies backed by locally integrated sales units and back offices.

The number of employees in Minerals totalled 4,065 at the end of 2009 (end of 2008: 4,060). Minerals is headquartered in Bethlehem, Pennsylvania, USA, and the major representative offices are located in Australia, Brazil, Chile, India, China, Russia, Germany, Great Britain, Peru, South Africa and USA.

Most of the manufacturing has been outsourced to subsuppliers. The in-house production is limited to specific key products that are manufactured at the company's own workshops, notably in the USA, South Africa, Australia, China and Germany.

Demand for minerals and minerals processing equipment

In recent years, the minerals market has seen massive growth resulting from demographic changes in developing countries where the expansion of the middle classes has been accompanied by a rising demand for infrastructure and mineral and metal based consumer goods. Increasing purchasing power and a growing number of global consumers continue to be the primary drivers impacting the growing global demand for minerals. Major secondary drivers are increasing urbanisation and industrialisation and the investment by the western world in human resources in India, China and the remaining parts of Asia. Today, China is clearly the world's largest consumer of raw materials with a share of around 30% of total global demand for many minerals. The political and economic situation in China therefore has a major impact on the future demand. The world's second largest consumer of raw materials is the USA which, however, in recent years has become a less important driver of global demand. Minerals is characterised by being a global market with global pricing.

Over time, the development in new capacity will follow the underlying increase in demand for minerals, but whilst the underlying minerals consumption develops continuously, the addition of new capacity happens incrementally. The demand for production capacity is dependent on the underlying demand for minerals, whereas the demand for single machinery and services for existing plants is less dependent on the current business cycles.

The 1990s saw massive underinvestment in the mining industry because the capital markets tended to rate the so-called new economies - for example IT and biotech - higher than the traditional industries. As a result, the mining industry is today suffering from an investment gap which must be addressed sooner or later.

As the existing ore deposits are being depleted and the quality and accessibility of unexploited ore deposits are deteriorating, there will be a demand for investing in plants offering greater capacity and in new technology. To support this trend, FLSmidth has allocated significant resources to research and development

of state-of-the-art technology that will meet this demand and add value to customers' mining operations. The development activities are especially focused on operational reliability, uptime, lower emissions, increased recovery rate, lower energy, maintenance and operating costs, and environmentally sustainable solutions in general. Overall, FLSmidth is the leading provider of machinery and plant for the largest capacity production facilities.

Market trends in 2009

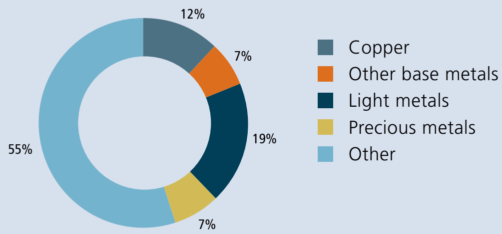
Investment in the mining industry dropped markedly in 2009 which generally saw a decline to half the historically high level of investments in 2008. Most of the major plans for new mines (greenfield) and expansion of existing mining operations (brownfield) were postponed. Even Customer Services temporarily suffered from the mining companies' focus on and desire to control costs and cash flow. The global financial crisis was particularly hard on the junior mining companies that are characterised by not yet having operational mines and thus not being self-financing.

The fourth quarter of 2009 saw a marked increase in sales proposal work as mining companies revised their budgets, and an increasing number of customers wished to start substantive negotiations and discuss framework agreements on future cooperation. Besides, the order intake in Customer Services started rising again. Generally speaking, there were practically no

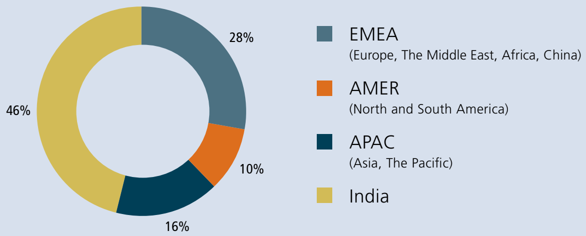
Minerals

Order intake (orders > DKK 50m)

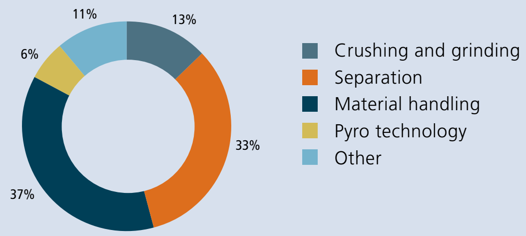
By type of mineral



By geography



By product type



invitations to tender for large projects, and the activities in 2009 were limited to individual machines for coal and alumina projects particularly in India.

Financial results for 2009

The Minerals order intake in 2009 amounted to DKK 6,294m (2008: DKK 14,730m), which represents a 57% decrease compared to last year. In 2009, FLSmidth received major orders for alumina, copper and coal projects in India, Peru, Germany and Vietnam.

By the end of 2009, the order backlog amounted to DKK 8,712m, representing a 31% decline on the year before (end of 2008: DKK 12,606m). Due to the fact that sales are moving from individual machine units to systems and solutions, the Minerals order processing profile is gradually coming to resemble that of Cement with order processing and delivery extending over periods up to two years.

In October 2009, FLSmidth experienced for the first time ever the cancellation of a major and previously published contract. This was a DKK 550m minerals contract with Aurox Resources Limited.

In Customer Services, the gross order intake in 2009 amounted to DKK 2,266m, representing a 23% decrease on last year (2008: DKK 2,954m).

The fall in order intake is primarily due to the fact that in 2008 several maintenance contracts were signed and prolonged, which was not the case in 2009.

The total revenue in Minerals amounted to DKK 9,037m in 2009, representing a 14% decrease on last year (2008: DKK 10,470m). The total revenue in Customer Services amounted to DKK 2,555m in 2009, representing an increase of 8% on the year before (2008: DKK 2,371m).

The EBIT result amounted to DKK 798m in 2009 (2008: DKK 960m), corresponding to an EBIT ratio of 8.8% (2008: 9.2%). Exclusive of the effect of purchase price allocations the EBIT result was DKK 895m (2008: DKK 1,238m) and the EBIT ratio 9.9% (2008: 11.8%). The lower EBIT ratio is entirely due to the lower revenue.

Minerals growth in India

With a range of world class products and technologies unrivalled by any other minerals processing company in India, we offer end-to-end full plants from concept to commissioning.

After more than 15 years of experience in building minerals processing plants in India, we are viewed today by our customers as a major global company which has adapted itself locally. All our major international competitors are present in the Indian market – and our customers' expectations are high. What differentiates us from the competitors is our ability to understand our customers' needs and to offer unique solutions tailor made to their requirements.

Energy efficient and sustainable, our minerals plants have helped many of our customers expand their operations and grow their businesses over the years. Our customers agree: They trust their business with us.

Kumar Rajan, Vice President (Sales & Marketing), Minerals, India

Minerals

Minerals

DKKm	2009	2008	Change (%)
Order backlog	**8,712**	**12,606**	-31%
Order intake (gross)	**6,294**	**14,730**	-57%
Projects & products	4,028	11,776	-66%
Customer Services	2,266	2,954	-23%
Revenue	**9,037**	**10,470**	-14%
Projects & products	6,482	8,099	-20%
Customer Services	2,555	2,371	8%
EBITDA	**1,022**	**1,312**	**-22%**
EBITDA ratio	*11.3%*	*12.5%*	
EBIT	**798**	**960**	**-17%**
EBIT ratio	*8.8%*	*9.2%*	
EBIT adjusted for purchase price allocations regarding GL&V Process	*895*	*1,238*	*-28%*
EBIT ratio adjusted for purchase price allocations regarding GL&V Process	*9.9%*	*11.8%*	
Number of employees	*4,065*	*4,060*	*0%*

Prospects for 2010

Based on a lower order backlog at the beginning of the year, 2010 is expected to see a minor decline in revenue to approximately DKK 8-9bn and an EBIT ratio around the level of 9%.

In 2010, the effect of the purchase price allocations regarding GL&V Process is expected to amount to around DKK -100m in the form of amortisation of intangible assets.

According to the market forecasts for 2010, the demand for production capacity will concentrate on coal, copper, iron ore, gold, phosphates and other base metals.

Strategic focus

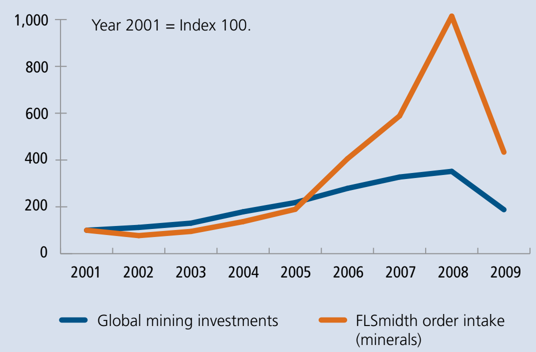
FLSmidth has moved from being a supplier of equipment and machine units to eventually becoming a leading solutions and systems supplier in the minerals processing industry supported by a world class product range. Few other liquid/solid separation suppliers can offer such a broad range of proprietary equipment and processes for industrial and environmental applications.

The "One source" concept enables customers to optimise the individual process sections in relation to the subsequent processes and reduce the installation's total investment, operating costs and environmental impact, as only world-class technology is used in all processes and as FLSmidth has extensive process knowledge throughout the entire value chain. Working with only one supplier also facilitates planning, design and coordination work, and the supplies with long lead times can be determined early in the process, which reduces the total planning and delivery time. Besides, the operation of the plant can be optimised through more effective training of the customer's staff and by optimising the subsequent services.

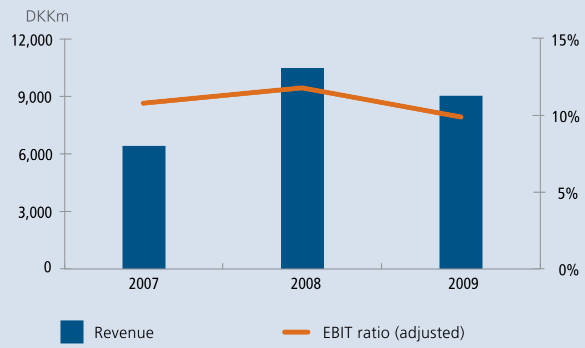
Based on a customer survey from 2009 and a wish to increasingly focus more sharply on the customer, FLSmidth, in February 2010, restructured its global Minerals organisation to centralise and standardise products and solutions and to simplify and streamline the organisational structure.

FLSmidth will in future serve the same industries as hitherto, but will intensify its focus on selected, high-priority minerals industries which are expected to show growth in the medium term. From time to time, assessment and adjustment of the industries

Historical developments in FLSmidth order intake and global mining investments



Historical trend in revenue and EBIT ratio (adjust.)



Bucket wheel reclaimer with a capacity of 2,400 tonnes per per hour. Designed, supplied and erected by FLSmidth for BECSA & Anglo Coal's Phola coal project in South Africa.



prioritised will take place based on the expected medium-term supply and demand.

In December 2009, FLSmidth acquired Summit Valley Equipment & Engineering, a company based in Salt Lake City, Utah, USA, that designs and fabricates modular gold and silver extraction plants and equipment including electrowinning cells. The technology and know-how acquired significantly strengthen FLSmidth's offerings in precious metals processing and support its strategic focus.

Increasing activity in Material Handling

A number of acquisitions in the latter years have positioned FLSmidth among the leading providers of material handling solutions for the minerals industries in all stages of the process, including warehousing and seaport facilities and ship unloading and loading cranes. FLSmidth has particular capabilities in large-scale customised and energy-efficient mobile crushing and conveying systems, which are a technological, economical and environmental alternative to traditional transport methods, such as trucks, in the minerals and mining industry.

The range of products and capabilities was expanded even further in 2009 with the acquisition of US-based Conveyor Engineering which designs and supplies mega tonnage bulk material handling systems for cement plants, mining operations and heavy industrial facilities all over the world.

Material handling is a line of business that offers great potential in terms of future growth and development, and FLSmidth is pursuing a strategy of developing new, innovative and integrated material handling systems which are attracting keen interest among customers.

Increasing activity in Customer Services

One of FLSmidth's focus areas is to continuously increase Customer Services related activities, aiming at an annual growth rate of 10-15%. Several of the acquisitions made in the latter years have been targeted specifically on Customer Services. Locally, there is great demand for spare parts and services for most of the company's products, and the strategy is therefore to have local centres and representative offices that can provide the best possible customer support. Access to spare parts is a vital factor in mining because of the rapid wear rate. The same applies to servicing, modification, optimisation and expansion of existing production facilities which will enhance the customers' competitive strength.

A potential growth area in Customer Services is comprehensive solutions for service and maintenance. FLSmidth is currently responsible for the day-to-day maintenance of machinery and buildings at the Collahuasi and Los Pelambres copper extraction facilities in Chile and the maintenance of the Peñasquito lead and zinc extraction plant in Mexico. In 2009, FLSmidth celebrated the tenth anniversary of its presence at Los Pelambres.

Flexible approach in Peru

With 80 years of experience supplying equipment to Peru's minerals industry, FLSmidth was the natural choice when minerals giant SPCC (Southern Peru Copper Corporation) needed to develop a new hydrometallurgical copper process plant for its mine Tia Maria.

Tia Maria's copper ore is low grade, yielding only enough copper per ore tonne to produce 120,000 tonnes of fine copper cathodes. The project execution was affected by the financial crisis and its financial feasibility was put in doubt by SPCC. This situation created a special challenge to the FLSmidth team and a creative process was initiated to generate optimization in the plant design and equipment supply to adjust the capital cost for the plant in accordance with the original feasibility studies.

Currently, the project is progressing well and the relationship between FLSmidth and SPCC is excellent.

José Céspedes, Project Manager, Chile

Cembrit

Cembrit is Europe's largest dedicated distributor and Europe's second largest producer of fibre-cement products. Its main product lines are flat sheets for interior and exterior cladding of facades, walls and ceilings and corrugated sheets and slates used primarily as roofing materials. Cembrit is a European company headquartered in Denmark with production and sales operations in the Czech Republic, Finland, Poland, Hungary and Italy in addition to sales offices and own representatives in Denmark, the UK, Ireland, France, Spain, Holland, Belgium, Germany, Norway, Sweden, Slovakia, Romania, the Baltic countries, Ukraine and Russia. Most of Cembrit's revenue is generated from activities outside Denmark and the majority of the approximately 1,000 staff are employed in Cembrit's subsidiaries outside Denmark. Cembrit continuously strives to be perceived as the leading fibre-cement company in Europe through its quality products, services, design and dedicated people.

Development in activities and financial result in 2009

In 2009, Cembrit recorded a revenue of DKK 1,243m (2008: DKK 1,390m) and earnings before interest and tax (EBIT) of DKK -25m (2008: DKK 25m), corresponding to an EBIT ratio of -2.0% (2008: 1.8%).

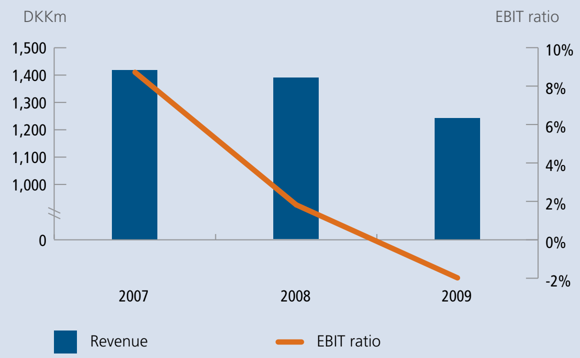
The slowdown in the level of activity observed in 2008 continued in 2009, with a low and fluctuating level of activity in all markets. During the year, many markets stabilised, albeit at a markedly lower level in all segments in the new EU countries and in Eastern Europe and at a low level of activity in Western Europe, primarily driven by renovation and upgrading works rather than new construction.

Despite the low activity since the year start, the financial results for the second and third quarters were positive due to the adjustment of the production capacity and a general cost reduction. For the year as a whole, however, the financial result was negative, as the positive developments in the summer half-year could not offset the lack of earnings in the winter half-year which is traditionally considered an off-season period.

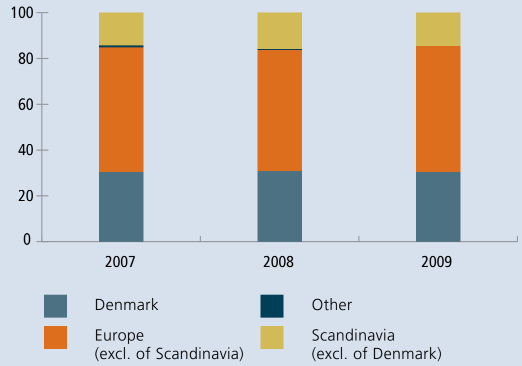
Exterior cladding

Sales of facade cladding (flat sheets) with significant exposure to new private construction were in absolute figures strongly affected in 2009, but presented a reasonable development in relative figures considering the very difficult market conditions. The launch of a high-value product range for facades contributed positively to sales. Positive trends could be observed in the second half year which supports the expectations of growth in this business area in 2010.

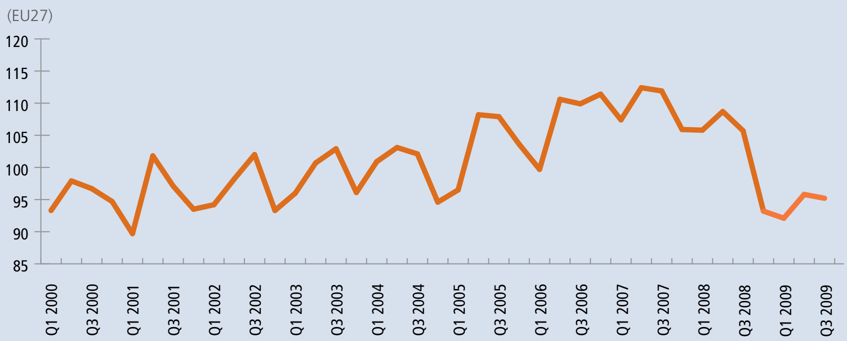
Developments in revenue and EBIT ratio



Geographical breakdown of revenue



Production index - The European Building and Construction Industry (EU27)



Source: Eurostat

Interior cladding

Sales of interior cladding (flat sheets) were also affected by the market downturn. Again in 2009, the fibre cement products showed their strength by continuing to gain market share at the expense of substitutable materials, particularly for applications where the higher strength and better moisture resistance of fibre cement ensure longer service life and cause fewer problems. Also in this business area the developments in the second half-year were better than in the first half-year, which also supports the expectations of growth within this business area in 2010.

Roofing materials

Sales of roofing materials (corrugated sheets, slates and accessories) were slightly less affected by the economic setback compared to the overall market. The overall pattern was similar for most markets. Markets with a pronounced exposure to new private construction were more difficult and their performance was poorer compared to markets with a consistent level of activity in the renovation segment. This trend was more pronounced in the new EU countries and in Eastern Europe than in Western Europe. The European roofing markets are expected to offer considerable opportunities for long-term expansion of the fibre cement segment in terms of higher market share for this type of products. In the short term, however, market developments will to a larger extent be affected by the general economic setback.

Prospects for 2010

Cembrit's strategy is unchanged: profitable, controlled growth. The company will continue to focus on profitability in 2010, and expects a revenue of approximately DKK 1.2bn and an EBIT ratio of approximately 2%.

In 2010, building activity in Europe is expected to stabilise at a level slightly below that of 2009. It is estimated that the shift from new construction to renovation and upgrading projects will continue in 2010. Estimates of when and to what extent the stabilisation will be followed by renewed growth, remain subject to a great deal of uncertainty.

The intensified competition on the Europeran fibre-cement market and between the various material types is expected to continue in 2010.

In 2009, Cembrit has to a large extent adjusted the company's structure and cost base to the new market conditions in the short and medium term. The overall focus in the coming years is on continued strengthening of Cembrit's competitive position in the individual markets.

In 2009, Cembrit launched, as planned, a high-value product range "URBANNATURE" for facades. In 2010, the company will continue to focus on increasing its market share within facades, including the launch of the same product range in more markets, and profitably exploiting the market opportunities which remain available now and in future, including developing the entire fibre cement segment. In 2010, Cembrit expects organic growth in market share in existing and new markets.

Research and development

FLSmidth pursues an active research and development programme which reflects the aim of being the preferred partner and leading supplier to the global cement and minerals industries. The goal is to launch at least one new main machinery or process invention or improvement every year.

With the increasing focus on CO_2, higher energy prices and the increasingly stringent emissions standards in the world markets, FLSmidth deploys considerable resources to develop new solutions to meet the important future challenges faced by our customers.

The Group's research and development activities take place both at a central level in Valby and Mariager (Denmark), Bethlehem and Salt Lake City (USA), and Chennai (India), and at a local level in the various product companies.

In 2009, overall research and development investments amounted to DKK 315m (2008: DKK 268m), corresponding to 1.4% of the revenue (2008: 1.1%). This sum includes DKK 70m (2008: DKK 37m) which is capitalised as intangible assets. In addition, project financed development takes place in cooperation with customers.

The overall development activity continued at a high level, with focus on enhancing the existing product portfolio, as well as the development of new technologies and solutions.

In the beginning of 2009, Cement and Minerals research activities were consolidated and the global R&D organisation is moving towards sharing resources and interacting on technologies and projects that span both Cement and Minerals. A number of combined focus areas have been identified, where synergies between Cement and Minerals could be exploited and allow new knowledge to be applied in both industries. Part of this exercise involves active and targeted co-operation with several universities around the world.

Cement activities

FLSmidth is continuing its strong R&D focus on reduction of harmful emissions, and one of the ongoing activities is the "New Cement Production Technology" research platform in cooperation with the Technical University of Denmark (DTU) which is financially supported by the Danish National Advanced Technology Foundation. Several PhD-projects were started in 2009 and a total of seven projects are currently on-going – all with the common target of developing more environmentally friendly cement manufacturing processes through reduction of energy consumption and improved emissions control.

In the areas of high-temperature processing and alternative fuels, FLSmidth continued to advance – both from a product development and business development perspective. A new FLSmidth refractory lining standard specially suited for kiln systems firing alternative fuels was launched. The first third generation HOTDISC has been successfully brought into operation in Slovenia. FLSmidth Pfister has further developed its market leading dosing technology for solid alternative fuels yielding larger capacities and greater fuel flexibility. Substantial synergies among the Group's material handling technologies and competencies for alternative fuels have been leveraged into FLSmidth's global alternative fuels activities. The alternative fuels solution commissioned at a plant in Finland has set a new standard on process operation substituting a high fraction of coarse alternative fuel in the calciner – achieved through one mechanically fed fuel feed point. Alternative fuels concepts specially suited for the Indian market have been developed and sold – and will be brought into operation in 2010.

FLSmidth's focus on grinding technology for cement and raw materials continued in 2009. The world's best selling vertical mill for raw materials, the ATOX mill, has been developed in even larger sizes and is now available with an installed capacity of up to 7.3 MW. Further, to cater for the specific needs of different markets, the smaller OK 25-3 cement vertical mill was engineered and sold to a customer in Brazil in 2009.

In 2009, FLSmidth developed designs for emission control equipment including fabric filter solutions adapted and optimised for container transport as well as weight reductions by smart design.

In 2009, FLSmidth released a new version of its infrared scanner for monitoring the surface temperature of kiln shells. The ECS/Cemscanner is the first release of the 8th generation software series for ECS® (process) & QCX® (quality) control solutions, which are based on the latest Microsoft.NET technology and operating systems. This leading edge technology platform enables more flexible and rapid product development to the benefit of customers, and will span a number of product releases in the years to come.

Minerals activities

Several new minerals developments moved from the R&D phase into commercial application, with many of the newly developed products being successfully marketed and commissioned.

The new XL2000 Raptor® Cone Crusher design was completed and released for sale. The crusher, having an installed power of 1,500 kW, doubles the capacity of the world's previously largest cone crusher and allows operators to reduce their circuit while increasing overall crushing throughput, thereby reducing the costs per tonne produced.

Flotation research continued with a very successful program at Rio Tinto - Kennecott Copperton facility in Salt Lake City, Utah (USA). The program involved testing both our induced air and forced air technologies in a copper concentrator. Based on the positive results obtained, Kennecott purchased the 300 m^3 SuperCell™, the world's hitherto largest mechanical flotation cell. FLSmidth's first major installation of the 300 m^3 SuperCells™ will occur in the third quarter of 2010 at Antofagasta Minerals' Esperanza plant in Chile. The copper concentrator has 26 of FLSmidth's Wemco 300 m^3 cells in both rougher and cleaning duty.

2009 saw the successful completion of the 2m x 2m Automatic Filter Press (AFP) design, which is now being brought to the market as a green solution, which recovers water for re-use in the process and improves the ability to obtain environmental permits.

Likewise, the design of the 200 m^2 horizontal belt filter and a redesign of the disc filter for applications in paste back fill were also completed in 2009.

Two new thickener drives were developed and finalized in 2009. The C120P-6 increases the torque capability on column mounted center drives from 6.5 Nm to 9.8 Nm, thus allowing FLSmidth to offer high capacity, large diameter paste thickeners in tailings water recovery. A smaller, B38P drive design was also completed, which fills a torque capability gap in the smaller thickeners with a cost competitive design.

Recently, FLSmidth has developed a concept for the iron and steel industry by using power saving high voltage Coromax technology for dust removal in electrostatic precipitators combined with SO_x removal in the gas suspension absorber (GSA). Furthermore, combining the total knowledge of electrical design has lead to new leaps forward for electrostatic precipitator technology using 3-phase power supplies improving performance and cost reduction at the same time.

Within the commercial minerals laboratories, FLSmidth achieved a technological success with development and installation of a 3-cell fully automated robotic system QCX/RoboLab® in Finland. While already being No. 1 in the cement market, this installation was yet another proof of FLSmidth's capability in supporting customers' business growth also in minerals through advanced automation technologies.

Expansion of laboratories and test facilities

Testing related to proposal preparation at the Dania laboratory (at Mariager, Denmark) declined in 2009 due to the global crisis. In contrast, the laboratory activities related to Cement and Minerals R&D projects increased considerably. In 2009, the Chennai laboratory was officially inaugurated. The new laboratory is now fully operational, covering primarily the materials testing and analysis requirements for the proposal preparation of the Cement project division.

In 2009, FLSmidth acquired Cardwell Geochemical to expand and support the analytical needs of the hydrometallurgical testing services provided by the Salt Lake City Laboratory.

The construction of a new 5,150 m^2 technology centre in Salt Lake City commenced in mid 2009 with an expected completion date of July 2010. The new technology centre will not only house research testing and pilot facilities, but also process and analytical laboratories that provide expert hydrometallurgical and flow sheet development works. The close combination of the process laboratories with the research centre will accelerate the development of new solutions for our customers.

Patent activity

During 2009, the patent activity continued at a very high level. FLSmidth filed for patent protection of 42 new inventions, which is a record number in the Group's history and reflects the strong focus and determination on remaining an industry-leading technology company through increased research and development activities and through protecting its intellectual property rights.

Commercial risks

Risk management

The Group considers risk management an integral part of its administrative procedures and it is regularly reported to the Board of Directors. Group Management holds overall responsibility for risk management and risk management officers have been appointed in all divisions and subsidiaries. All activities are supported by a risk management policy approved by the Board of Directors. The purpose of the Risk Management function is to systematically identify and control risks affecting the Group's activities, assets and employees. Responsibility for this function is delegated to the individual divisions and subsidiaries.

Cement and minerals activities

Most of the Group's revenue and earnings is order-based, so the intake and processing of orders received from the cement and minerals industries have a decisive effect on developments in cash flow and earnings. As both these markets are dependent on global and regional business trends and are therefore cyclical by nature, the order intake is likely to fluctuate considerably.

The duration of major projects may vary and sometimes extends up to 2-3 years. It should therefore be noted that developments in order intake, revenue, earnings and cash flow from one quarterly period to the next do not necessarily reflect the underlying general trend.

As part of the Group's systematic risk management effort, sales, project and legal staff work closely together in assessing the nature of the projects and their individual contract basis before proposals are submitted. In all major projects, risk analysis takes place both at the proposal and at the implementation stage to continuously identify, control and report on any risks related to the projects.

Political risks

Our engineering companies operate on a global basis, often in developing countries and in countries that pose considerable political risks. The Group has many years of experience in handling the consequent exposure and closely monitors the developments in these countries and the external factors that affect the projects. In the event of emergencies, contingency plans have been drawn up to protect the safety of the employees. In cases where it is considered necessary and feasible, insurance is taken out to cover political risks.

Sourcing

Project costs depend on world market commodity prices, primarily those of steel and copper. These risks are hedged by coordinating, wherever possible, the duration and terms and conditions of offers submitted to and by FLSmidth. The risks are contractually transferred to the customers where possible.

The Group outsources most of the manufacturing of machinery and equipment to subcontractors. The Group's lead times are therefore highly dependent on the capacity of the subcontractors and their access to raw materials. Close contact is maintained with subcontractors to ensure both security of supply and the shortest possible lead times. The financial consequences of delays cannot always be fully transferred to the subcontractors responsible.

Quality assurance

FLSmidth has implemented a quality assurance system that complies with the international ISO 9001:2000 standard. The system is continuously maintained and improved. The system has been certified by Lloyds Register Quality Assurance who also audits the system twice a year.

The system describes the measurement and analysis of customer satisfaction, processes and products and gives guidelines for description and management of discrepancies, improvements and preventive and corrective action.

A global quality council has been formed which consists of a number of executive staff from the business and functional units. The mission of the council is to ensure that FLSmidth continuously improves the quality of its processes, documentation and deliveries.

Quality assurance of supplies from subcontractors is also maintained by a team of FLSmidth inspectors who systematically call on selected subcontractors. This team is undergoing constant development to be able to perform its work under all conditions.

Human resources

The FLSmidth Group depends on having an organisation with a large number of specialists. The Group continuously attempts to attract and retain such employees through attractive assignments and good working conditions. The Group systematically undertakes employee engagement surveys, the results of which are used for making continuous improvements.

Technological risks

The FLSmidth Group depends on being constantly at the forefront of technological development in both the cement and minerals industries. This position is maintained through ongoing

investment in research and product development. FLSmidth has established key development centres for both cement and minerals. As new technology is being developed, FLSmidth must ensure that the intellectual property rights to the technology are protected. FLSmidth has developed a strategic framework to assess and secure these rights. This involves developing policies, implementing standards and procedures for having these intellectual property rights registered, actively monitoring and pursuing infringers and training our own personnel in securing our rights in the best possible way.

Legal risks

It is unavoidable that, in a limited number of cases, disagreements arise with customers and third parties and that in extreme cases they result in legal disputes. An effort is made to avoid this by optimising the quality of contracts. In cases where disputes do occur, they are handled by FLSmidth's legal department in consultation with external specialists where necessary. Provisions for disputes are based on the assessments by in-house and external experts in accordance with current guidelines.

Cembrit

Cembrit's revenue in building materials is highly dependent upon the trading conditions in the European construction sector. The production units apply certified quality and environmental management systems and a systematic effort is made to lower the risk incurred by the units.

Cembrit makes provisions for anticipated warranty liabilities within the warranty periods for various products in the respective markets. Because warranty periods are lengthy and specific for each industry and market, the provisions are subject to some uncertainty and are based on the best current possible estimate.

Insurance

It is Group policy to pass on the risk of disaster losses to insurance companies.

The Group works closely with a global insurance adviser, which ensures that identified risk areas are optimally covered through the insurance market and statutory insurance is taken out where necessary. The Group's major production units are systematically audited by external risk engineers in collaboration with the insurance companies. Reports have been drawn up containing risk descriptions and recommendations for risk improvements. The implementation of these risk improvements is continuously monitored.

The insurance cover arrangements are a function of relevant claims scenarios and the insurance products available in the market. The size of the insurance plan deductibles is determined by optimising the balance between the insurance premium and the Group's risk appetite and financial strength.

Financial risk management

The overall framework for managing the Group's financial risks is decided by the Board of Directors. It is Group policy that all major financial risks should be identified and appropriately hedged. Financial management comprises the Group's currency, interest, liquidity and credit risks as well as its capital structure and financial resources. It is Group policy that all significant commercial currency and interest rate risks should be hedged not later than when a contract becomes effective.

Currency risks

The Group's currency risks derive from the impact of exchange rates on future commercial payments and financial payments. The Group is exposed to the risk of exchange rate changes from the date when a contract becomes effective. The customer bears the exchange rate risk of major contracts until this date based on exchange rate clauses incorporated in the proposal documents. The Group generally hedges transaction risks and uses forward contracts and currency options to hedge the exposure on contracts. The Group also manages currency risks by means of VaR (Value at Risk) and scenario analyses. The Group's main currencies for commercial purposes are EUR (Cement) and USD (Minerals). Other things being equal, a 1% EUR and a 10%

Commercial risks

USD exchange rate change will affect equity by DKK 8m (2008: DKK 30m) and DKK 78m (2008: DKK 301m), respectively, and earnings by DKK 2m (2008: DKK 4m) and DKK 20m (2008: DKK 44m), respectively. The translation of income statement and balance sheet items from the currency in which subsidiaries report their financial results into DKK is also affected by exchange rate changes, because translation risk is not hedged.

Interest rate risks

The Group's interest rate risk consists of the sensitivity of the interest items to changes in the level of interest and the effect of interest rate changes on the market value of consolidated balance sheet items. The interest rate risk is managed by means of VaR and scenario analyses and is calculated on the basis of the different maturity intervals and is hedged by means of financial instruments. As at 31 December 2009, 100% of the Group's net interest-bearing debt carried a variable rate of interest (31 December 2008: 98%). Other things being equal, a one percent increase in the interest rate will have a DKK 11m positive effect on the Group's net interest earnings (2008: DKK -6m).

Credit risks

Credit risks incurred from trade receivables are generally managed by continuous credit rating of major customers and trading partners. No single customer accounted for more than 5% of the revenue in 2009. The maximum credit risk related to financial assets corresponds to the carrying amount plus write-downs. In cases where there may be a risk of loss, a write-down will always be made based on individual assessment. The use of financial instruments entails the risk that the counterparty may not be able to honour its obligations on reaching maturity. The Group minimises this risk by limiting its use of financial institutions to those with a high degree of creditworthiness. Besides, the Group has set a limit for the amount owed to it by any particular bank.

Credit risks on other counterparties than banks are minimised through the use of prepayments, letters of credit, guarantees and continuous rating of customers.

Capital structure and financial resources

It is the Group's aim to have an adequate capital structure in relation to the underlying operating results so that it is always possible to provide sufficient and the necessary credit and guarantee facilities to support the commercial operations. The long-term goal is therefore to maintain an equity ratio at about 30%. At 31 December 2009, the equity ratio amounted to 30% (31 December 2008: 24%). The financial gearing measured as NIBD in relation to EBITDA was negative at the end of 2009 due to the Group being free from debt (31 December 2008: 0.2).

As the underlying business is to a large extent based on projects and orders, there may be major time lags in the cash flow from operating activities. It is therefore necessary to have adequate and flexible financial resources in the form of cash and/or credit facilities to cushion any major fluctuations of cash and cash equivalents.

As part of its financial resources, the Group has entered into committed financial facililty arrangements. These facilities contain standard clauses such as pari passu, negative pledge and change of control. As at 31 December 2009, the Group had withdrawn EUR 50m from change of control clause facilities (31 December 2008: EUR 144m). The clause entails that the debt must be repaid by the next interest payment date, however not later than six months after the lender has notified change of control, which must take place at 45 days' notice. The Group has also entered into overdraft arrangements which can be terminated by either party at short notice. Again in 2009, the Group did not default on any loan agreements.

Corporate governance

The following statement of corporate governance pursuant to the Danish Financial Statements Act Section 107b is part of the Management's Review in the 2009 Annual Report.

Capital and share structure

FLSmidth & Co. A/S is listed on NASDAQ OMX Copenhagen. The share capital had a nominal value of DKK 1,064,000,000 and comprises one class of 53,200,000 issued shares in denominations of DKK 20. No special rights are attached to any share and there are no restrictions on the transferability of the shares. At the end of 2009, FLSmidth had about 44,800 shareholders. See chapter with Shareholder information page 54 for further details.

Division of responsibility between the Board of Directors and the Management

According to general practice in Denmark, FLSmidth & Co. A/S maintains a clear division of responsibility and separation between Board and Management. At an overall level, tasks and responsibilities are laid down via rules of procedure for the Board of Directors and rules of procedure for the Group Management. There is no other specific description of the duties and tasks of the Board of Directors.

The Management is responsible for the day-to-day management of the Company, and the Board of Directors oversees the Management and handles overall managerial issues of a strategic nature. The Chairman is the Board of Directors' primary liaison with the Management.

In the autumn of 2008, the Board of Directors adopted a Code of Business Conduct which describes how the company and its employees are to act and respond in various business contexts and which in most cases is a codification of the practice already being followed by the company. A number of training sessions for the employees were held in 2009 to ensure that all employees in the Group know and comply with the Code of Conduct, and the latter is also included in the terms of employment of new staff.

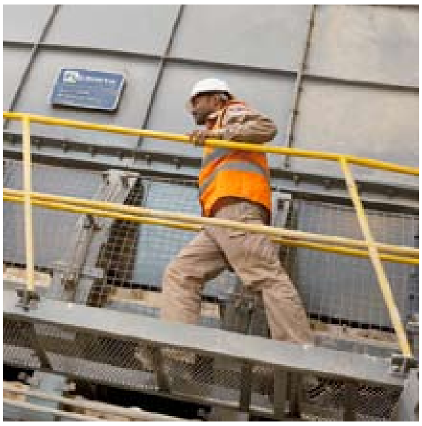
Financial reporting process and internal control

To ensure a high quality of the Group's financial reporting systems, the Board and Management have adopted policies, procedures and guidelines for financial reporting and internal control which the subsidiaries and reporting units must adhere to, including

- Continuous follow-up on goals and results achieved compared to the approved budgets
- Continuous follow-up on projects including risk management and accounting treatment of same
- Policies for IT use, insurance, cash management, procurement, etc.
- Reporting instructions and manual
- Finance manual
- Closing manual

The responsibility for maintaining sufficient and effective internal control and risk management in connection with the financial reporting lies with Group Management.

The audit committee consists of all members of the Board and continuously monitors the process of financial reporting and the adequacy and effectiveness of the internal control systems established including new accounting standards, accounting policies and



accounting estimates. Moreover, the Board of Directors monitors and checks the independence of the external auditor and monitors the planning, progress and conclusion of the external audit.

The Board of Directors

Composition of the Board of Directors

The Board of Directors is elected by the General Meeting apart from those Board members who are elected pursuant to the provisions of the Danish Companies Act on employee representation. Board members elected at the General Meeting constitute not less than five and not more than eight members, currently six members.

The members of the Board elected at the General Meeting retire at each Annual General Meeting. Re-election may take place. Pursuant to Danish legislation, members representing the Group's employees are elected to the Board of Directors for four years at a time.

Immediately after the Annual General Meeting the Board of Directors elects from its own number a Chairman and a Vice Chairman. In principle, between six and eight ordinary Board meetings are held every year and extraordinary Board meetings are held when needed.

The Board of Directors consists of experienced business executives who each bring with them professional insight and hands-on experience that match the current needs, challenges and practical issues facing the Group. Information about the executive posts held by the individual members of the Management and Board of Directors is available on page 16. All six Board members elected at the Annual General Meeting are independent. Pursuant to the rules of procedure of the Board of Directors, a Board member must retire at the first Annual General Meeting which is held after the member has passed the age of 70.

The Board has set up a remuneration committee to handle the negotiations of pay to the Management and Board. The members of the committee appear from the table on the previous page.

The Board of Directors serves as audit committee. The audit committee is responsible for monitoring the financial reporting process in the enterprise and the effectiveness of its internal control systems. Besides, the audit committee monitors the statutory auditing of the financial statements and the independence of the auditor.

Board of Directors remuneration and shareholdings

The members of the Board of Directors receive a fixed fee in cash which is approved by the Annual General Meeting. The Board of Directors does not receive incentive pay and has not done so since 2002. Information concerning the total remuneration of the Board of Directors appears from the consolidated financial statements note 36. The Board members' individual investments in FLSmidth & Co. A/S shares appear from the table on page 16.

The Management

Composition of the Management

The Group Management currently consists of four members who hold overall responsibility for the day-to-day operations of the Group. Three of the Group Management members, including the

CEO and the CFO, are currently based at the Group's headquarters in Denmark, whilst the fourth member, Christian Jepsen, who is responsible for the Minerals activities, is based at the US headquarters in Bethlehem, Pennsylvania. As from 1 July 2010, one more member of the Management will be domiciled abroad, as Bjarne Moltke Hansen takes on overall responsibility for the FLSmidth Group's activities in India. Bjarne Moltke Hansen will therefore relocate to India, but will remain member of the Group Management and will retain his present overall responsibilities.

The Management consists of experienced business people, each with a background and practical experience that matches the Group's current needs, challenges and practical issues, including general management, consultancy, project sales and implementation, manufacturing and financial control.

Remuneration of the Management

The Board of Directors has set up a remuneration committee which assesses the Management's terms of pay on a current basis. In the opinion of the Board, a combination of fixed and performance-based pay to the Management helps to ensure that the Group can attract and retain key persons whilst partially incentive-based pay further encourages the Management to create value to the benefit of shareholders. The complete guidelines for the incentive programme are accessible on the company website www.flsmidth.com.

Incentive-based pay to the Management is also adequately disclosed in notes 9 and 36 to the consolidated financial statements. At 31 December 2009, the Management held a total of 146,350 share options in FLSmidth & Co. A/S and their total investments in FLSmidth & Co. A/S amounted to 40,210 shares.

Annual General Meeting

As to the holding, convening and attendance of the company's Annual General Meeting, reference is made to the company's articles of association which are available at the company website at the following URL address: http://www.flsmidth.com/FLSmidth/English/Investor/Articles+of+Association/Articles+of+association.htm. If the new Danish Companies Act or special transition rules come into force at a time prior to the Annual General Meeting which allows complying with the time limits stated therein, they will be complied with.

Recommendations for corporate governance

Pursuant to Section 36 of the Disclosure Requirements for issuers of shares listed on NASDAQ OMX Copenhagen, Danish companies must explain in their annual report how they will address the recommendations of NASDAQ OMX Copenhagen for corporate governance based on the 'comply or explain' principle.

The FLSmidth Group generally complies with the recommendations for corporate governance, but with one exception: The Board of Directors has not adopted a formalised structure for self-evaluation as recommended, but the Chairman, from time to time, evaluates the work of the Board of Directors.

Corporate social responsibility

The following statement of corporate social responsibility pursuant to the Danish Financial Statements Act Section 99a is part of the Management's Review in the 2009 Annual Report.

In 2008, FLSmidth adopted a corporate social responsibility policy to formalise and highlight the principles of socially responsible behaviour which the Group adheres to in its day-to-day activities.

The CSR policy starts from the basic fact that FLSmidth is a global group with activities in many countries and different cultures. No matter where in the world we operate, we do so based on the Group's set of values and rules as well as local and national legislation, which helps to ensure that we show respect and consideration in our actions and consistently deliver a high-quality product and service. Over the past 128 years, FLSmidth has therefore developed a business culture based on three fundamental values: **competence** (professionalism, credibility and integrity), **responsibility** (ownership and willingness to change), and **cooperation** (team spirit and openness).

The CSR policy focuses on three areas in which the Group has particular influence and is able to make a real difference, viz. climate change and environmental sustainability, business norms, ethics and human resources.

In 2008, the Group signed the UN Global Compact and thereby agreed to support the ten UN principles of human rights, labour, environment, and anti-corruption. FLSmidth wishes to support these principles in areas which the Group can significantly influence, and it has undertaken to report on the progress made within two years after signing the UN Global Compact (by October 2010 and then once every year). The principles of the UN Global Compact are reflected and integrated in the Group's CSR policy.

Business standard and ethics

FLSmidth's code of business conduct reflects the Group's focus on responsibililty, integrity and credibility, and our aim is to ensure that customers and other business connections perceive all FLSmidth staff as providers of high levels of quality, service and integrity in their relations with the Group, regardless of when, where, how and with whom they interact.

FLSmidth's code of business conduct sets standards for the company and the behaviour of its employees within three overall aspects on which the Group has more or less direct influence:

"Compliance" concerns the company's compliance with accounting rules, stock exchange regulations, company law and competition laws. It also specifically includes a ban on money laundering and compliance with trade restrictions, export control, boycott and anti-boycott requirements.

Business practices and behaviour concerns the company's standards and its employees' conduct regarding conflicts of interest, bribery, kickbacks and corruption, facilitation payments, gifts, entertainment and anti-competitive practices. They also deal with branding and use of brand; contracting with third parties; quality of products and services; market intelligence; confidentiality and respect for intellectual property rights; culture, religion and politics in the workplace; government relations and lobbying in general.

Company's assets and financial integrity concern the company's standards and procedures for accurate and complete data; reporting and accounting; protection of company assets; rules for use of email, IT networks and the internet; and records management.

Implementation of the CSR policy

The CSR policy including the Code of Business Conduct was implemented at corporate level in 2008 and 2009 by providing information on the Group's intranet and by developing and carrying out training programmes for all HR managers. The training materials were initially produced in English, but have since been translated into Italian, Chinese, Polish, Portuguese, Russian, Spanish and German.

Local HR managers together with local management are responsible for implementing the CSR policy at local level. The Group's Code of Business Conduct is also included in the information package handed out to all new employees and is part of their employment contract.

Monitoring of the implementation of CSR policy and Code of Conduct

In 2009, FLSmidth made an HR compliance review of all business units in the FLSmidth Group with more than five employees. During the review many aspects of the CSR policy and Code of Conduct including compliance with human rights legislation in terms of discrimination, preferential treatment, and health and safety at work were dealt with. Those reviewed were also asked directly whether the employees had received CSR training. In the few instances where this was not the case or where the Code of

Carbon footprint of 2000 people

Looking after the needs of our many employees at FLSmidth House in Chennai, which accommodates 2000 of our 3000 Indian staff, is a challenging responsibility. And such a large concentration of people can make quite an impact on the local environment. Imagine the fumes of 2000 cars descending on FLSmidth House every morning. Instead, we have 60+ buses shuttle our people to and from work every day.

The air conditioning systems are ozone-friendly. The building is double-glazed and the roof is coated with a reflective material, so our air conditioning bills are cut by more than 20%. We use energy-efficient light fittings, automatic light sensors and a wind turbine. In fact, nearly 80 to 90 percent of our energy consumption is offset from the green power generated by our 1.65 MW wind turbine, 650 km away.

In recognition of our low carbon footprint, the Leadership in Energy and Environmental Design (LEED) organisation recently gave FLSmidth House a gold rating.

Ajit Menon, Head of Administration and Facilities, Chennai, India

Conduct was not complied with, instructions have been given to take corrective action, and subsequent monitoring has taken place.

Non-compliance with Code of Conduct
In cases where the Code of Conduct is violated, management takes disciplinary action, depending on the type and gravity of the violation, and if necessary dismisses the employees concerned.

Climate and environmental sustainability

It is FLSmidth's goal to contribute to environmental sustainability in fields where the Group has significant influence on the climate and protection of the environment. The complete environmental policy is accessible on www.flsmidth.com

The pursuit of a cleaner environment and improved sustainability is an ongoing process aimed at customers and products, research and development and the Group's own direct impact on the environment and climate.

Being a global engineering company with little in-house manufacture of products, the FLSmidth Group's own direct impact on the environment is limited. During the past year, project assignments for customers have therefore played the main part in the Group's effort to reduce environmental impact, but various initiatives within local action plans have also contributed.

It is expected that in the coming years customer-related projects will continue to gain importance in reducing climate and environmental impact, more than the actions that have already taken place or may be effected within the organisation itself.

Cembrit's production plants are constantly focusing on utilising recyclable raw materials and reducing production waste. Minimising water consumption and waste water is also a high priority, and the plant in Finland has been particularly successful in this respect.

CO_2 footprint
In 2009, the FLSmidth Group's CO_2 emissions totalled 73,000 tonnes CO_2 consisting of direct emissions (scope 1) and indirect emissions from electricity production and district heating (scope 2).

This amount includes around 34,000 tonnes CO_2 deriving from Cembrit's production of fibre cement.

Initiatives to promote environmental sustainability within the organisation
The past year has seen a number of local initiatives to reduce energy consumption and greenhouse gas emissions. Internally, it is being emphasised that the initiatives are locally based within local plans of action to reduce energy usage and greenhouse gas emissions.

With business units and projects spread out all over the world, there is a high level of global interaction and travel activity within the Group. As interaction between individual business units and with customers on various continents continues to grow, video conferencing and IT solutions are increasingly replacing travel.

When erecting and replacing buildings and technical installations, energy usage and climate effects are also taken into account. A good example is the new FLSmidth House in Chennai, India, which was inaugurated in 2007 and in August 2009 named a Gold Rated Green Building by India's Green Building Council under the LEED-India (Leadership in Energy and Environmental Design) programme. The LEED classification certifies the "greenest" buildings around the world and is considered both a national and international benchmark for design, construction and operation of buildings with high energy efficiency.

FLSmidth House, FLSmidth's office in Chennai, India, has invested in a 1.65 MW wind turbine that covers more than 80 per cent of its energy requirement. The wind turbine is the most powerful of its kind operating in India today and is capable of generating around 4 million kWh per year.

Overall, environmentally sustainable solutions have been chosen for the FLSmidth House office facilities. All the cooling elements in the air conditioning system are ozone-friendly and biologically degradable, and the use of double glazing with a light-reflecting coating reduces the air conditioning costs by some 20 per cent compared to neighbouring buildings. Besides, energy efficient light fittings and automatic lighting sensors have been installed.

To minimise water usage, rainwater is collected on the premises and a waste water treatment plant recycles water to be used for gardening.

Development and promotion of environmentally friendly technologies
Most of the Group's activities concern equipment and process solutions for the world's cement and minerals industries, which

extract and process raw materials through energy-intensive production methods.

Sustainability is becoming increasingly relevant to our customers, and being the leading sustainable technology provider, FLSmidth is in a position to offer solutions that reduce energy consumption, greenhouse gas emissions, impact on the local environment and use of natural resources.

A major goal for the Group's research and development effort is therefore to improve the energy and emission efficiency of our products and services. In this way, FLSmidth is contributing to direct environmental improvements on the part of our customers in terms of lower consumption and lower emissions per unit produced.

A good example is the DUOFLEX G2 rotary kiln burner which was recently developed for the cement industry and effectively burns coarse fuel, thus saving considerable amounts of energy for grinding the fuel. In 2009, the DUOFLEX G2 came into operation at several cement plants, allowing the use of alternative fuels instead of the traditional fossil fuels in rotary kilns.

The coming years are expected to see growing interest in processes and equipment for the cement and minerals industries that will lead to more sustainable production.

HR policy

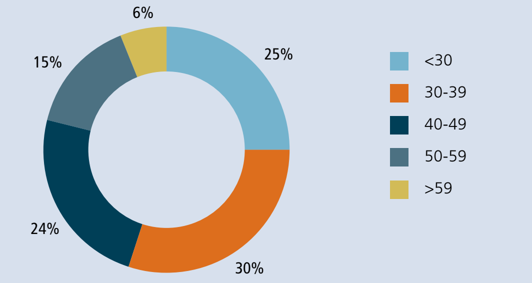
Personnel conditions and HR policy play an important part of the Group's CSR policy. The complete HR policy (including health and safety policy) is accessible at www.flsmidth.com.

In view of the fact that FLSmidth is an enterprise that acts globally, we consider diversity a business necessity which helps us serve our customers even better, thereby securing FLSmidth's future success.

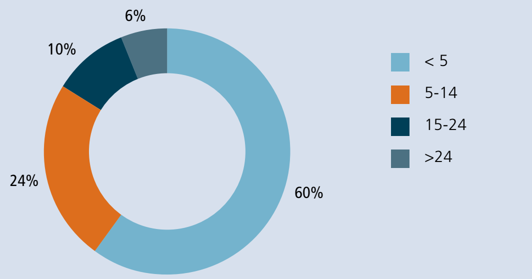
We offer equal opportunities to all present and coming employees, regardless of sex, age, ethnic affiliation and religious belief, handicap, political or sexual orientation and family status. We support our employees in playing an active role in their local communities, but since we respect the diversity of our staff, FLSmidth remains neutral in terms of politics and religion and we expect the same of our employees when working for and acting on behalf of the company.

Human resource data

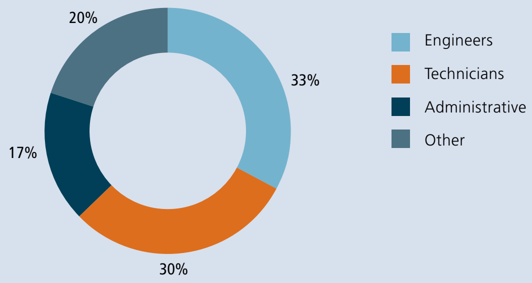
Age distribution



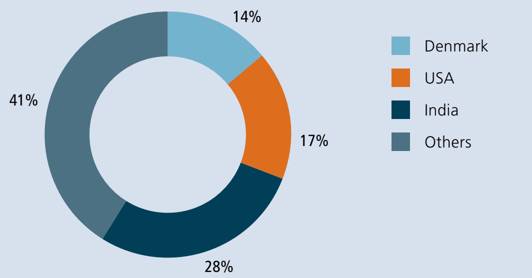
Length of service



Education



Geographical distribution



The competencies of our employees are strategically significant, and we aim to help them reach their full potential and therefore spend considerable resources on ongoing training of FLSmidth staff. We are determined to create a healthy, flexible and creative working environment that enables our employees to pursue challenging careers whilst maintaining the all-important work-life balance.

FLSmidth offers competitive conditions of employment and pay, and it recognises the rights of its employees to organise themselves and negotiate collectively. We support the United Nations human rights principles and do not use child nor forced labour.

Safety and health

A new safety and health policy was adopted in 2008 as part of the overall CSR policy and the policy became firmly embedded in the Group during 2009. Safety and health functions have been organised in the Group's three engineering centres in Denmark, USA and India, which will be responsible for arranging guidelines, safety training, consultancy of the organisation and auditing at FLSmidth premises and project sites. In addition, local safety and health coordinators at other relevant FLSmidth locations ensure continuous development of the safety and health effort focusing on compliance with local legislation, identifying risks in the working environment, follow-up on accidents and reporting to the global safety and health organisation.

In 2009, a safety training programme was set up for our technical advisors who are posted to sites in the cement and minerals industries on new plant assignments or service contracts. Their know-how and experience regarding a safe working environment benefits both the customer and other suppliers and reflects FLSmidth policy in this field.

2009 saw increasing focus on safety when handling major projects in which FLSmidth employees are to carry out work at construction sites. Several projects take place in countries where the prevailing safety culture may be lower than in Denmark, which emphasises the need for safety precautions within the FLSmidth organisation. FLSmidth's Safety and Health Department therefore regularly visits construction sites to motivate and inspire the local customers to raise the standard of safety in their projects.

Number of work-related injuries reduced

By setting goals for the number of injuries in the individual units, FLSmidth maintains constant focus on lowering the number of work-related injuries within the Group. In 2009, we reduced the number of injuries by approximately 23% compared to 2008. It is encouraging to see a generally positive trend in all FLSmidth units and companies. These efforts are continuing in 2010.

Severe injuries

The number of severe injuries also fell considerably from 26 in 2008 to 16 in 2009. For each severe injury a report is written and submitted to the Group's global safety and health function. The most frequent severe injuries are bone fractures of the leg or arm, typically caused by falls or contact with materials/goods.

Six traffic accidents with vehicles causing personal injury were reported in 2009. This shows that focus on traffic safety remains an important issue, both when planning and when carrying out transport activities.

Work-related injuries

	Number of injuries			Number of lost time injuries			Lost time injuries frequency rate*			Lost time injuries severity rate**		
	2009	*2008*	*2007*	**2009**	*2008*	*2007*	**2009**	*2008*	*2007*	**2009**	*2008*	*2007*
Minerals	**6**	13	13	**2**	3	3	**0.5**	0.8	0.8	**0.2**	0.2	0.2
Minerals product companies	**77**	93	105	**26**	31	28	**5.1**	9.0	8.0	**0.4**	1.2	0.5
Cement	**25**	34	31	**7**	10	7	**0.8**	1.6	0.9	**1.5**	0.3	0.3
Cement product companies	**38**	43	52	**27**	35	34	**11.1**	16.6	23.1	**0.2**	3.0	2.5
Cembrit	**35**	41	40	**24**	36	33	**14.8**	22.1	22.3	**3.9**	4.7	6.0
The FLSmidth Group	**181**	**221**	**241**	**86**	**123**	**105**	**3.9**	**6.0**	**5.9**	**0.6**	**0.8**	**1.0**

* Number of injuries causing absence per one million working hours

** Number of working hours lost due to injuries per 1000 working hours

Adding value with O&M

Who is better to run a cement plant than the people who design and build them? Since 2007, we have used our 128+ years of experience to add unique value to O&M (operation and maintenance) contracts. With instant access to our global pool of specialists and know-how, we can address issues before they affect production. The plant runs smoothly while the owner focuses on cement sales.

On our first project in Egypt, we exceeded production targets in the first year by more than 5%. Our next project in Libya will feature an impressive team of people from India, Brazil, Germany, Poland, Denmark and Egypt. Finding people with exceptional skills who can collaborate with others from different backgrounds isn't easy, but our brand is strong enough to attract them. And with our Egyptian plant, now attracting interested visitors from all over the globe, the opportunities are endless.

Søren Ulrik Hillersborg, O&M Project Manager

Corporate social responsibility

Employee development activities

In 2009, global employee development activites focused on professionalising competency development still with the overall aim of having the right employees with the right competencies in the right jobs at the right time. Considerable resources have been spent on employee development based on the yearly PDR process where manager and employee discuss development and performance of the individual. Both the process and the system were fine tuned in 2009 to further qualify and streamline the overall web resources and development efforts in this field. Among the achievements, are a Learning Management System for internal planning of employee training, follow-up on competency development and a global recruitment platform.

In continuation of the employee engagement survey carried out in 2008, a number of initiatives were taken at various departmental, functional and organisational levels. A total of 1,742 actions have been reported, ranging from concrete steps at departmental level to major initiatives across the entire organisation.

Continued progress is being made within the Group to develop three different engineer career paths leading to department manager, project manager and technical specialist. The main focus is currently on the technical specialist career path because the need for highly specialised knowledge and competencies remains a key issue in relation to the Group's strategic goals and challenges. In 2009, particular emphasis was placed on the global competency requirements viewed against future business needs and the ongoing off-shoring of engineering activities to India.

Supply chain

FLSmidth is an order-producing company and most of its production of equipment and machinery is outsourced to subsuppliers. FLSmidth therefore maintains a comprehensive global network of suppliers in both the western world and the developing countries. There will often be a certain amount of local sourcing in those countries where projects are being delivered with a view to supporting the local economies and to reducing transport costs and the environmental burden of transportation.

In its general conditions of purchase, FLSmidth requires that subsuppliers comply with all local regulations concerning employee rights and safety and health.

FLSmidth maintains a structured assessment and selection process for subsuppliers which includes emphasis both on clean and efficient production facilities and on general and preventive maintenance to ensure a high level of safety. FLSmidth maintains a team of inspectors who systematically call on the Group's main suppliers. If unacceptable working conditions are ascertained, this is reported to the Procurement department which then contacts the supplier.

4,350 metre long FLSmidth pipe conveyor with a capacity of 200 tonnes per hour located in Taiyuan, China.

Shareholder information

Share capital and votes

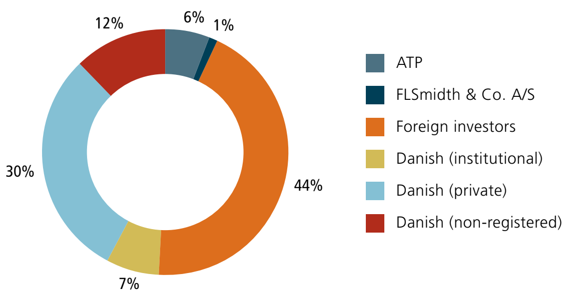
FLSmidth & Co. A/S has been listed on NASDAQ OMX Nordic Exchange Copenhagen (formerly Copenhagen Stock Exchange) since 1968.

The share capital amounts to DKK 1,064,000,000 consisting of 53,200,000 issued shares at DKK 20 each. Each share has 20 votes and no shares have special voting rights. According to the FLSmidth & Co. A/S share register the company has about 44,800 shareholders (31 December 2008: about 42,000). In addition, some 4,100 present and former employees hold shares in the company (31 December 2008: some 4,200). The FLSmidth & Co. share has a free float of 99%.

The proportion held by foreign investors fell during the first months of 2009 from 35% to 26% when the general mood on the stock market reached a low. However, the foreign investors returned in full strength during the second half and at 31 December 2009 accounted for about 44% of the capital and votes.

One shareholder has reported a participating interest that exceeds five per cent of the share capital: This is ATP (Danish Labour Market Supplementary Pension Fund), Kongens Vænge 8, DK-3400 Hillerød. ATP's shareholding in FLSmidth & Co. A/S at 31 December 2009 accounted for some 6% of the share capital.

Classification of shareholders



FLSmidth & Co. shares and share options held by the Board of Directors, the Management and key staff

Members of the FLSmidth & Co. A/S Board of Directors hold a total of 79,562 shares. The Group Management holds 40,210 shares and 146,350 share options. Other key staff hold 512,960 share options.

Share indices

The FLSmidth & Co. share is included in a number of share indices on NASDAQ OMX Nordic Exchange, including OMX Copenhagen 20 (OMX20) which consists of the 20 most traded shares on NASDAQ OMX Nordic Exchange Copenhagen. The FLSmidth & Co. share is also included in a number of European share indices including "Dow Jones STOXX 600".

Share price developments 2009

At the beginning of the year, the FLSmidth & Co. share was priced at 181, and it ended the year at 367. The share price reached its lowest level in recent times around early March when it fell to 114 after which it rose steadily and reached a stable level of 300-350. During 2009, the FLSmidth & Co. share has generally followed the price trends of indices related to commodities and emerging markets.

The total return on the FLSmidth & Co. share in 2009 was 104% including dividend. By comparison the OMXC20 index rose 36%, MSCI European Construction & Engineering 27%, and Dow Jones STOXX Basic Resource 100% in 2009. In 2009, FLSmidth & Co. was among the 5-10 most traded shares on Nasdaq OMX Nordic Stock Exchange Copenhagen with an average daily trading volume of some 500,000 shares corresponding to approximately DKK 112m.

Dividend

FLSmidth & Co. A/S has for a number of years (2004 - 2007) paid out DKK 7 per share in dividend. For the 2008 financial year, the decision to pay out dividend was initially postponed due to the uncertain market conditions and an intention of making acquisitions. As a result of better market prospects and a positive development of the Group's cash flow, in September 2009 an extraordinary dividend of DKK 2 per share was distributed.

Based on the positive development in cash flow and capital structure in 2009, the Board of Directors proposes that the Annual General Meeting approves distribution of additional DKK 5 per share in dividend for 2009, corresponding to a total of DKK 267m. The Board and Management wish to maintain capital resources to finance future growth and to strengthen the Group's commercial position through acquisition of complementary technologies and services.

It is FLSmidth's dividend policy to be able to pay an annual dividend of DKK 7 per share in future.

Investor relations policy

Via company announcements and briefing sessions plus updated information about the Group's activities on the company website, www.flsmidth.com, the Group seeks to maintain regular contact

with the stock market to aim at a development of the share price that reflects the underlying financial performance of the Group.

By subscribing to the electronic communication service at www.flsmidth.com, shareholders and other interested parties have swift and seamless access to the latest company announcements. Pursuant to the FLSmidth & Co. A/S communication policy, the full version of which is available at the company website www.flsmidth.com, procedures have been drawn up for timely disclosure of all significant information in accordance with the stock exchange rules of ethics. All company announcements are published and distributed in both Danish and English (translated version) by the Hugin/Thomson Reuters news distribution service and appear simultaneously on the company website www.flsmidth.com.

According to the FLSmidth & Co. policy for announcing new contracts, contracts valued at more than DKK 200m are announced to the public once the order becomes effective, which means when both parties have signed the contract, guarantees have been exchanged and the customer has paid the prepayment.

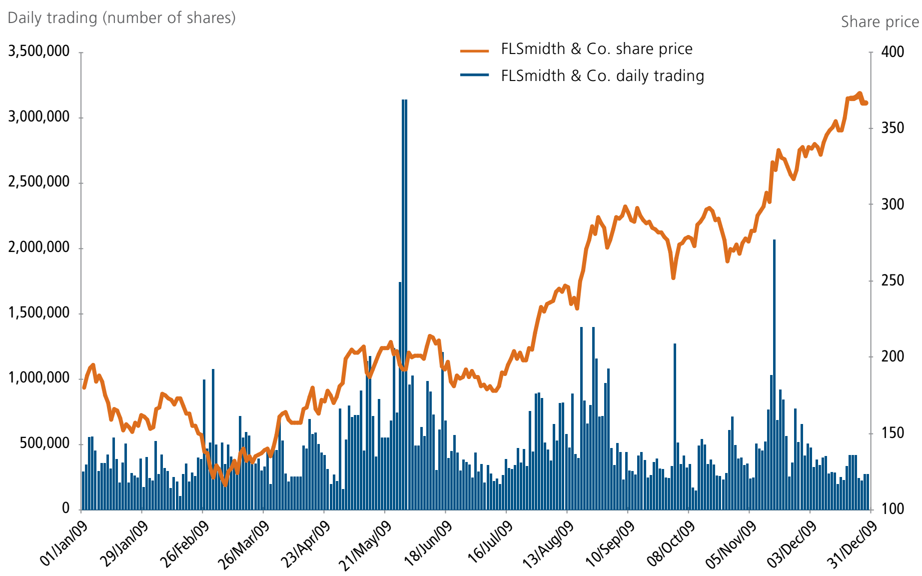
The objective of FLSmidth's Investor Relations function is to contribute at all times to

- the share price reflecting the company's results and a fair market value based on open and active communication with the stock market
- all shareholders having equal and sufficient access to timely, relevant and price-sensitive information

As a matter of principle, the Group maintains a three week quiet period before the release of financial statements during which it does not comment on financial goals nor guidance and does not take part in meetings nor presentations with analysts or investors. The Group maintains the principle only to comment on factual information and not on guidance given in analyst reports.

Registration of shares is effected via one's own bank. Registered shareholders automatically receive an invitation to the Annual General Meeting. A printed version of the Annual Report can be obtained from the shareholder's secretariat or by e-mail: corpir@flsmidth.com.

Developments in share price and trading in 2009



Shareholder information

Analyst coverage

The FLSmidth & Co. share is currently covered by 15 stockbrokers: See www.flsmidth.com for contact details:

Stockbroker	Analyst
ABG Sundal Collier	Stig Frederiksen
Alm. Brand Markets	Thomas Hundebøl / Brian Rathje
Carnegie	Lars Topholm
CA Cheuvreux	Johan Eliasson
Danske Bank	Kenneth Leiling
Exane BNP Paribas	Su Zhang
Jyske Bank	Christian Nagstrup
Goldman Sachs	Roger Merz
Nordea	Patrik Setterberg
Nykredit	Klaus Kehl
Handelsbanken	Kitty Grøn
LD Invest	Torsten Bech
SEB Enskilda	Daniel Patterson
Standard & Poors	Heenal Patel
Sydbank	Jacob Pedersen

Investor Relations activities 2009

During the year under review, FLSmidth & Co. has taken part in about 360 investor meetings and presentations attended by some 2,000 investors in Amsterdam, Boston, Brussels, Edinburgh, Frankfurt, Geneve, Copenhagen, London, Luxemburg, New York, Paris, Philadelphia, Stockholm, Vienna and Zurich. On 16 March 2009, FLSmidth held a capital market day for investors and analysts in London attended by some 60 domestic and foreign investors. The theme was a presentation of the company's business model. Besides, the company has participated in nine events held for private investors in Copenhagen, Kolding, Odense, Århus and Aalborg with a total attendance of some 1,600 private investors. The material handed out in connection with these meetings is available at www.flsmidth.com.

Financial calendar 2010

16 April 2010:	Annual General Meeting
18 May 2010:	1st quarter 2010 Interim Report
18 August 2010:	Half-yearly report
18 November 2010:	1st - 3rd quarter 2010 Interim Report

The Annual General Meeting will take place on 16 April 2010 at 16.00 hours at Radisson BLU, Falconer Hotel and Conference Center, Falkoner Allé 9, DK-2000 Frederiksberg.

Share and dividend figures, the Group

	2005	2006	2007	2008	2009
CFPS (cash flow per share), DKK (diluted)	33.0	24.5	28.4	44.2	47.1
EPS (earnings per share), DKK (diluted)	9.1	21.6	24.6	28.8	31.9
Equity value per share, DKK	50	60	79	94	124
DPS (dividend per share), DKK	7	7	7	0	7
Pay-out ratio	77	32	29	-	22
FLSmidth & Co. A/S share price	186	359	522	181	367
Number of shares (000s), 31 December	53,200	53,200	53,200	53,200	53,200
Average number of shares (000's) (diluted)	52,518	52,558	52,640	52,544	52,429
Market capitalisation DKKm	9,895	19,099	27,770	9,629	19,524

Quarterly key figures

Quarterly key figures (unaudited)

DKKm	2008				2009			
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
INCOME STATEMENT								
Revenue	5,322	5,903	6,486	7,574	5,173	5,593	5,833	6,535
Gross profit	1,196	1,318	1,302	1,805	1,210	1,271	1,205	1,720
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	598	699	703	911	578	627	603	917
Earnings before interest and tax (EBIT)	436	541	583	849	474	548	475	764
Earnings before interest and tax (EBIT) before effect of purchase price allocation regarding GL&V Process	*539*	*636*	*639*	*873*	*498*	*573*	*499*	*788*
Earnings before tax (EBT)	469	531	456	667	372	616	495	625
Tax for the period	(141)	(160)	(134)	(232)	119	(192)	(137)	(193)
Profit/loss on continuing activities for the period	**328**	**371**	**322**	**435**	**491**	**424**	**358**	**432**
Profit/loss on discontinued activities for the period	2	1	4	52	(24)	13	(6)	(24)
Profit/loss for the period	**330**	**372**	**326**	**487**	**467**	**437**	**352**	**408**
Contribution ratio	*22.5%*	*22.3%*	*20.1%*	*23.8%*	*23.4%*	*22.7%*	*20.7%*	*26.3%*
EBITDA ratio	*11.2%*	*11.8%*	*10.8%*	*12.0%*	*11.2%*	*11.2%*	*10.3%*	*14.0%*
EBIT ratio	*8.2%*	*9.2%*	*9.0%*	*11.2%*	*9.2%*	*9.8%*	*8.1%*	*11.7%*
EBIT ratio before effect of purchase price allocation regarding GL&V Process	*10.1%*	*10.8%*	*9.9%*	*11.5%*	*9.6%*	*10.2%*	*8.6%*	*12.1%*
CASH FLOW								
Cash flow from operating activities	717	613	1.281	(287)	192	416	939	923
Cash flow from investing activities	(122)	(278)	(217)	(254)	(128)	(91)	(211)	(100)
Order intake, continuing activities (gross)	9,054	8,224	8,504	4,394	3,111	2,500	3,620	4,091
Order backlog, continuing activities	28,601	31,355	33,731	30,460	28,945	25,963	23,307	21,194
SEGMENT REPORTING								
Cement								
Revenue	2,921	3,379	3,435	3,973	2,959	3,072	3,423	3,605
EBITDA	304	400	362	563	367	365	360	635
EBIT	275	369	327	550	331	348	308	561
Contribution ratio	*20.0%*	*21.3%*	*19.3%*	*24.2%*	*22.7%*	*25.0%*	*19.3%*	*28.0%*
EBITDA ratio	*10.4%*	*11.8%*	*10.5%*	*14.2%*	*12.4%*	*11.9%*	*10.5%*	*17.6%*
EBIT ratio	*9.4%*	*10.9%*	*9.5%*	*13.8%*	*11.2%*	*11.3%*	*9.0%*	*15.6%*
Order intake (gross)	4,502	4,667	4,591	1,961	1,406	1,249	2,260	2,248
Order backlog	18,527	19,715	20,864	18,565	16,991	14,919	13,774	12,568
Minerals								
Revenue	2,105	2,197	2,754	3,414	2,009	2,289	2,081	2,658
EBITDA	250	264	325	473	229	231	245	317
EBIT	133	154	256	417	176	182	187	253
EBIT before effect of purchase price allocation regarding GL&V Process	236	249	312	441	200	207	211	277
Contribution ratio	*22.8%*	*21.3%*	*20.1%*	*23.1%*	*23.3%*	*20.9%*	*23.0%*	*26.7%*
EBITDA ratio	*11.9%*	*12.0%*	*11.8%*	*13.9%*	*11.4%*	*10.1%*	*11.8%*	*11.9%*
EBIT ratio	*6.3%*	*7.0%*	*9.3%*	*12.2%*	*8.8%*	*8.0%*	*9.0%*	*9.5%*
EBIT ratio before effect of purchase price allocation regarding GL&V Process	*11.2%*	*11.3%*	*11.3%*	*12.9%*	*10.0%*	*9.0%*	*10.1%*	*10.4%*
Order intake (gross)	4,643	3,583	3,960	2,544	1,736	1,281	1,370	1,907
Order backlog	10,857	12,387	13,588	12,606	12,106	11,139	9,615	8,712
Cembrit								
Revenue	334	389	370	297	247	313	354	329
EBITDA	27	50	16	(35)	(4)	20	33	(15)
EBIT	12	33	0	(20)	(18)	7	16	(30)
Contribution ratio	*33.2%*	*34.2%*	*28.6%*	*18.5%*	*29.1%*	*32.9%*	*32.9%*	*22.8%*
EBITDA ratio	*8.1%*	*12.9%*	*4.3%*	*(11.8%)*	*(1.6%)*	*6.4%*	*9.3%*	*(4.6%)*
EBIT ratio	*3.6%*	*8.5%*	*0.0%*	*(6.7%)*	*(7.3%)*	*2.2%*	*4.5%*	*(9.1%)*

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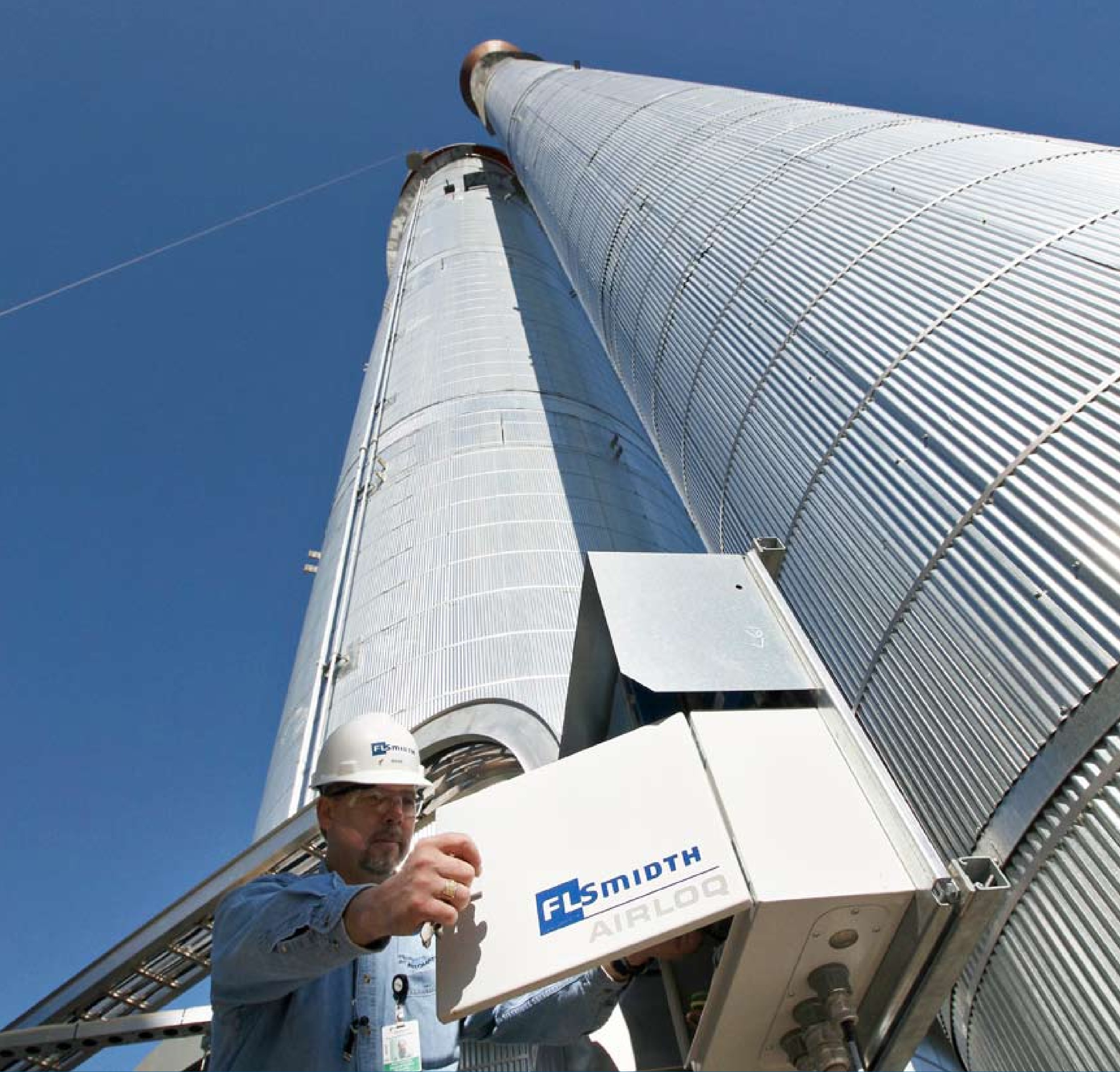
Solvej Gosmer
Tel.: +45 36 18 18 76
E-mail: corpir@flsmidth.com

Website
www.flsmidth.com

Company announcements
issued by Corporate Communications 2009

Date		
19 Jan.	**FLSmidth A/S** Announcement of staff reduction	**01/2009**
26 Feb.	**FLSmidth & Co. A/S** Annual Report 2008	**02/2009**
12 Mar.	**FLSmidth Minerals** FLSmidth signs materials handling contract in Dortmund, Germany	**03/2009**
25 Mar.	**FLSmidth & Co. A/S** Notice of Annual General Meeting	**04/2009**
17 Apr.	**FLSmidth & Co. A/S** Summary of FLSmidth & Co. A/S Annual General Meeting	**05/2009**
17 Apr.	**FLSmidth & Co. A/S** Articles of association of FLSmidth & Co. A/S	**06/2009**
01 May	**FLSmidth & Co. A/S** The National Tax Tribunal decides in favour of FLSmidth & Co. A/S in tax dispute regarding permanent establishment in the UK.	**07/2009**
24 May	**FLSmidth & Co. A/S** Interim Report for 1st quarter 2009	**08/2009**
12 Jun.	**FLSmidth & Co. A/S** Announcement of shareholding in FLSmidth & Co. A/S	**09/2009**
18 Jun.	**FLSmidth A/S** Rumors regarding contract in Libya are confirmed	**10/2009**
09 Jul.	**FLSmidth Minerals** FLSmidth signs alumina project contract in India with Utkal Alumina International Limited	**11/2009**
21 Jul.	**FLSmidth A/S** Contract for the supply of equipment and supervision for upgrading of two cement plants in Uruguay	**12/2009**
30 Jul.	**FLSmidth A/S** Major cement order for production line to the Indonesian cement producer PT Semen Gresik	**13/2009**
31 Jul.	**FLSmidth A/S** FLSmidth obtains contract for a new 8,000 tonnes per day production line to PT Semen Tonasa, Indonesia	**14/2009**
07 Aug.	**FLSmidth A/S** Rumors in the Brasilian media regarding contract with Coquepar – Companhia de Coque Calcinado de Pétrleo S.A are confirmed	**15/2009**
20 Aug	**FLSmidth & Co. A/S** Interim Report for 2nd quarter 2009	**16/2009**
22 Sep.	**FLSmidth A/S** FLsmidth part of operation and maintenance for cement plant in Libya	**17/2009**
14 Oct.	**FLSmidth A/S** Contract for the supply of equipment and design of buildings and constructions for cement plant in Libya	**18/2009**
26 Oct.	**FLSmidth A/S** Announcement of reduction in order backlog	**19/2009**
30 Oct.	**FLSmidth A/S** FLSmidth wins contract with Coastal Gujarat Poweri India to supply and build a coal handling plant	**20/2009**
17 Nov.	**FLSmidth & Co. A/S** Interim Report for 3rd quarter 2009	**21/2009**
19 Nov.	**FLSmidth & Co. A/S** Financial calender for 2010	**22/2009**
24 Nov.	**FLSmidth A/S** Order for materials handling equipment for LILIAMA Vietnam Machinery Installation Corporation, Vietnam	**23/2009**
22 Dec.	**FLSmidth A/S** Rumors regarding contract with Carthage Cement in Tunesia are confirmed	**24/2009**



Financial statements 2009

Contents

List of notes

Consolidated financial statements

Parent company financial statements

Consolidated income statement

Notes	DKKm	2009	2008
3+4	Revenue	23,134	25,285
	Production costs	(17,728)	(19,664)
	Gross profit	**5,406**	**5,621**
	Sales and distribution costs	(1,200)	(1,257)
	Administrative costs	(1,642)	(1,579)
6	Other operating income / (costs)	161	126
	Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**2,725**	**2,911**
10	Special non-recurring items	8	(107)
16	Amortisation and write-down of intangible assets	(242)	(227)
17	Depreciation and write-down of tangible assets	(230)	(168)
	Earnings before interest and tax (EBIT)	**2,261**	**2,409**
7	Financial income	1,562	1,474
7	Financial costs	(1,715)	(1,760)
	Earnings before tax of continuing activities (EBT)	**2,108**	**2,123**
11	Tax for the year of continuing activities	(403)	(667)
	Profit/loss for the year, continuing activities	**1,705**	**1,456**
2	Profit/loss for the year, discontinued ativities	(41)	59
	Profit/loss for the year	**1,664**	**1,515**
	To be distributed as follows:		
	FLSmidth & Co. A/S shareholders' share of profit/loss for the year	1,670	1,515
	Minority shareholders' share of profit/loss for the year	(6)	0
		1,664	**1,515**
34	Earnings per share (EPS)		
	Continuing and discontinued activities	31.9	28.9
	Continuing and discontinued activities, diluted	31.9	28.8
	Continuing activities	32.6	27.8
	Continuing activities, diluted	32.6	27.7

Other notes:

5 Fee to parent company auditor appointed at the Annual General Meeting
8 Staff costs
9 Share-based payment
35 Income statement classified by function
36 Related party transactions

Consolidated statement of comprehensive income

Notes	DKKm	2009	2008
	Profit/loss for the year	1,664	1,515
	Other comprehensive income for the year		
	Foreign exchange adjustment regarding enterprises abroad	(3)	(199)
	Foreign exchange adjustment of loans classified as equity in enterprises abroad	(16)	(48)
	Value adjustment of hedging instruments:		
	Value adjustment for the year	(5)	1
	Value adjustment transferred to revenue	5	-
	Value adjustment transferred to production costs	0	(14)
	Value adjustment transferred to financial income / costs	(2)	-
	Value adjustment transferred to balance sheet items	(3)	-
	Value adjustment of securities available for sale	(1)	(11)
27	Actuarial gains / (losses) on defined contribution plans	(40)	(89)
	Other adjustments of value in use	(7)	(34)
11	Tax on other comprehensive income	50	43
	Other comprehensive income for the year after tax	**(22)**	**(351)**
	Comprehensive income for the year	**1,642**	**1,164**
	Comprehensive income for the year attributable to:		
	FLSmidth & Co. A/S shareholders' share of profit/loss for the year	1,648	1,164
	Minority shareholders' share of comprehensive income for the year	(6)	-
		1,642	**1,164**

Consolidated cash flow statement

Notes	DKKm	2009	2008
	Earnings before special non-recurring items, depr. and amort. (EBITDA), continuing activites	2,725	2,911
	Earnings before special non-recurring items, depr. and amort. (EBITDA), discontinued activities	(45)	44
	Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**2,680**	**2,955**
	Adjustment for profits/losses on sale of tangible and intangible assets and foreign exchange adjustments, etc.	87	(197)
	Adjusted earnings before special non-recurring items, depr. and amort. (EBITDA)	**2,767**	**2,758**
12	Change in provisions	45	36
13	Change in working capital	305	313
	Cash flow from operating activities before financial items and tax	**3,117**	**3,107**
14	Financial payments received and made	(236)	(119)
11	Corporation taxes paid	(411)	(664)
	Cash flow from operating activities	**2,470**	**2,324**
15	Acquisition of enterprises and activities	(286)	(208)
16	Acquisition of intangible assets	(126)	(158)
17	Acquisition of tangible assets	(210)	(627)
18	Acquisition of financial assets	(5)	(17)
	Disposal of enterprises and activities	0	(2)
	Disposal of intangible and tangible assets	43	115
	Disposal of financial assets	54	26
	Cash flow from investing activities	**(530)**	**(871)**
	Dividend	(105)	(366)
	Addition of minority shares	7	0
	Acquisition of treasury shares	0	(12)
	Disposal of treasury shares	8	10
	Change in other interest-bearing net receivables/(debt)	(358)	(1,121)
	Cash flow from financing activities	**(448)**	**(1,489)**
	Changes in cash and cash equivalents	**1,492**	**(36)**
29	Cash and cash equivalents at 1 January	784	957
	Foreign exchange adjustment, cash and cash equivalents	113	(137)
29	Cash and cash equivalents at 31 December	2,389	784

The cash flow statement cannot be derived from the published financial information only

Consolidated balance sheet

Assets

Notes	DKKm	2009	2008
	Goodwill	3,369	3,263
	Patents and rights acquired	1,016	1,059
	Customer relations	954	893
	Other intangible assets	188	233
	Completed development projects	13	24
	Intangible assets under development	149	50
16	**Intangible assets**	**5,689**	**5,522**
	Land and buildings	971	858
	Plant and machinery	691	547
	Operating equipment, fixtures and fittings	222	234
	Tangible assets in course of construction	68	256
17	**Tangible assets**	**1,952**	**1,895**
18	Investments in associates	3	3
18	Other securities and investments	29	38
18	Other financial assets	9	21
27	Pension assets	0	2
19	Deferred tax assets	791	774
	Financial assets	**832**	**838**
	Total non-current assets	**8,473**	**8,255**
20	**Inventories**	**1,760**	**1,802**
22	Trade receivables	4,270	5,063
21	Work-in-progress for third parties	3,617	2,741
	Prepayments to subsuppliers	369	760
22	Other receivables	840	946
	Prepayments	118	236
	Receivables	**9,214**	**9,746**
	Securities	**66**	**142**
29	**Cash and cash equivalents**	**2,389**	**784**
23	**Assets held for sale**	**0**	**8**
	Total current assets	**13,429**	**12,482**
	TOTAL ASSETS	**21,902**	**20,737**

Equity and liabilities

Notes	DKKm	2009	2008
	Share capital	1,064	1,064
	Foreign exchange adjustments regarding translation of investments	(290)	(271)
	Foreign exchange adjustments regarding hedging transactions	(4)	1
	Retained earnings	5,568	4,219
	Proposed dividend	266	0
	FLSmidth & Co. A/S shareholders' share of equity	**6,604**	**5,013**
	Minority interests' share of equity	23	22
	Total equity	**6,627**	**5,035**
19	Deferred tax liabilities	682	628
27	Pension liabilities	246	200
24	Other provisions	739	710
25	Mortgage debt	358	376
25	Bank loans	813	1,074
25	Finance lease commitments	8	8
25	Prepayment from customers	306	1,054
25+26	Other liabilities	186	53
	Long-term liabilities	**3,338**	**4,103**
	Mortgage debt	17	6
	Bank loans	7	86
	Finance lease commitments	3	2
	Prepayments from customers	3,087	2,899
21	Work-in-progress for third parties	3,666	3,323
	Trade payables	2,421	2,748
	Corporation tax payable	211	248
26	Other liabilities	1,288	1,106
24	Other provisions	1,199	1,142
	Deferred income	38	39
	Short-term liabilities	**11,937**	**11,599**
	Total liabilities	**15,275**	**15,702**
	TOTAL EQUITY AND LIABILITIES	**21,902**	**20,737**

Other notes:

15 Acquisition of enterprises and activities
28 Maturity profile of financial liabilities
29 Net interest-bearing receivables/(debt)
30 Contingent assets and liabilities
31 Charges
32 Financial instruments
33 Financial assets and liabilities as defined in IAS 39

Consolidated equity

DKKm	Share capital	Foreign exchange adjustments re translation of investments	Foreign exchange adjustments re hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co. A/S shareholders' share	Minority interests' share	Total
Equity at 1 January 2008	**1,064**	**(24)**	**14**	**2,778**	**372**	**4,204**	**10**	**4,214**
Comprehensive income for the year		(247)	(13)	1,424		1,164		1,164
Additions and disposals of minority interests							12	12
Dividend paid					(367)	(367)		(367)
Dividend, treasury shares				5	(5)	0		0
Share-based payment, share options				14		14		14
Disposal of treasury shares				10		10		10
Addition of treasury shares				(12)		(12)		(12)
Equity at 31 December 2008	**1,064**	**(271)**	**1**	**4,219**	**0**	**5,013**	**22**	**5,035**
Comprehensive income for the year		(19)	(5)	1,672		1,648	(6)	1,642
Increase of capital, minority interests							7	7
Dividend paid				(105)		(105)		(105)
Share-based payment, share options				19		19		19
Share-based payment, employee shares				21		21		21
Proposed dividend				(266)	266	0		0
Disposal of treasury shares				8		8		8
Equity at 31 December 2009	**1,064**	**(290)**	**(4)**	**5,568**	**266**	**6,604**	**23**	**6,627**

See the parent company equity page 98 regarding capital structure.

At 31 December 2009 accumulated actuarial losses of DKK 258m were recognised directly in the equity (31 December 2008: DKK 218m).

1. Significant estimates and assessments by Management and significant accounting policies

When preparing the Annual Report in accordance with the Group's accounting policies, it is necessary that Management make estimates and lay down assumptions that affect the recognised assets and liabilities, including the disclosures made regarding contingent assets and liabilities.

Management base their estimates on historical experience and other assumptions considered relevant at the time in question. These estimates and assumptions form the basis of the recognised carrying amounts of assets and liabilities and the derived effects on the income statement. The actual results may deviate.

Management consider the following estimates and assessments and the relevant accounting policies essential for preparing the consolidated financial statements.

Revenue and work-in-progress for third parties
Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the revenue can be measured reliably. The consolidated revenue consists of the following products and services:

- Project and product sales
- Services and spare parts sales, etc.
- Building materials

Most of the Group's project and product sales plus service sales are included in revenue as work-in-progress for third parties. Work-in-progress for third parties is measured at the sales value of the work performed and recognised as revenue in the income statement based on the percentage of completion of the work performed. Percentage of completion is based, inter alia, on the costs incurred measured in proportion to the total expected costs. Total expected costs are partly based on an estimate; for example, total expected costs include allocations to unforeseen cost deviations in future supplies of raw materials, subsupplier products and services plus construction and commissioning. Provisions for warranty liabilities on work-in-progress are based on Management estimates for each project. The contract value of services in the form of O&M contracts are in a few cases dependent upon the productivity of the plant serviced. In such cases, income recognition of the contracts includes Management estimate of the productivity of the plant concerned.

Besides, major projects are often sold to a number of politically unstable countries. In the opinion of Management, the results of these estimates and uncertainties are reflected in the Annual Report based on the information and assumptions available.

Deferred tax liabilities and tax assets
Based on the balance sheet liability method the Group calculates deferred tax on all temporary differences between accounting and tax amounts except initially recognised goodwill without tax value, and deferred tax on foreign investments is only allocated if disposal is likely. Deferred tax assets are included if it is likely that there will be taxable income in the future against which timing differences or tax loss carryforwards may be used. For this purpose, Management estimate the coming years' earnings based on budgets and forecasts.

Receivables
Receivables are measured at amortised cost and written down to provide for losses if there are indications thereof. In connection with write-downs for losses on receivables, Management make an estimate on the basis of the information and indications available.

Warranties and other provisions
Provisions are recognised when due to an event occurring before the balance sheet date the Group has a legal or constructive obligation which is probable and can be stated reliably. Warranties and other provisions are measured on the basis of empirical information covering several years as well as legal opinions which together with estimates by Management of future trends form the basis for warranty provisions and other provisions. In the case of long-term warranties and other provisions, discounting to net present value takes place based on the future cash flow expected by Management and an estimated discounting factor.

Test for impairment
At least once every year, the Group tests for impairment of goodwill and trade marks of indefinite useful life. Other non-current assets that are systematically depreciated are tested for impairment when events or changed conditions indicate that the carrying amount may not be recoverable. Value in use as an expression of recoverable amount is calculated by discounting expected future cash flow which is estimated based on Management estimate and a discounting factor and growth rates estimated by Management.

Acquisition of enterprises and activities including fixing of purchase price allocations and amortisation hereof
In connection with the acquisition of enterprises and activities, purchase price allocations are made at fair value of identifiable assets, liabilities and contingent liabilities. Purchase price allocations mainly relate to intangible assets, work-in-progress and inventories and deferred tax hereof. The statement of fair value is related to Management estimates which are based on the expected future earnings of the assets. Management also make estimates of the useful life and depreciation and amortisation profile which is systematically based on the expected break-down of the assets' future economic benefits.

2. Breakdown of the Group by segments for 2009

DKKm	Cement	Minerals	Cembrit	Other companies etc.[1]	Continuing activities	Discon-tinued activities [2]	FLSmidth Group
INCOME STATEMENT							
External revenue	12,905	8,986	1,243	0	23,134	19	23,153
Internal revenue	154	51	0	(205)	0	0	0
Revenue	**13,059**	**9,037**	**1,243**	**(205)**	**23,134**	**19**	**23,153**
Production costs	(9,949)	(6,903)	(880)	4	(17,728)	(73)	(17,801)
Gross profit	**3,110**	**2,134**	**363**	**(201)**	**5,406**	**(54)**	**5,352**
Sales, distr. and admin. costs and other operating items	(1,383)	(1,112)	(329)	143	(2,681)	9	(2,672)
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**1,727**	**1,022**	**34**	**(58)**	**2,725**	**(45)**	**2,680**
Special non-recurring items	(2)	(4)	14	0	8	0	8
Depreciation, amortisation and write-downs of tangible and intangible assets	(177)	(220)	(73)	(2)	(472)	0	(472)
Earnings before interest and tax (EBIT)	**1,548**	**798**	**(25)**	**(60)**	**2,261**	**(45)**	**2,216**
Earnings before interest and tax (EBIT) before the effect of purchase price allocations regarding GL&V Process	*1,548*	*895*	*(25)*	*(60)*	*2,358*	*(45)*	*2,313*
ORDER INTAKE (GROSS)	**7,163**	**6,294**	**n/a**	**(135)**	**13,322**	**4**	**13,326**
ORDER BACKLOG	**12,568**	**8,712**	**n/a**	**(86)**	**21,194**	**11**	**21,205**
FINANCIAL RATIOS							
Contribution ratio	*23.8%*	*23.6%*	*29.2%*	*n/a*	*23.4%*	*n/a*	*23.1%*
EBITDA ratio	*13.2%*	*11.3%*	*2.7%*	*n/a*	*11.8%*	*n/a*	*11.6%*
EBIT ratio	*11.9%*	*8.8%*	*(2.0%)*	*n/a*	*9.8%*	*n/a*	*9.6%*
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*11.9%*	*9.9%*	*(2.0%)*	*n/a*	*10.2%*	*n/a*	*10.0%*
Number of employees, 31 December	**5,553**	**4,065**	**1,041**	**3**	**10,662**	**2**	**10,664**
Reconciliation of the year's profit/loss							
Segment earnings before interest and tax (EBIT) of reportable segments					2,261	(45)	
Financial income					1,562	11	
Financial costs					(1,715)	(8)	
Earnings for the year before tax (EBT)					**2,108**	**(42)**	
Tax for the year					(403)	1	
Profit/loss for the year					**1,705**	**(41)**	
Major revenue in individual countries:							
- Denmark (the Group's domicile country)					430		
- USA					2,829		
- Russia					2,713		
Major non-current assets in individual countries:							
- Denmark (the Group's domicile country)					1,430		
- USA					1,393		

[1] *Other companies consist of companies with no activities, real estate companies, eliminations and the parent company.*
[2] *Discontinued activities consist of activities for which it has been announced that they are discontinued in the Group. Discontinued activities also consist of run-off on activities sold in previous years.*
Cash flow of discontinued activities derives from operating activities DKK 221m, investing activities DKK 0m and financing activities DKK -237m.

2. Breakdown of the Group by segments for 2008

DKKm	Cement	Minerals	Cembrit	Other companies etc.[1]	Continuing activities	Discon-tinued activities[2]	FLSmidth Group
INCOME STATEMENT							
External revenue	13,588	10,307	1,390	0	25,285	42	25,327
Internal revenue	120	163	0	(283)	0	0	0
Revenue	**13,708**	**10,470**	**1,390**	**(283)**	**25,285**	**42**	**25,327**
Production costs	(10,782)	(8,181)	(985)	284	(19,664)	(11)	(19,675)
Gross profit	**2,926**	**2,289**	**405**	**1**	**5,621**	**31**	**5,652**
Sales, distr. and admin. costs and other operating items	(1,297)	(977)	(347)	(89)	(2,710)	13	(2,697)
Earnings before special non-recurring items, depr. and amort. (EBITDA)	**1,629**	**1,312**	**58**	**(88)**	**2,911**	**44**	**2,955**
Special non-recurring items	0	(102)	1	(6)	(107)	5	(102)
Depreciation, amortisation and write-downs of tangible and intangible assets	(108)	(250)	(34)	(3)	(395)	0	(395)
Earnings before interest and tax (EBIT)	**1,521**	**960**	**25**	**(97)**	**2,409**	**49**	**2,458**
Earnings before interest and tax (EBIT) before the effect of purchase price allocations regarding GL&V Process	*1,521*	*1,238*	*25*	*(97)*	*2,687*	*49*	*2,736*
ORDER INTAKE (GROSS)	**15,721**	**14,730**	**n/a**	**(275)**	**30,176**	**3**	**30,179**
ORDER BACKLOG	**18,565**	**12,606**	**n/a**	**(711)**	**30,460**	**25**	**30,485**
FINANCIAL RATIOS							
Contribution ratio	*21.3%*	*21.9%*	*29.1%*	*n/a*	*22.2%*	*n/a*	*22.3%*
EBITDA ratio	*11.9%*	*12.5%*	*4.2%*	*n/a*	*11.5%*	*n/a*	*11.7%*
EBIT ratio	*11.1%*	*9.2%*	*1.8%*	*n/a*	*9.5%*	*n/a*	*9.7%*
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*11.1%*	*11.8%*	*1.8%*	*n/a*	*10.6%*	*n/a*	*10.8%*
Number of employees, 31 December	**6,223**	**4,060**	**1,223**	**3**	**11,509**	**1**	**11,510**
Reconciliation of the year's profit/loss							
Segment earnings before interest and tax (EBIT) of reportable segments					2,409	49	
Financial income					1,474	20	
Financial costs					(1,760)	(13)	
Earnings for the year before tax (EBT)					**2,123**	**56**	
Tax for the year					(667)	(3)	
Profit/loss for the year					**1,456**	**59**	
Major revenue in individual countries:							
- Denmark (the Group's domicile country)					479		
- USA					3,219		
- Russia					964		
Major non-current assets in individual countries:							
- Denmark (the Group's domicile country)					1,460		
- USA					935		

1) Other companies consist of companies with no activities, real estate companies, eliminations and the parent company.
2) Discontinued activities consist of activities for which it has been announced that they are discontinued in the Group. Discontinued activities also consist of run-off on activities sold in previous years.
Cash flow of discontinued activities derives from operating activities DKK -40m, investing activities DKK 1m and financing activities DKK -61m.

3. Segment reporting, geographical

DKKm	2009	2008
Revenue		
Denmark	430	479
Scandinavia exclusive of Denmark	301	371
Rest of Europe	5,179	4,172
Asia	5,573	7,254
North America	3,835	4,720
South America	3,037	3,515
Africa	3,931	3,565
Australia	848	1,209
	23,134	**25,285**
Assets		
Denmark	4,323	4,597
Scandinavia exclusive of Denmark	53	61
Rest of Europe	4,965	4,949
Asia	1,028	1,025
North America	10,074	8,651
South America	560	489
Africa	389	446
Australia	510	519
	21,902	**20,737**

4. Revenue

DKKm	2009	2008
Project and product sales	16,436	18,535
Sales of parts and services, etc.	5,455	5,360
Building materials	1,243	1,390
	23,134	**25,285**
Income recognition criteria		
Income recognised when delivered	5,979	6,671
Income recognised according to the percentage-of-completion method	17,155	18,614
	23,134	**25,285**

5. Fee to parent company auditors appointed at the Annual General Meeting

DKKm	2009	2008
Deloitte		
Statutory audit	21	19
Other assurance engagements	1	1
Tax and VAT services	6	8
Other services	2	6
	30	**34**

6. Other operating income and costs

DKKm	2009	2008
Other operating income		
Government subsidies and other grants	9	8
Rent income	17	17
Royalties, etc.	57	24
Profit on disposal of tangible assets	15	38
Other income	106	86
	204	**173**
Other operating cost		
Losses on disposal of tangible assets	(11)	(4)
Royalties, etc.	(5)	(4)
Other costs	(27)	(39)
	(43)	**(47)**
Total other operating income and costs	**161**	**126**

In 2009, the profit on disposal of tangible assets included the profit from sale of buildings in India and Canada at DKK 9m and DKK 5m, respectively.

I 2008, the profit on disposal of tangible assets included the profit from the sale of real property in Denmark at DKK 30m and sale of office buidlings in Canada at DKK 5m. Other income consists of income deriving from secondary activities in the form of fees, etc.

7. Financial income and costs

DKKm	2009	2008
Financial income		
Interest income from banks and receivables	20	58
Interest income from financial assets measured at fair value via the income statement	4	16
Capital gains from derivative financial instruments	162	131
Foreign exchange gains	1,323	1,244
Other financial income	53	25
	1,562	**1,474**
Financial costs		
Interest payable on bank loans and mortgage debt	54	111
Capital losses on derivative financial instruments	145	296
Foreign exchange losses	1,487	1,314
Other financial costs	29	39
	1,715	**1,760**

8. Staff costs

DKKm	2009	2008
Wages and salaries and fees	3,014	3,068
Defined contribution plans and other social security costs, etc.	378	403
Defined benefit plans	20	(3)
Share-based payment, option plans	19	14
Share-based payment, employee plan	21	0
Cash-based payment, employee plan	19	0
Other staff costs	328	233
	3,799	**3,715**
The amounts are included in the items:		
Production costs	2,274	2,223
Sales and distribution costs	735	703
Administrative costs	790	789
	3,799	**3,715**

For further details concerning the remuneration of the Management and Board of Directors, see Note 36 regarding related parties.

9. Share-based payment

Share options
The Management and a number of key employees in the Group have been granted options to purchase 659,310 shares in the company at a set price (strike price).

The Group's share option plan includes a "change of control" clause giving the holders the right to immediately exercise their options in connection with an acquisition offer.

Share-based plans
(2003-2005 plan and 2006-2009 plan)
The share option plans for 2003-2005 and 2006-2009 are share-based payment arrangements. The value of the options is recognised in the income statement under staff costs on a linear basis from the time of allocation to the initial time of acquisition, which means that at the time of exercising the option no further recognition in the income statement statement takes place.

9. Share-based payment (continued)

Specification of outstanding options:

Number of options	**Manage-ment**	**Key staff**	**Total**
Outstanding options 1 January 2008	150,800	360,700	511,500
Exercised of 2004 plan	(20,000)	0	(20,000)
Exercised of 2005 plan	(10,000)	(10,000)	(20,000)
Exercised of 2006 plan		(10,000)	(10,000)
Exercised of 2007 plan		(2,600)	(2,600)
Lapsed		(15,200)	(15,200)
Allocated for 2008 (issued 21 August 2008)	20,150	108,950	129,100
Outstanding options 31 December 2008	**140,950**	**431,850**	**572,800**
Exercised of 2005 plan	(20,000)	(20,000)	(40,000)
Exercised of 2006 plan		(20,000)	(20,000)
Lapsed		(14,700)	(14,700)
Allocated for 2009 (issued 20 August 2009)	25,400	135,810	161,210
Outstanding options 31 December 2009	**146,350**	**512,960**	**659,310**
Number of options that are exercisable at 31 December 2009	76,000	170,000	246.000
Total fair value of outstanding options DKKm			
At 31 December 2009	27	83	110
At 31 December 2008	10	27	37

DKK	**2009**	**2008**
Average weighted fair value per option	169.22	64.11
Average weighted strike price per option	299.15	298.64
Average price per share at the time of exercising the option	309.30	483.80

In 2009, the recognised fair value of share options in the consolidated income statement amounts to DKK 19m (2008: DKK 14m).

The calculation of average weighted fair value and strike price per option is based on a dividend of DKK 7 (2008: DKK 0) in the exercise period.

Year of allocation, strike price and exercise period of the individual allocations are as follows:

Year of allocation	**Strike price**	**Exercise period**	**Allocated**	**Lapsed**	**Exercised**	**Not exercised**
2005	98.98	2009-2010	380,000	0	(300,000)	80,000
	99.92	2010-2011				
2006	214.00	2009-2010	206,000	(15,000)	(30,000)	161,000
	209.00	2010-2011				
	202.00	2011-2012				
2007	441.00	2010-2011	145,500	(10,400)	(2,600)	132,500
	434.00	2011-2012				
	427.00	2012-2013				
2008	428.00	2011-2012	129,100	(4,500)	0	124,600
	421.00	2012-2013				
	414.00	2013-2014				
2009	224.00	2012-2013	161,210	0	0	161,210
	217.00	2013-2014				
	210.00	2014-2015				

The calculated fair values in connection with allocation are based on the Black-Scholes model for valuation of options.

The calculation of fair values of outstanding share options at the time of allocation is based on the following assumptions:

	Allocated in 2009	**Allocated in 2008**
Average price per share	245.00	442.00
Strike price per share	245.00	442.00
Expected volatility	70.10%	40.56%
Expected life	4 1/2 years	4 1/2 years
Expected dividend per share	DKK 3	DKK 3
Number of share options allocated	161,210	129,100
Fair value per option, DKK	135.00	170.32
Total fair value, DKKm	22	22

The expected volatility is based on the historical volatility (calculated as the weighted average residual life of share options allocated) adjusted for expected changes due to publically available information.

The strike prices for allocations in 2003 - 2005 are increased annually by 6 percent. The annual increase, however, is limited by the dividend declared at the latest Annual General meeting prior to the half-yearly report in question so that each dividend krone is deducted from the calculated 6 percent increase. Non-exercised options lapse if the holder ceases to be employed by the Company.

Cash-settled plan (1998-1999)
The 1998-1999 plan is categorised as a cash-settled plan as it entitles employees to choose differential settlement in cash. The value of options calculated according to the Black-Scholes model is expensed in the income statement under *Financial items* and a provision is made in the balance sheet under *Other payables*. The amount is adjusted for actual exercise value. The year's cost amounted to DKK 0m (2008: DKK 4m).

Specification of outstanding options:

Number of options	**Manage-ment**	**Key staff**	**Total**
Options allocated 1 January 2008	0	17,202	17,202
Exercised	0	(8,061)	(8,061)
Lapsed	0	(9,141)	(9,141)
Outstanding options 31 December 2008	0	0	0
Exercised	0	0	0
Lapsed	0	0	0
Outstanding options 31 December 2009	**0**	**0**	**0**
Number of options that are exercisable at 31 December 2009	0	0	0
Total fair value of outstanding options DKKm			
At 31 December 2009	0	0	0
At 31 December 2008	0	0	0

DKK per option	**2009**	**2008**
Average weighted fair value per option	0.0	0.0
Average weighted strike price per option	0.0	0.0
Average price per share at the time of exercising the option	0.0	451.68

10. Special non-recurring items

DKKm	2009	2008
Recognised negative goodwill	14	1
Run-off on purchase price allocations to inventories in connection with business acquisitions	(6)	(102)
Profit/(loss) from disposal of enterprises and activities	-	(6)
	8	**(107)**

In connection with the acquisition of enterprises, fair value adjustments are made of inventories and work-in-progress. In connection with the subsequent realisation of these inventories and work-in-progress, recognition of fair value adjustments in the income statement are separated from production costs and expensed as special non-recurring items. Income recognition in 2008 consists primarily of fair value adjustment regarding the acquisition of GL&V Process.

11. Tax for the year

DKKm	2009	2008
Current tax on the profit/loss for the year	**421**	**643**
Withholding taxes	35	47
Adjustments of deferred tax	163	28
Adjustment of tax rate on deferred tax	10	3
Adjustments regarding previous years, deferred taxes	(23)	(19)
Adjustments regarding previous years, current taxes	(230)	(49)
Other adjustments	27	14
Tax for the year on continuing activities	**403**	**667**
Earnings before tax on continuing activities	2,108	2,123
Earnings before tax on discontinued activities	(42)	56
	2,066	**2,179**
Reconciliation of tax		
Tax according to Danish tax rate	527	531
Differences in the tax rates in foreign subsidiaries relative to 25%	76	83
Non-taxable income and non-deductible costs	40	14
Primary dividend taxes	(3)	(1)
Non-taxable profits on sale of assets	(8)	2
Written-off purchase costs	(37)	9
Differences in tax assets valued at nil	(11)	33
Differences due to adjustment of tax rate	10	3
Adjustments regarding previous years, deferred taxes	(23)	(19)
Adjustments regarding previous years, current taxes	(230)	(49)
Withholding taxes	35	47
Other adjustments	27	14
	403	**667**

Tax paid in 2009 amounts to DKK 411m (2008: DKK 664m).

Adjustment regarding previous years, current taxes include recognition of tax losses used, see Note 19.

Tax on other comprehensive income

DKKm	2009			2008		
	Before tax	Tax income /cost	After tax	Before tax	Tax income /cost	After tax
Foreign exchange adjustment of loans classified as equity in foreign enterprises	(16)	4	(12)	(48)	12	(36)
Foreign exchange adjustment of hedging instruments	(5)	1	(4)	(13)	0	(13)
Actuarial gains/ (losses) on defined benefit plans	(40)	45	5	(89)	31	(58)
	(61)	**50**	**(11)**	**(150)**	**43**	**(107)**

12. Change in provisions

DKKm	2009	2008
Pensions and similar obligations	7	(44)
Other provisions	38	80
	45	**36**

13. Change in working capital

DKKm	2009	2008
Inventories	159	(405)
Trade receivables	1,410	(616)
Trade payables	(862)	903
Work-in-progress and prepayments	(790)	554
Change in other receivables and other liabilities	388	(123)
	305	**313**

14. Financial payments received and made

DKKm	2009	2008
Financial payments received	1,433	1,406
Financial payments made	(1,669)	(1,525)
	(236)	**(119)**

15. Acquisition of enterprises and activities in 2009

Name of enterprise acquired	Primary activity	Acquisition date	Share acquired	Voting share acquired	Ownership interest	Voting share
Pneumapress Filter Corporation	Minerals	15 May 2008	100%	100%	100%	100%
Dawson Metallurgical Laboratories (acquisition of net assets)	Minerals	4 August 2008	-	-	-	-
Conveyor Engineering Inc.	Minerals	1 March 2009	100%	100%	100%	100%
ID-Tecnologia (acquisition of net assets)	Minerals	3 April 2009	-	-	-	-
Cardwell Geo Chemical Inc. (acquisition of net assets)	Minerals	12 June 2009	-	-	-	-
EEL India Limited	Cement	28 July 2009	100%	100%	100%	100%
Summit Valley (acquisition of net assets)	Minerals	15 December 2009	-	-	-	-

DKKm	EEL India Limited			Other			Total
	Carrying amount before adjustment	Adjustments at fair value	Fair value adjusted opening balance sheet	Carrying amount before adjustment	Adjustments at fair value	Fair value adjusted opening balance sheet	Addition fair value adjusted opening balance sheet 2009
Patents and rights acquired	-	7	7	-	20	20	27
Customer relations	-	48	48	-	102	102	150
Other intangible assets	-	-	-	1	33	34	34
Tangible assets	54	14	68	14	-	14	82
Financial assets including deferred tax	20	-	20	-	-	-	20
Inventories	16	2	18	-	4	4	22
Receivables	26	-	26	17	-	17	43
Cash and cash equivalents	3	-	3	28	-	28	31
Provisions including deferred tax	(4)	(25)	(29)	-	(29)	(29)	(58)
Loans	-	-	-	(4)	-	(4)	(4)
Other liabilities	(29)	-	(29)	(25)	-	(26)	(55)
Net assets	**86**	**46**	**132**	**31**	**130**	**160**	**292**
Goodwill			47			86	133
Recognised negative goodwill			-			(14)	(14)
Cost			**179**			**232**	**411**
Cash and cash equivalents acquired			(3)			(28)	(31)
Contingent consideration			0			(94)	(94)
Net cash effect, acquisitions			**176**			**110**	**286**
Specification of net cash effect							
Purchase price			176			110	286
Direct acquisition costs			0			0	0
Net cash effect			**176**			**110**	**286**

EEL India Limited: Based in India, EEL is a member of the FLSmidth & Co. Group and included in its Cement segment as a provider of cement handling and packing systems. The activities were consolidated at 28 July 2009. The non-allocated purchase price amounts to DKK 47m and is recognised as goodwill reflecting expected synergies. The activities are included in the consolidated accounts with a revenue of DKK 55m and earnings after tax of DKK 4m.

Other

Pneumapress Filter Corporation: Pneumapress was acquired in May 2008 and reference is made to the comparative figures in this note for further details concerning this acquisition. In 2009, the fair value adjustment of the opening balance sheet was completed, resulting in a few adjustments.

Dawson Metallurgical Labaratories: Dawson was acquired in August 2008 and reference is made to the comparative figures in this note for further details concerning this acquisition. In 2009, the fair value adjustment of the opening balance sheet was completed, resulting in a few adjustments.

Conveyor Engineering Inc.: Based in the USA,Conveyor Engineering is a member of the FLSmidth & Co. Group and included in the Minerals segment as a provider of material handling systems for the metal and mineral industries. The activities were consolidated with effect from 1 March 2009. Non-allocated purchase price amounts to DKK 99m and is recognised as goodwill reflecting expected synergies. The activities are included in the consolidated financial statements with a revenue of DKK 173m and earnings after tax of DKK 12m.

ID Tecnologia: Based in Chile, ID-Tecnologia is a member of the FLSmidth & Co. Group and included in the Minerals segment in the field of separation systems for the metal and minerals industries. The activities were consolidated at 3 April 2009. No purchase price allocation has been made on recognition, because in the opinion of the Group the carrying amounts reflect the market value of identified assets and liabilities. The activities are included in the consolidated financial statements at a revenue of DKK 8m and earnings after tax of DKK 1m.

Cardwell Geo Chemical Inc.: Based in the USA, Cardwell is a member of the FLSmidth & Co. Group and included in the Minerals segment in the field of separation systems for the metal and mineral industries. The activities were consolidated with effect from 12 June 2009. No purchase price allocation has taken place on recognition, because in the opinion of the Group the book values reflect the market value of identified assets and liabilities. The activities are included in the consolidated statements at a revenue of DKK 1m and earnings after tax at DKK 0m.

Summit Valley: Based in the USA, Summit Valley is a member of the FLSmidth & Co. Group and included in the Minerals segment in the field of separation systems for the metal and mineral industries. The activities were consolidated with effect from 15 December 2009. Non-allocated purchase price amounts to DKK 12m and is recognised as goodwill reflecting expected synergies. The activities are included in the consolidated financial statements at a revenue of DKK 0m and earnings after tax of DKK 0m.

Revenue and earnings on a full-year basis: If the enterprises acquired in 2009 had been consolidated with effect from January 2009, the revenue and the earnings after tax of these enterprises and activities would have been included in the consolidated financial statements at DKK 423m and DKK 39m, respectively.

15. Acquisition of enterprises and activities in 2008

Name of enterprise acquired	Primary activity	Acquisition date	Share acquired	Voting share acquired	Ownership interest	Voting share
GL&V Process	Minerals	10 August 2007	100%	100%	100%	100%
Pneumapress Filter Corporation	Minerals	15 May 2008	100%	100%	100%	100%
Dawson Metallurgical Laboratories (acquisition of net assets)	Minerals	4 August 2008	-	-	-	-
CEntry (acquisitions of net assets)	Minerals	1 October 2008	-	-	-	-
FLS Automation Italy	Cement	15 December 2008	40%	40%	100%	100%
Eternit South Eastern Europe Holding GmbH	Cembrit	21 April 2008	50%	50%	100%	100%
Cembrit Pro-Tile	Cembrit	1 May 2008	51%	51%	51%	51%
Cembrit SpA	Cembrit	12 November 2008	67%	67%	67%	67%

DKKm	GL&V Process			Other			Total
	Fair value adjusted opening balance sheet (31 December 2007)	Adjustments at fair value adjusted in 2008	Fair value adjusted opening balance sheet	Carrying amount before adjustment	Adjustments at fair value	Fair value adjusted opening balance sheet	Acquisitions fair value adjusted opening balance sheet in 2008
Completed development projects	5	-	5	-	-	-	-
Patents and rights acquired	1,058	-	1,058	17	-	17	17
Customer relations	926	-	926	4	40	44	44
Other intangible assets	124	-	124	1	29	30	30
Tangible assets	86	-	86	27	-	27	27
Financial assets including deferred tax	71	-	71	5	-	5	5
Inventories	459	-	459	7	8	15	15
Receivables	1,095	(5)	1,090	42	-	42	37
Cash and cash equivalents	1,562	-	1,562	27	-	27	27
Minority interests	-	-	-	(12)	-	(12)	(12)
Provisions including deferred tax	(800)	(13)	(813)	(11)	(9)	(20)	(33)
Loans	(1,758)		(1,758)	(12)	-	(12)	(12)
Other liabilities	(810)	(41)	(851)	(24)	-	(24)	(65)
Net assets	**2,018**	**(59)**	**1,959**	**71**	**68**	**139**	**80**
Goodwill	3,004	(23)	2,981			97	74
Recognised negative goodwill	0	0	-			(1)	(1)
Cost	**5,022**	**(82)**	**4,940**			**235**	**153**
Cash and cash equivalents acquired	(1,562)	0	(1,562)			(27)	(27)
Net cash effect, acquisitions	**3,460**	**(82)**	**3,378**			**208**	**126**
Specification of net effect of cash and cash equivalents:							
Acquisition price	3,385	(82)	3,303			208	126
Direct acquisition costs	75	0	75			0	0
Net effect of cash and cash equivalents	**3,460**	**(82)**	**3,378**			**208**	**126**

GL&V Process (FLSmidth Dorr-Oliver Eimco og FLSmidth Krebs): Groupe Lapièrre & Verreault Inc. (GL&V Process) was acquired in August 2007 and reference is made to the comparative figures in this note for further details regarding this acquisition. In 2008, the fair value adjustment of the opening balance sheet was completed, resulting in the above net adjustments of DKK 82m.

Pneumapress Filter Corporation: Based in the USA, Pneumapress is a member of the FLSmidth & Co. Group and included in the Minerals segment as a provider of separation technology to the metal and minerals industries. The company was consolidated with effect from 15 May 2008. Non-allocated purchase price amounts to DKK 49m and is recognised as goodwill reflecting expected synergies. The activities of the company are included in the consolidated financial statements at a revenue of DKK 23m and earnings after tax of DKK 2m.

Dawson Metallurgical Labaratories: Based in the USA, Dawson is a member of the FLSmidth & Co. Group and included in the Minerals segment in the field of separation technology for the metal and minerals industries. The activities were consolidated with effect from 4 August 2008. Non-allocated purchase price amounts to DKK 2m and is recognised as goodwill reflecting expected synergies. The activities of the company are included in the consolidated financial statements at a revenue of DKK 6m and earnings after tax of DKK 0m.

CEntry (FLSmidth CEntry): Based in the USA, CEntry is a member of the FLSmidth & Co. Group and included in the Minerals segment in the field of separation technology for the metal and minerals industries. The activities were consolidated with effect from 1 October 2008. Non-allocated purchase price amounts to DKK 34m and is recognised as goodwill reflecting expected synergies. The activities of the company are included in the consolidated financial statements at a revenue of DKK 21m and earnings after tax of DKK -2m.

FLS Automation Italy: Based in Italy, FLS Automation Italy is a member of the FLSmidth & Co. Group and is included in its Cement segment in the field of electrical systems, etc. Since the Group acquired a controlling interest in 2007, the company has been fully consolidated in the financial statements. No purchase price allocation took place when acquiring additional interests in 2008, because in the Group's opinion the carrying amounts express the market value of identifiable assets and liabilities. Goodwill at DKK 9m has been recognised, reflecting expected synergies. The company is included in the consolidated financial statements with a revenue of DKK 6m and earnings after tax of DKK 0m.

Eternit South Eastern Europe Holding GmbH: Based in Austria, Eternit South Eastern Europe Holding GmbH is a member of the FLSmidth & Co. Group and is a production unit in the Cembrit segment. Until now the company has been 50 percent owned and consolidated pro rata. After the acquisition of the remaining 50 percent, the company has been fully consolidated in the financial statements. No purchase price allocation took place in connection with the recognition of the remaining 50 percent of the company's assets and liabilities, because in the Group's opinion the carrying amounts express the market value of identifiable assets and liabilities. Goodwill amounting to DKK 3m has been recognised, representing anticipated synergies. The company is included in the consolidated financial statements with a revenue of DKK 45m and earnings after tax of DKK -19m.

Cembrit Pro-Tile: Based in Belgium, Cembrit Pro-Tile is a member of the FLSmidth & Co. Group and is a sales unit in the Cembrit segment. The company was consolidated with effect from 1 May 2008. No purchase price allocation took place on recognition because in the Group's opinion the carrying amounts reflect the market values of identifiable assets and liabilities. The company is included in the consolidated financial statements with a revenue of DKK 21m and earnings after tax of DKK 0m.

Cembrit SpA: Based in Italy, Cembrit SpA is a member of the FLSmidth & Co. Group and is a production unit in the Cembrit segment. The company was consolidated with effect from 12 November 2008. No purchase price allocation took place in connection with the recognition, because in the Group's opinion the carrying amounts express the market value of identifiable assets and liabilities. The company is included in the consolidated financial statements with a revenue of DKK 8m and earnings after tax of DKK 0m.

Revenue and earnings on a full-year basis: If the enterprises acquired in 2008 had been consolidated with effect from 1 January 2008, the revenue and the earnings after tax of these enterprises and activities would have been included in the consolidated financial statements at DKK 299m and DKK -20m, respectively.

16. Intangible assets

DKKm	Goodwill	Patents and rights acquired	Customer relations	Other intan-gible assets	Completed development projects	Intangible assets under development	Total
Cost at 1 January 2009	3,271	1,083	973	537	63	50	5,977
Foreign exchange adjustments	(24)	(8)	(24)	(7)	0	5	(58)
Acquisition of Group enterprises	133	27	150	33	0	0	343
Additions	0	4	0	24	0	98	126
Disposals	(6)	(3)	0	(6)	0	0	(15)
Other adjustments	0	76	0	(2)	(9)	0	65
Cost at 31 December 2009	**3,374**	**1,179**	**1,099**	**579**	**54**	**153**	**6,438**
Amortisation and write-downs at 1 January 2009	8	24	80	304	39		455
Foreign exchange adjustments	(3)	(1)	(4)	(5)	0	0	(13)
Disposals	0	0	0	(6)	0		(6)
Annual amortisation	0	65	69	73	7		214
Annual write-downs	0	0	0	27	0	4	31
Other adjustments	0	75	0	(2)	(5)		68
Amortisation and write-downs at 31 December 2009	**5**	**163**	**145**	**391**	**41**	**4**	**749**
Carrying amount at 31 December 2009	**3,369**	**1,016**	**954**	**188**	**13**	**149**	**5,689**

DKKm	Goodwill	Patents and rights acquired	Customer relations	Other intan-gible assets	Completed development projects	Intangible assets under development	Total
Cost at 1 January 2008	3,193	1,146	930	384	68	19	5,740
Foreign exchange adjustments	2	0	0	1	1	0	4
Acquisition of Group enterprises	75	17	43	29	0	0	164
Additions	1	2	0	38	0	119	160
Disposals	0	0	0	0	(10)	0	(10)
Other adjustments	0	(82)	0	85	4	(88)	(81)
Cost at 31 December 2008	**3,271**	**1,083**	**973**	**537**	**63**	**50**	**5,977**
Amortisation and write-downs at 1 January 2008	2	55	16	200	42		315
Foreign exchange adjustments	6	(1)	0	(1)	1		5
Disposals	0	0	0	0	(11)		(11)
Annual amortisation	0	51	64	105	7		227
Other adjustments	0	(81)	0	0	0		(81)
Amortisation and write-downs at 31 December 2008	**8**	**24**	**80**	**304**	**39**		**455**
Carrying amount at 31 December 2008	**3,263**	**1,059**	**893**	**233**	**24**	**50**	**5,522**

16. Intangible assets (continued)

Amortisation and write-downs in the income statement are stated at the average rates of exchange and cannot therefore be directly reconciled with the intangible asset note stated above in which amortisation and write-downs are stated at year-end exchange rates. For allocation of amortisation and write-downs to Production costs, Sales and distribution costs and Administrative costs, see Note 35.

For acquisition of Group enterprises, see Note 15. Translation of acquisitions to DKK, cf. Note 15, is stated at the transaction date exchange rate and cannot, therefore, be directly reconciled with the fixed asset note above in which acquisitions are stated at year-end exchange rates.

Much of the knowledge generated in the Group originates from work performed for customers. In 2009, the Group's research and development costs totalled DKK 315m (2008: DKK 268m). As these costs mainly relate to improvements of already existing products, capitalised development costs merely account for a total of DKK 70m (2008: DKK 37m) in respect of R&D development projects. The total addition of intangible assets includes internal capitalisation at DKK 98 (2008: DKK 119m).

The consolidated capitalised goodwill and trademarks deriving from acquisition of enterprises and activities are allocated to cash generating units by Management in connection with recognition. At least once every year, an impairment test of goodwill and trademarks of indefinite useful life is carried out.

Value in use as an expression of the recoverable amount is calculated for each cash generating unit (CGU) by discounting the expected future cash flow to net present value. Expected future cash flow is based on Management estimates including expected growth rates, etc. The discounting factor is also calculated on the basis of Management estimates which include both general capital market conditions and a specif risk profile (currently 9-10%).

The value in use calculations are composed of discounted expected cash flow for the next five years and a calculated terminal value of cash flow for the subsequent period. In calculating the terminal value a growth rate (0-1%) which is conservatively estimated by Management is adopted for each of the cash generating units.

In 2009 write-downs of software systems amount to DKK 31m. The write-down are recognised in the 2009 income statement.

Intangible assets are amortised over their economic life. Of the intangible assets, goodwill and trademarks acquired regarding GL&V Process are considered to have indefinite useful life. The carrying amount of these intangible assets of indefinite useful life is shown in the following divided into segments:

Intangible assets of indefinite useful life

DKKm	**Cement**	**Minerals**	**Cembrit**	**2009**	**2008**
Goodwill	73	3,250	46	3,369	3,263
Patents and rights (trademarks) acquired	0	403	0	403	403
Carrying amount at 31 December	**73**	**3,653**	**46**	**3,772**	**3,666**

17. Tangible assets

DKKm	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Tangible assets in course of construction	Total
Cost at 1 January 2009	1,399	1,202	603	256	3,460
Foreign exchange adjustments	12	12	17	5	46
Acquisition of Group enterprises	61	20	6	0	87
Additions	34	74	62	40	210
Disposals	(17)	(24)	(29)	(1)	(71)
Transferred between categories	59	175	(6)	(228)	0
Other adjustments	(2)	10	(6)	(4)	(2)
Cost at 31 December 2009	**1,546**	**1,469**	**647**	**68**	**3,730**
Depreciation and write-downs at 1 January 2009	541	655	369		1,565
Foreign exchange adjustments	0	4	11		15
Acquisition of Group enterprises		2			2
Disposals	(7)	(15)	(24)		(46)
Annual depreciation	38	113	81		232
Other adjustments	3	19	(12)		10
Depreciation and write-downs at 31 December 2009	**575**	**778**	**425**		**1,778**
Carrying amount at 31 December 2009	**971**	**691**	**222**	**68**	**1.952**
Assets held under a finance lease					
Carrying amount at 31 December 2009	10	0	5	0	15

DKKm	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Tangible assets in course of construction	Total
Cost at 1 January 2008	1,287	1,275	562	109	3,233
Foreign exchange adjustments	(26)	(9)	(35)	(6)	(76)
Acquisition of Group enterprises	4	17	7	0	28
Additions	185	207	110	125	627
Disposals	(63)	(168)	(42)	(12)	(285)
Transferred between categories	31	20	5	(56)	0
Other adjustments	(19)	(140)	(4)	96	(67)
Cost at 31 December 2008	**1,399**	**1,202**	**603**	**256**	**3,460**
Depreciation and write-downs at 1 January 2008	527	798	362		1,687
Foreign exchange adjustments	(3)	5	(19)		(17)
Disposals	(3)	(167)	(40)		(210)
Annual depreciation	35	94	66		195
Annual write-down/(reversal)	(3)	(29)	0		(32)
Other adjustments	(12)	(46)	0		(58)
Depreciation and write-downs at 31 December 2008	**541**	**655**	**369**		**1,565**
Carrying amount at 31 December 2008	**858**	**547**	**234**	**256**	**1,895**
Assets held under a finance lease					
Carrying amount at 31 December 2008	9	0	5	0	14

Depreciation and write-downs in the income statement are stated at the average rates of exchange and cannot therefore be directly reconciled with the fixed asset note above in which depreciation and write-downs are stated at year-end exchange rates. For allocation of depreciation and write-downs to Production costs, Sales and distribution costs and Administrative costs, see Note 35.

For acquisition of Group enterprises, see Note 15. Translation of acquisitions to DKK, cf. Note 15, is stated at the transaction date and cannot, therefore, be directly reconciled with the fixed asset note above in which acquisitions are stated at year-end exchange rates.

In 2008, a reversal of DKK 32m in respect of buildings (DKK 3m) and plant and machinery (DKK 29m) has been made in Cembrit. The reversal is due to the changed statement of warranty liabilities in the impairment test and the changed definition of cash generating units whereby Cembrit as a whole is considered one cash generating unit.

18. Financial assets

DKKm	Investments in associates	Other securities and investments	Other financial assets	Total
Cost at 1 January 2009	2	113	46	161
Foreign exchange adjustments	0	0	4	4
Additions	0	5	0	5
Disposals	0	(26)	0	(26)
Other adjustments	(1)	(12)	(22)	(35)
Cost at 31 December 2009	**1**	**80**	**28**	**109**
Adjustments at 1 January 2009	1	(75)	(25)	(99)
Disposals	0	14	0	14
Profit/loss shares	0	10	0	10
Value and other adjustments	1	0	6	7
Adjustments at 31 December 2009	**2**	**(51)**	**(19)**	**(68)**
Carrying amount at 31 December 2009	**3**	**29**	**9**	**41**

DKKm	Investments in associates	Other securities and investments	Other financial assets	Total
Cost at 1 January 2008	2	125	32	159
Foreign exchange adjustments	0	1	0	1
Additions	0	3	14	17
Disposals	0	(8)	0	(8)
Other adjustments	0	(8)	0	(8)
Cost at 31 December 2008	**2**	**113**	**46**	**161**
Adjustments at 1 January 2008	2	(67)	(24)	(89)
Additions	0	3	0	3
Disposals	0	(7)	0	(7)
Value and other adjustments	(1)	(4)	(1)	(6)
Adjustments at 31 December 2008	**1**	**(75)**	**(25)**	**(99)**
Carrying amount at 31 December 2008	**3**	**38**	**21**	**62**

Investments in associates consist of LFC International Engineering JSC (Vietnam), NLS-SSBIL (the United Arab Emirates), LV Technology Public Company Ltd. (Thailand), Transweigh India Ltd. (India).

19. Deferred tax assets and liabilities

DKKm	Opening balance 2009	Foreign currency translation	Adjustment to previous years, etc.	Acquisitions	Changed tax rates	Recognised in comprehensive income	Movements of the year	Closing balance 2009
Deferred tax consists of								
Intangible assets	(593)	1	94	(49)	(1)	0	122	(426)
Tangible assets	132	1	92	(6)	(1)	0	7	225
Current assets	157	2	(14)	(1)	(2)	0	140	282
Liabilities	319	10	(717)	1	(5)	47	(216)	(561)
Tax loss carry-forwards, etc.	495	5	461	(5)	(1)	0	(232)	723
Share of tax assets valued at nil	(364)	(1)	218	(3)	0	0	16	(134)
Net deferred tax assets/liabilities	**146**	**18**	**134**	**(63)**	**(10)**	**47**	**(163)**	**109**

DKKm	Opening balance 2008	Foreign currency translation	Adjustment to previous years, etc.	Acquisitions	Changed tax rates	Recognised in comprehensive income	Movements of the year	Closing balance 2008
Deferred tax consists of								
Intangible assets	(611)	0	(6)	(1)	(2)	0	27	(593)
Tangible assets	168	2	32	9	0	0	(79)	132
Financial assets	(7)	0	0	0	0	0	7	0
Current assets	16	0	3	2	2	(2)	136	157
Liabilities	344	(8)	7	(1)	(2)	34	(55)	319
Tax loss carry-forwards, etc.	561	(6)	(17)	(3)	(1)	0	(39)	495
Share of tax assets valued at nil	(407)	4	67	(3)	0	0	(25)	(364)
Net deferred tax assets/liabilities	**64**	**(8)**	**86**	**3**	**(3)**	**32**	**(28)**	**146**

DKKm	2009	2008
Deferred tax assets	791	774
Deferred tax liabilities	(682)	(628)
	109	**146**
Maturity profile of tax assets valued at nil		
Within one year	14	25
Between one and five years	46	209
More than five years	631	1.359
	691	**1.593**
Tax value	134	364

The Group's deferred tax assets are recognised to the extent that they are expected to be used in the future.

Where companies in the Group have deferred tax liabilities, they are valued independently of the time when the tax, if any, becomes payable.

On 30 April 2009, the National Tax Tribunal held in favour of FLSmidth & Co. A/S that the company's permanent establishment in the UK ceased before 31 December 2004. This means that a tax loss of approximately DKK 0.9bn can be carried forward under Danish joint taxation. This loss was included in the Danish joint taxation at 31 December 2009.

Effective 1 January 2009, FLSmidth & Co. A/S has changed its policy for recognition of profit on work-in-progress under Danish joint taxation so that the profit on work-in-progress is taxed according to the income invoicing principle. This has resulted in adjustment of the tax liabilities deferred from previous years, etc. and a corresponding adjustment of tax loss carry-forwards.

Temporary differences regarding investments in Group enterprises and associates are insignificant and are not recognised, because the Group is able to control whether the liability is released and it is considered likely that the liability will not be released in a foreseeable future.

20. Inventories

DKKm	2009	2008
Raw materials and consumables	345	377
Work-in-progress	297	313
Finished goods and goods for resale	1,093	1,041
Prepayments for goods	25	71
Inventories at 31 December	**1,760**	**1,802**
Inventories valued at net realisable value	22	26
Write-down of inventories		
Write-down at 1 January	33	32
Foreign exchange adjustment	3	1
Additions	38	26
Disposals	(3)	(25)
Reversals	0	(1)
Write-down at 31 December	**71**	**33**

21. Work-in-progress for third parties

DKKm	2009	2008
Total costs incurred	36,745	34,588
Profit recognised as income, net	6,466	5,987
Work-in-progress for third parties	43,211	40,575
Invoicing on account to customer	43,260	41,157
	(49)	**(582)**
Of which work-in-progress for third parties is stated under Assets	3,617	2,741
and under Liabilities	(3,666)	(3,323)
	(49)	**(582)**

Profit/loss included in the year's financial result is recognised in the gross profit in the income statement.

22. Receivables

Trade receivables falling due after more than one year total DKK 66m (2008: DKK 184m)

The booked trade receivables include retentions on contractual terms and conditions at DKK 711m (2008: DKK 871m)

DKKm	2009	2008
Specification of changes in write-downs of trade receivables		
Write-down at 1 January	83	65
Foreign exchange adjustment	3	-
Change in write-down for the year	56	18
Write-down trade receivables at 31 December	**142**	**83**

Trade receivables are specified according to maturity as follows:

DKKm	2009	2008
Maturity period:		
Not due	2,578	3,092
Up to two months	1,132	1,156
Between two and six months	349	578
Between six and twelve months	107	142
Over twelve months	104	95
	4,270	5,063

Other receivables include amounts deriving from the sale of enterprises and activities, positive value of derivatives and receivable corporation taxes.

23. Assets held for sale and liabilities regarding same

DKKm	2009	2008
Tangible assets	0	8
Assets held for sale	**0**	**8**
Provisions regarding assets held for sale	0	0
Net assets held for sale	**0**	**8**

24. Other provisions

DKKm	2009	2008
Provisions at 1 January	1,852	1,776
Foreign exchange and other adjustments	41	(18)
Addition of Group enterprises	0	5
Provision for the year	1,007	967
Application for the year	(716)	(364)
Reversals	(239)	(514)
Discounting of provisions	6	8
Reclassification to other liabilities	(13)	(8)
Provisions at 31 December	**1,938**	**1,852**
The maturity of provisions is specified as follows:		
Short-term liabilities	1,199	1,142
Long-term liabilities	739	710
	1,938	**1,852**

When assessing completed work-in-progress for third parties in the Cement segment, including the Buxton project, and in the Minerals segment, a number of project-related risks, including performance guarantees and operation and maintenance contracts, have been taken into account, for which allowances have been made on the basis of board and management estimates. A few claims are pending in respect of previously supplied projects. Provisions have been made to counter any losses which may possibly occur when handling the claims.

Other provisions consist of:

- Estimated warranty claims in respect of goods or services already delivered.
- Restructuring
- Guarantees and liabilities resulting from disposal of enterprises and activities.
- Provisions for loss-making contracts
- Provisions for losses resulting from disputes and lawsuits

As in 2008, the year's movements mainly consist of changes in warranty liabilities and other contract risks.

In order not to interfere in the process of ongoing projects and resulting disputes, the Group prefers not to comment on specific project matters.

25. Long-term liabilities

DKKm	2009	2008
Maturity structure of long-term liabilities:		
Mortgage debt	3	22
Bank loans	811	1.072
Finance lease liabilities	5	4
Prepayments received from customers	306	1,054
Other liabilities	170	43
Within one to five years	**1,295**	**2,195**
Mortgage debt	355	354
Bank loans	2	2
Finance lease liabilities	3	4
Other liabilities	16	10
After five years	**376**	**370**
	1,671	**2,565**

DKKm	2009	2008
Finance lease liabilities		
Total minimum charges:		
Maturity within one year	3	2
Maturity between one and five years	8	6
Maturity after five years	4	6
	15	**14**
Carrying amount (present value):		
Maturity within one year	3	2
Maturity between one and five years	5	4
Maturity after five years	3	4
	11	**10**
Carrying amount of finance lease assets	**15**	**14**

Finance lease mainly applies to properties.

Amortisation addition to future cost recognition amounts to DKK 4m (2008: DKK 4m).

26. Other liabilities

Other long-term liabilities consist of employee bonds and other employee liabilities such as length of service liabilities and bonuses.

Other short-term liabilities include due holiday pay, public taxes, interest payable and negative value of derivatives.

27. Pension assets and liabilities

The pension liabilities incumbent on the Danish Group enterprises are funded through insurance plans. The pension liabilities of certain foreign Group enterprises are also funded through insurance plans. Foreign enterprises whose pension liabilities are not - or only partly - funded through insurance (defined benefit plans), state the unfunded pension liabilities on an actuarial basis at the present value at the balance sheet date. These pension plans are partly covered by assets in pension funds. The Group's defined benefit plans were DKK 246m underfunded at 31 December 2009 (2008: 198m) for which a provision has been made as pension liabilities.

In the consolidated income statement DKK 378m (2008: DKK 403m) has been recognised as costs of plans funded through insurance (defined contribution plans). In the case of plans not funded through insurance (defined benefit plans), DKK 20m (2008: DKK 3m income) is recognised as a cost in the consolidated income statement.

The actuarial loss for the year at DKK 40m (2008: DKK 89m) is recognised in the statement of comprehensive income.

DKKm	2009	2008
Present value of defined benefit plans	(540)	(488)
Fair value of the plan assets	294	290
Net amount	**(246)**	**(198)**
Change in recognised net liability		
Net liability at 1 January	(198)	(120)
Other adjustments including foreign exchange adjustments	1	(10)
Addition of Group enterprises	(1)	(6)
Net amount recognised in the income statement	(20)	3
Actuarial profits and losses recognised in the statement of comprehensive income	(40)	(89)
Payments	9	18
Paid-out benefits	3	6
Net liability at 31 December	**(246)**	**(198)**
Stated as assets	**0**	**2**
Stated as liabilities	**(246)**	**(200)**
	(246)	**(198)**
Recognised in the income statement		
Pension costs	(9)	(3)
Calculated interest on liabilities	(30)	(28)
Expected return on the plan assets	23	34
Effect of freezing of plans	(4)	0
Recognised in the income statement regarding defined benefit plans	**(20)**	**3**
The amounts are included in the items: Production costs, Sales and distribution costs and Administrative costs		
Adjustments for the year of defined benefit plans based on experience (pension liabilities), gains/(losses)	(61)	49
Return on plan assets		
Expected return on the plan assets	(23)	(34)
Actual return on the plan assets	44	(104)
Actuarial profits / (losses) for the year on the plan assets	**21**	**(138)**
The expected return is fixed on the basis of the weighted return on the plan assets.		
The assumptions on which the actuarial computations are based at the balance sheet date are as follows, on average (weighted):		
Average discounting rate applied	5.3%	6.1%
Expected return on tied-up assets	8.6%	8.3%
Expected future pay increase rate	1.1%	1.0%

DKKm	2009	2008
Present value of defined benefit plans		
Present value at 1 January	(488)	(505)
Reclassification to other staff liabilities	(1)	(27)
Foreign exchange adjustment	(1)	1
Addition of Group enterprises	(2)	(6)
Pension costs	(9)	(3)
Calculated interest on liabilities	(30)	(28)
Benefits paid out	56	31
Actuarial profits and losses	(61)	49
Effect of freezing of plans	(4)	0
Present value at 31 December	**(540)**	**(488)**
Fair value of the plan assets		
Fair value of the plan assets at 1 January	290	385
Reclassification to other staff liabilities	0	16
Foreign exchange adjustment	3	0
Addition of Group enterprises	1	0
Expected return on the plan assets	23	34
Contributions	9	18
Benefits paid out	(53)	(25)
Actuarial profits and losses	21	(138)
Fair value of the plan assets at 31 December	**294**	**290**
Specification of the fair value of the plan assets		
Equity instruments	164	109
Debt instruments	107	105
Other assets	23	76
Total fair value of the plan assets	**294**	**290**
Specification of the fair value of the plan assets in %		
Equity instruments	56%	38%
Debt instruments	36%	36%
Other assets	8%	26%
Defined benefit plan liabilities specified by country		
USA	70%	64%
Germany	18%	18%
India	4%	5%
Italy	4%	5%
Canada	3%	8%
Mexico	1%	0%

Reclassification of other staff liabiliteis than pension has been to other liabilities.

	2009	2008	2007	2006	2005
Present value of defined benefit plans	(540)	(488)	(505)	(752)	(761)
Fair value of the plan assets	294	290	385	657	623
Over-/underfunded	**(246)**	**(198)**	**(120)**	**(95)**	**(138)**
Actuarial (losses) and gains, liabilities	(61)	49	(17)	(27)	(25)
Actuarial (losses) and gains, assets	21	(138)	(8)	32	(2)
Actuarial (losses) and gains, total	**(40)**	**(89)**	**(25)**	**5**	**(27)**

In 2010, the Group expects to pay contribution of DKK 9m into its defined plans.

28. Maturity profile of financial liabilities

DKKm	2009	2008
Time to maturity:		
Within one year	3,713	3,936
Within one to five years	981	1,117
After five years	363	361
Total	**5,057**	**5,414**

See Note 33 for further details.

29. Net interest-bearing receivables/(debt)

	Currency	2009 DKKm	Effective interest rate	Interest rate - life in per cent	2008 DKKm
				< 1 year	
Mortgage debt	EUR	(351)	1.5%	100%	(352)
Mortgage debt	USD	(16)	5.4%	100%	(20)
Mortgage debt	Other	(8)		100%	(10)
Bank loans	EUR	(811)	1.9%	100%	(1.093)
Bank loans	Other	(9)		100%	(67)
Leasing	CLP	(11)		100%	(10)
Other debt	Other	(238)		100%	(45)
Total debt		**(1,444)**			**(1,597)**
Cash and cash equivalents	DKK	1.226	0.6%	100%	143
Cash and cash equivalents	EUR	474	0.2%	100%	122
Cash and cash equivalents	USD	190	0.0%	100%	134
Cash and cash equivalents	INR	142	2.0%	100%	74
Cash and cash equivalents	CNY	100	1.0%	100%	64
Cash and cash equivalents	CLP	68	0.2%	100%	5
Cash and cash equivalents	AUD	54	1.6%	100%	38
Cash and cash equivalents	BRL	49	8.8%	100%	44
Cash and cash equivalents	CAD	35	0.0%	100%	15
Cash and cash equivalents	Other	51		100%	145
Total cash and cash equivalents		**2,389**			**784**
Securities	INR	58	5.0%		135
Securities	Other	8			7
Total securities		**66**			**142**
Other net interest-bearing receivables/(debt)		**74**			**97**
Net interest-bearing receivables/(debt)		**1,085**			**(574)**

Cash and cash equivalents consist of bank deposits and operating cash.

Other interest-bearing receivables/debt include an amount of DKK 51m (2008: DKK 93m) which a buyer has deposited in connection with sale of real property.

Bank deposits and cash equivalent placed in countries with currency restrictions amount to DKK 549m (2008: DKK 329m).

30. Contingent assets and liabilities

DKKm	2009	2008
Minimum rent and operating lease liabilities:		
Maturity within one year	36	39
Maturity between one to five years	109	100
Maturity after more than five years	36	42
	181	**181**
Guarantees	103	31
Other contractual obligations	66	33
	169	**64**

Rent liabilities are mainly related to business leases and equipment.

In connection with the disposal of enterprises, guarantees, etc. are issued to the acquiring enterprise. Provisions are made for estimated losses on such items.

When assessing work-in-progress for third parties, a number of project-related risks such as performance, quality and delay of projects are taken into consideration, and estimates and allowances are made based on board and management estimates. The companies in the Group provide usual security in the form of performance guarantees, etc. for contracts and supplies. At the end of 2009, the total number of performance and payment guarantees issued amounted to DKK 6.8bn (2008: DKK 7.3bn). In cases where a guarantee is expected to materialise, a provision for this amount is made in the Annual Report under the heading of Other provisions.

In addition, the Group is from time to time involved in disputes that are usual for its business. The outcome of the disputes is expected to have no significant impact on the Group's financial position.

31. Charges

DKKm	2009		2008	
	Book value of charged assets	Charge	Book value of charged assets	Charge
Trade receivables, etc.	59	59	3	3
Real estate	149	377	106	356
	208	**436**	**109**	**359**

32. Financial instruments

Financial risk management
The overall framework for managing financial risks is decided by the Board of Directors. It is Group policy that all major financial risks should be identified and appropriately hedged. Financial management comprises the Group's currency, interest, liquidity and credit risks as well as its capital structure and financial resources. It is Group policy that all significant commercial currency and interest rate risks should be hedged once a contract becomes effective at the latest.

The Group did not fail to perform nor default on loan agreements in 2009 and 2008.

Currency risk
The Group's currency risks derive from the impact of exchange rates on future commercial payments and financial payments. The Group is exposed to the risk of exchange rate changes from the time when a contract becomes effective. The customer bears the exchange rate risk of major contracts until that date as stipulated by exchange rate clauses incorporated in the proposal documents. The Group generally hedges transaction risks and uses forward contracts and currency options to hedge the exposure on contracts. The Group also manages currency risks by means of VAR (Value at Risk) and scenario analyses. The Group's main currencies for commercial purposes are EUR and USD. Other things being equal, a 1% EUR and a 10% USD exchange rate change will have an impact on equity amounting to DKK 8m (2008: DKK 30m) and DKK 78m (2008: DKK 301m), respectively, and an impact on the profit amounting to DKK 2m (2008: DKK 4m) and DKK 20m (2008: DKK 44m), respectively.

The translation of income statement and balance sheet items from the currency in which subsidiaries report their financial results into DKK is also affected by exchange rate changes, because translation risk is not hedged.

Interest rate risk
The Group's interest rate risk consists of the sensitivity of the interest items to changes in the level of interest and the effect of interest rate changes on the market value of consolidated balance sheet items. The interest rate risk is controlled by means of VaR techniques and scenario analyses and is calculated on the basis of the various life intervals of the interest position and hedged by the use of financial instruments. 100% of the Group's net interest-bearing debt at 31 December 2009 carried a variable rate of interest (31 December 2008: 98%). Other things being equal, a one percent increase in the interest rate will have a positive effect of DKK 11m on the Group's net interest costs (2008: DKK -6m).

Liquidity risks
The purpose of the Group's cash management is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal. The Group manages its liquidity risk through corporate account systems in various currencies and by having short-term overdraft facilities with various financial institutions. As part of its financial resources the Group has entered into committed financial facility arrangements. These facilities contain standard clauses such as pari passu, negative pledge and change of control. At 31 December 2009, the Group had withdrawn EUR 50m (31 December 2008: EUR 144m) from Change of Control clause facilities. The clause entails that the debt must be repaid by the next interest payment date, however not later than six months after the lender has notified Change of Control, which must take place at 45 days' notice.

Credit risks
Credit risks incurred from trade receivables are generally managed by continuous credit rating of major customers and trading partners. No single customer accounts for more than 5% of the order intake in 2009. The maximum credit risk related to financial assets corresponds to the carrying amount including write-downs. In cases where there may be a risk of loss, a write-down will be made based on individual assessment.

The use of financial instruments entails the risk that the counterparty may not be able to honour its obligations at maturity. The Group minimises this risk by limiting its use of financial institutions to those with a high degree of creditworthiness. Besides, the Group has set an upper limit for amounts owed by any particular bank. Credit risks on other counterparties than banks are minimised through the use of letters of credit, guarantees and assessment of customer relations from time to time.

Currency hedging
In order to hedge currency risks on the Group companies' underlying contractual and budgeted payments and currency risks on loans and investments, Corporate Treasury uses forward exchange contracts and currency options. 96% of the open forward exchange contracts at 31 December 2009 had a life of less than one year. The life of the remaining open forward exchange contracts is up to two years. There were no open currency options at 31 December 2009.

DKKm	2009	2008
Profits/losses on hedging instruments when hedging fair value	7	6
	7	**6**

Due to the effectiveness of hedging instruments the net gain and loss on the hedged items matches the net loss and gain on the hedging instruments.

The table below shows the principals and fair values of pending forward exchange contracts at 31 December which have been entered into to hedge currency exposure. All fair values are based on officially fixed quotations, if available, alternatively on prices quoted by banks. Principals are translated at balance sheet date rates of exchange.

DKKm	2009	2008
Forward exchange contracts		
Principal of contracts, net*		
USD	(1,529)	(1,669)
EUR	1,312	4,658
DKK	431	(2,645)
Other currencies	(251)	(361)
	(37)	**(17)**
Fair value of contracts	**(37)**	**(25)**

*) In the case of forward exchange contract principals, a negative value indicates net sale of the currency concerned and a positive value indicates net purchase of the currency concerned.

Fair value of financial assets and liabilities not measured at fair value
The carrying amount of receivables and debt at 31 December 2009 largely corresponds to the fair value.

Fair value of other financial assets and liabilities
The fair value of securities, investments and other financial assets recognised under current and non-current assets corresponds to their carrying value. The carrying value of these assets appears from Note 33. The fair value of derivatives appears from the information above.

Interest rate hedging
The Group hedges interest rate risks using derivatives such as interest swaps, forward rate agreements (FRA) and interest rate options. There were no open interest rate swaps, forward rate agreements (FRA) nor interest rate options at 31 December 2009.

Reference is made to the description of the Group's financial risk management and financial risks, see page 40.

32. Financial instruments (continued)

Fair value hierarchy of financial instruments that are measured at fair value in the balance sheet

DKKm 2009	Quoted prices Level 1	Observ-able input Level 2	Non-observ-able input Level 3	Total
Financial assets				
Financial assets available for sale:				
Other securities and investments	29			29
Other financial assets	9			9
Financial assets measured at fair value via the income statement:				
Securities	66			66
Derived financial instruments used to hedge the fair value of recognised assets and liabilities		64		64
Total financial assets	**104**	**64**	**0**	**168**
Financial liabilities				
Financial liabilities measured at fair value via the income statement:				
Derived financial instruments used to hedge the fair value of recognised assets and liabilities		104		104
Contingent consideration in a business combination			121	121
Total financial liabilities		**104**	**121**	**225**

There have been no transfers between level 1 and level 2 in 2009.

The only financial liability which is subsequently measured at fair value in accordance with level 3 is contingent consideration in a business combination in connection in a business combination with the acquisition of Conveyor Engineering Inc. and Summit Valley. No profit/loss from the contingent consideration has been recognised in the statement of comprehensive income. Fair value adjustments are recognised via the appertaining goodwill.

In accordance with the provisions for coming into force of the revised IFRS 7 regarding fair value hierarchy no comparative figures for these disclosures are given.

33. Financial assets and liabilities as defined in IAS 39

DKKm	2009	2008
Financial assets:		
Non-current assets:		
Other securities and investments	29	38
Other financial assets	9	21
Available for sale	**38**	**59**
Current assets		
Trade receivables	4,270	5,063
Work-in-progress for third parties	3,617	2,741
Prepayment to subsuppliers	369	760
Other receivables	667	658
Cash and cash equivalents	2,389	784
Receivables measured at amortised cost	**11,312**	**10,006**
Derived financial instruments	64	197
Bonds and listed shares	66	142
Financial assets measured at fair value via the income statement	**130**	**339**
Financial liabilities:		
Long-term liabilities:		
Mortgage debt	358	376
Bank loans	813	1,074
Finance lease liabilities	8	8
Other liabilities	35	20
Financial liabilities measured at amortised cost	**1,214**	**1,478**
Short-term liabilities:		
Mortgage debt	17	6
Bank loans	8	86
Finance lease liabilities	3	2
Trade payables	2,421	2,748
Other payables	1,169	872
Financial liabilities measured at amortised cost	**3,618**	**3,714**
Contingent consideration in a business combination	121	-
Derived financial instruments	104	222
Financial liabilities measured at fair value via the income statement	**225**	**222**

34. Earnings per share (EPS)

DKKm	2009	2008
Earnings		
FLSmidth & Co. A/S shareholders' share of profit/loss for the year	1,670	1,515
FLSmidth & Co. Group earnings from discontinued activities	(41)	59
Net effect after tax of purchase price allocations regarding GL&V Process	68	195
Number of shares average		
Number of shares issued	53,200,000	53,200,000
Adjustment for treasury shares	(770,586)	(822,142)
Potential increase of shares in circulation, options in the money	0	166,152
	52,429,414	52,544,010

34. Earnings per share (EPS) (continued)

DKKm	2009	2008
Earnings per share:		
• Continuing and discontinued activities, per share, DKK	31.9	28.9
• Continuing and discontinued activities, diluted, per share, DKK	31.9	28.8
• Continuing and discontinued activities, diluted, before effect of purchase price allocations regarding GL&V Process, per share, DKK	33.1	32.5
• Continuing activities, per share, DKK	32.6	27.8
• Continuing activities, diluted, per share, DKK	32.6	27.7

Non-diluted earnings per share in respect of discontinued activities amount to DKK 0.7 (2008: DKK 1.1) and diluted earnings per share in respect of discontinued activities amount to DKK 0.7 (2008: DKK 1.1). These earnings are calculated based on the Group's earnings from discontinued activities which amount to DKK -41m (2008: DKK 59m).

35. Income statement classified by function

DKKm	2009	2008
Revenue	23,134	25,285
Production costs	(17,916)	(19,896)
Gross profit	**5,218**	**5,389**
Sales and distribution costs	(1,214)	(1,266)
Administrative costs	(1,912)	(1,733)
Other operating income and costs	161	126
Special non-recurring items	8	(107)
Earnings before interest and tax (EBIT)	**2,261**	**2,409**
Depreciation, amortisation and write-downs consist of:		
Amortisation of other intangible assets	211	227
Write-down of other intangible assets	31	0
Depreciation of tangible assets	230	200
Write-down of tangible assets/(reversals)	0	(32)
	472	**395**
Depreciation, amortisation and write-downs are allocated as follows:		
Production costs	188	232
Sales and distribution costs	14	9
Administrative costs	270	154
	472	**395**

The Group has adapted the consolidated income statement format classified by function to show depreciation, amortisation and write-downs of tangible and intangible assets not allocated to the individual function but stated on separate lines in the income statement. The table above shows an extract of the income statement adapted to show depreciation, amortisation and write-downs classified by function.

36. Related party transactions

Transactions between the consolidated Group enterprises are eliminated in these consolidated financial statements. In 2008 and 2009 there were no transactions between related parties not part of the Group.

DKKm	2009	2008
Remuneration of Board of Directors		
Board of Directors fee	5	4
Total remuneration of Board of Directors	**5**	**4**
Remuneration of Management		
Wages and salaries	16	18
Share-based payment	3	2
Total remuneration of Management	**19**	**20**

In the event of dismissal of the Group Chief Executive Officer, three years' salary shall be paid.

37. Accounting policies

General comments

The Annual Report of the Group is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Annual Report is also presented in accordance with Danish disclosure requirements for annual reports published by enterprises listed on the Stock Exchange, as fixed by NASDAQ OMX Copenhagen as well as the IFRS executive order issued in compliance with the Danish Financial Statements Act.

The financial statements of the parent company FLSmidth & Co A/S are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class D entreprises. The instances in which the parent company's accounting policies deviate from those of the Group have been separately described on page 101.

The Annual Report is presented in Danish kroner (DKK) which is the presentation currency of the activities of the Group and the functional currency of the parent company.

The accounting policies for the consolidated financial statements and for the parent company are unchanged from 2008. In 2009, however, the presentation of work-in-progress for third parties has been changed in that the item is divided into work-in-progress for third parties and prepayments to subsuppliers. The comparative figures have been adjusted accordingly. Besides, a few reclassifications have taken place in the comparative figures for 2008.

Implementation of new and changed standards and interpretations

The Annual Report for 2009 is presented in conformity with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) approved by the EU which apply to financial years beginning on 1 January 2009 or later. These standards and interpretations are:

- Changes to IAS 1 "Presentation of financial statements". The change in presentation applies from 1 January 2009
- Changes to IFRS 7 "Financial Instruments: Disclosures" applicable as at 1 January 2009
- IFRS 8 "Operating segments" applicable as at 1 January 2009
- Changes to IAS 23 "Borrowing costs" applicable as at 1 January 2009
- Changes to IFRS 2 "Share-based payment" applicable as at 1 January 2009
- Parts of "Improvements to IFRSs May 2008" applicable as at 1 January 2009

The changes to IAS 1 and IFRS 7 and IFRS 8 will only affect the disclosures in the notes and the format of the financial statements.

The changes to IAS 1 mean that the consolidated statement of comprehensive income will in future appear in immediate continuation of the income statement as against previously as part of the equity.

Pursuant to the new standard IFRS 8, an enterprise is required to provide information about the business segments, which the management uses to report and control the Group internally. The implementation of IFRS 8 will not affect the Group's segmentation of business areas as the previous segmentation is in accordance with IFRS 8. Geographical segmentation will in future be provided in accordance with the standard's reduced disclosure requirements, i.e. geographical segmentation of revenue and assets of the major individual countries. In addition, information about revenue to major individual customers distributed on segments will be provided in future.

The changes to IAS 23, *Borrowing costs* mean that the Group is required to recognise borrowing costs in the cost for qualifying assets in the form of intangible and tangible assets and inventories with longer production periods. Until now, the Group has exclusively recognised borrowing costs in the cost of tangible assets. The Group's present project financing means that the change to IAS 23 has not had any impact on recognition and measurement in the Annual report for 2009.

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 Group 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 Group 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.

Consolidated financial statements

The consolidated financial statements comprise the parent company, FLSmidth & Co. A/S, and all enterprises in which the Group holds the majority of the voting rights or in which the Group in some other way holds a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights or in some other way has significant influence, but not a controlling interest, are regarded as associates. Investments in jointly controlled entities are recognised as joint ventures by using the pro-rata method.

The consolidated financial statements are based on the financial statements of the parent company and the individual subsidiaries which are drawn up in accordance with the Group accounting policies. All items of a uniform nature are combined, while inter company income, costs, balances and shareholdings are eliminated. Unrealised gains and losses on transactions between consolidated enterprises are also eliminated.

The items in the financial statements of subsidiaries are included one hundred per cent in the consolidated financial statements. The proportionate share of the earnings attributable to the minority interests is included in the Group's profit/loss for the year and as a separate portion of the Group's equity.

Business combinations

On acquisition of enterprises the purchase method is applied, and the assets, liabilities and contingent liabilities of the enterprises acquired are measured at fair value on the date of acquisition. The date of acquisition is the time when the Group effectively takes control of the enterprise acquired.

Restructuring costs are only recognised in the acquisition balance sheet if they are a liability for the enterprise acquired on the date of acquisition. The tax effect of the revaluations made is taken into account. Enterprises acquired are included in the consolidated financial statements from the date of acquisition. The comparative figures for the enterprises acquired are not corrected.

Statement of cost

The cost of an enterprise consists of the fair value of the acquisition price with addition of the costs which are directly related to the acquisition. If the amount's final fixing is on condition of one or more future events, these adjustments are only recognised in the cost if the said event is likely and the impact on the cost can be measured reliably.

In the case of business combinations, positive balances between the cost of the enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under the heading of intangible assets. Goodwill is not amortised, but is tested annually for impairment. On the acquisition, goodwill is allocated to the cash generating units which subsequently form the basis of the impairment test. Negative balances (negative goodwill) are recognised in the income statement at the date of acquisition.

If there is any uncertainty regarding the measurement of acquired identifiable assets, liabilities and contingent liabilities at the date of acquisition, initial recognition is based on provisional fair values. If it subsequently appears that the fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition differs from that first assumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is adjusted in goodwill. Subsequently, goodwill is only adjusted in the event of changes in the estimate of the contingent purchase consideration unless the error is material.

However, subsequent realisation of the acquired enterprise's deferred tax assets, which were not recognised at the date of acquisition, will cause the tax advantage to be recognised in the income statement and cause a write-down of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been stated as an identifiable asset at the date of acquisition.

Enterprises disposed of are consolidated until the date of disposal. The difference between the selling price and the carrying amount of the net assets at the date of disposal including remaining goodwill less expected costs of disposal is recognised in the income statement.

Translation of foreign currency

A functional currency is fixed for each of the reporting enterprises of the Group. The functional currency is the currency used in the primary financial environment in which the individual reporting enterprises operate. Transactions in another currency than the functional currency are transactions in foreign currency.

Transactions in another currency than the Group's functional currency are translated at the exchange rate of the day of transaction. Financial 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 at the transaction date 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 income statements of foreign subsidiaries with a functional currency that differs from Danish kroner and of foreign associates and proportionately consolidated joint ventures are translated at average exchange rates while their balance sheet items are translated at the exchange rates prevailing at the balance sheet date. The differences deriving from the translation of the income statements of foreign business units at average exchange rates and of their balance sheet items at the rate of exchange at the balance sheet date are adjusted in the equity.

The foreign exchange adjustment of receivables from or debt to subsidiaries which are considered to be part of the parent company's total investment in the said subsidiary, is directly recognised in the equity in the consolidated financial statements.

The assets and liabilities of a foreign business unit acquired are translated at the exchange rate prevailing at the date of the transaction (acquisition date).

If the financial statements of a foreign business unit are presented in a currency in which the accumulated rate of inflation over the past three years exceeds 100 per cent, adjustments for inflation are made. The adjusted financial statements are translated at the exchange rate prevailing on the balance sheet date.

Derivatives

Derivatives are initially recognised in the balance sheet at cost and subsequently measured according to fair value at the balance sheet date. The fair value of derivatives is included in Other receivables (positive fair value) or Other liabilities (negative fair value) as the case may be. Positive fair values are only set off against negative fair values if the enterprise is entitled to and intends to make a net settlement of several financial instruments (cash settlement). The fair values of derivatives are measured on the basis of market data and recognised valuation methods.

Changes in the fair value of derivatives that are classified as and fulfil the criteria for hedging the fair value of already recognised assets or liabilities or binding agreements are recognised in the income statement together with changes in the value of the assets and liabilities hedged as far as the hedged portion is concerned. Hedging of future cash flow in accordance with an agreement signed, including exchange rate hedging of sales or purchase contracts in connection with orders, is treated as hedging of the fair value of a recognised asset or a recognised liability.

Changes in the fair value of derivatives that are classified as and fulfil the criteria for hedging of future cash flow are recognised directly in the equity until the hedged item is realised. When the item is realised the changes in value are recognised in the same accounting entry as the hedged item.

Derivatives that do not fulfil the criteria for hedge accounting are regarded as trading portfolio and recognised in the balance sheet at fair value on the balance sheet date. Value adjustments are recognised in the income statement as financial items.

Changes in the fair value of loans and derivatives that are considered a currency hedge of the foreign business units or parts of them, are recognised directly in the equity until the net investment is sold.

Income statement

Revenue

Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably.

Work-in-progress for third parties is recognised in revenue based on the value of the work completed at the balance sheet date, whereby the revenue corresponds to the sales value of the year's completed work (production method). The general rule is to base percentage of completion on the costs incurred. The value of Work-in-progress for third parties is based on the costs incurred in percentage of the total budgeted costs.

Income from the supply of services is recognised as revenue in step with the services agreed being supplied, so that the revenue corresponds to the sales value of the work completed in the financial year (production method), see above.

Grants

Grants related to the acquisition of assets are recognised under equity and liabilities and recognised in the income statement in step with spending and depreciation on the assets concerned.

Grants received to cover costs are recognised under equity and liabilities and recognised in the income statement in step with the costs being incurred. Repayment obligations that become relevant if the conditions for receiving the grants are not fulfilled are stated in the notes as contingent liabilities.

Production cost

Production costs include raw materials, consumables, direct labour costs and production overheads such as maintenance and operation of production plant as well as administration and factory management.

Production costs for *Work-in-progress for third parties* are recognised in step with the completion of the individual contract.

Research costs are charged to *Production costs* in the income statement for the financial year in which they are incurred. Development costs are mainly recognised in the income statement for the period during which they were incurred. Development costs related to certain products or processes are recognised as assets to the extent that such costs are likely to generate future earnings.

Sales and distribution cost

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs.

Administrative costs

Administrative costs comprise the costs of administrative staff and management and other indirect costs

Other operating income and costs

Other operating income and costs comprise income and costs of a secondary nature in relation to the activities of the Group, including certain grants, rentals and royalties, fees, etc.

Profit and loss from the disposal of specific assets, sites and buildings which cannot be considered part of the disposal of a complete activity is included in *Other operating income and costs.*

Special non-recurring items

Special non-recurring items consist of costs and income of a special nature in relation to the activities of the Group, including profit and loss on disposal of enterprises and run-off on purchase price allocations to inventories in connection with acquisitions. These items are classified as special non-recurring items in order to give a true and fair view of the Group's other operational activities.

Profits/losses of associates

A proportionate share of the profits and losses of the associates is recognised after adjustment for unrealised internal profits/losses and write-down, if any, of goodwill.

Financial items

Financial items comprise interest income and costs, the interest portion of finance leases, realised and unrealised exchange gains and losses on securities, liabilities and transactions in foreign currency, 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 discount 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 the equity with the share attributable to items entered directly in the equity. Foreign exchange adjustments of deferred tax are included as part of the year's adjustments of deferred tax.

37. Accounting policies (continued)

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 Statement for comprehensive income.

A deferred tax provision is made to cover retaxation of losses in foreign enterprises if shares in the enterprises concerned are likely to be sold. No deferred tax liabilities regarding investments in subsidiaries are calculated if the shares are unlikely to be sold in the short term.

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 deferred tax.

FLSmidth & Co. A/S is jointly taxed with all Danish subsidiaries, FLSmidth & Co. A/S being the administrator of Danish joint taxation.. All the Danish subsidiaries provide for the Danish tax based on the current rules with full distribution. Recognition of deferred tax assets and tax liabilities is made in the individual Danish companies based on the principles described above. The jointly taxed Danish enterprises are included in the Danish tax paid on account scheme.

Discontinued activities
Discontinued activities are stated as a separate item in the income statement and consist of the operating income after tax from the activity concerned and any profits or losses from fair value adjustment or disposal of the assets related to the activity. Costs attributable to the disposal are included in the measurement of profit/loss.

Balance sheet

Intangible assets
Goodwill

Goodwill is measured in the balance sheet at cost in connection with intial recognition. Subsequently, goodwill is measured at cost less accumulated write-downs. There is no amortisation of goodwill. When recognising goodwill, it is allocated to the cash flow generating units as defined by the Group's Board and Management. The determination of cash generating units complies with the managerial structure and the internal financial control and reporting in the Group.

The carrying value of goodwill is tested for impairment at least once a year together with the other long-term assets in the cash generating unit to which the goodwill is allocated, and it is written down to recoverable amount via the income statement if the accounting value exceeds the recoverable amount, this representing the higher of the fair value of the asset less expected disposal costs and the value in use. The recoverable amount is generally determined as the present value of the expected future net cash flows from the cash generating unit to which the goodwill is allocated. Write-down of goodwill is stated in the income statement on the line Amortisation and write-down of intangible assets.

Other intangible assets
Andre immaterielle aktiver ith a finite useful life are measured at cost less accumulated amortisation and write-downs. Other intangible assets with indefinite useful life are not amortised, but are tested for impairment at least once a year. Development costs consist of salaries, depreciation and other costs that are attributable to development activities.

Clearly defined and identifiable development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used, are recognised as Completed development projects, if the cost can be determined reliably, and if it is sufficiently certain that the future earnings or the net selling price will cover production, selling and administrative costs plus the development costs. Other development costs are recognised in the income statement as the costs are incurred.

Amortisation of completed development projects is charged on a straight line basis over their estimated useful life. Development projects are written down to recoverable amount if lower. Development projects in progress are tested for impairment at least once a year.

Amortisation of patents, rights, customer relations and other intangible assets is charged over the remaining patent or agreement period or useful life if shorter. The amortisation profile is systematically based on the expected distribution of the assets' future economic benefits. The basis of amortisation is reduced by write-downs if any.

Amortisation takes place systematically over the estimated useful life of the assets which is as follows:
- Development costs, up to 5 years
- Software applications, up to 5 years
- Patents, rights and other intangible assets, up to 20 years
- Customer relations, up to 30 years.

Tangible assets
Land and buildings, production facilities and machinery and other facilities, operating equipment and tools and equipment are measured at cost less accumulated depreciation and write-downs.

The cost of self-constructed assets includes the cost of materials, direct labour costs and an appropriate proportion of production overheads.

Depreciation takes place on a straight line basis over the estimated useful life of the assets until they reach the estimated residual value. Estimated useful life is as follows:
- Buildings, 20 – 40 years
- Plant and machinery, operating equipment and other tools and equipment, 3 – 10 years
- Fitting up rented premises, up to 5 years.

The period of depreciation of buildings used for administrative purposes may exceed 40 years.

Assets of low acquisition value or short life are expensed to the income statement in the year of acquisition.

Newly acquired assets and self-constructed assets are depreciated from the time they come into use. Land is not depreciated. Costs of repair and maintenance of property, plant and equipment are recognised in the income statement.

Where acquisition or use of the asset places the Group under an obligation to incur the costs of pulling down or re-establishing the asset, the estimated costs for this purpose are recognised as a provision and a part of the cost of the asset concerned, respectively.

Assets held under a finance lease are measured in the balance sheet at fair value or the present value of future lease payments at the time of acquisition, if lower. In calculating the present value, the internal interest rate of the lease agreement is used as a discounting factor or as the Group's alternative borrowing rate. Assets held under a finance lease are depreciated like other tangible assets of the Group.

The capitalised residual lease commitment is recognised in the balance sheet as debt whilst the interest component of the lease payment is recognised in the income statement.

For operating leases, the lease payments are recognised in the income statement on a straight line basis over the lease term.

Financial assets
Investments in associates
Investments in associates are measured according to the equity method. The proportionate share of the net worth of associates for accounting purposes is adjusted for unrealised inter-company profits and losses, and goodwill is added.

The proportionate share of the enterprises' earnings after tax and elimination of unrealised proportionate internal profits and losses and deduction of amortisation of goodwill, if any, is recognised in the income statement. The proportionate share of all transactions and events entered directly in the associate's equity is recognised in the Group's equity.

Associates with a negative equity value are measured at DKK 0. The latter is recognised under provisions if the Group has a present legal or constructive obligation to cover the associate's negative balance.

Other securities and investments
Other securities and investments, including listed shares are classified as financial assets, which are measured at fair value through the income statement. In particular circumstances where the value quoted on the stock exchange is considered not to represent the actual fair value, the shares concerned are carried at an estimated fair value. Value adjustments are recognised in the income statement as financial items.

Shares in cement plants acquired in connection with orders received are classified under *Financial assets available for sale* which are measured at fair value. If the fair value is not immediately ascertainable, the shares are measured at a prudently assessed value. Value adjustments are recognised directly in the equity until the shares are sold or a need for write-down is ascertained. Positive value adjustments are not recognised in the income statement under financial items until realisation takes place.

Inventories
Inventories are measured at cost according to the FIFO principle or at net realisable value, if it is lower. The net realisable value of inventories is measured as the sales price less costs of completion and costs incurred to implement the sale and is fixed on the basis of the expected sales price.

Work-in-progress and Finished goods are entered at manufacturing cost including materials consumed and labour costs plus an allowance for production overheads. Production overheads include operating costs, maintenance and depreciation of production plant plus administration and factory management.

In cases where the cost or the production price exceeds the estimated sales price less completion and selling costs, a write-down is made to such lower net realisable value.

Work-in-progress for third parties
Work-in-progress for third parties is measured according to the percentage of completion method at the sales value of the portion of the contract completed less partial invoicing and invoicing on account. The sales value is measured on the basis of the percentage of completion at the balance sheet date and the total expected earnings from the individual contract.

The percentage of completion for the individual project is normally calculated as the ratio between the resources spent and the total budgeted resource requirements. In some projects, where resource requirements cannot be used as a basis, the ratio between completed subactivities and the total project is used instead.

Work-in-progress for third parties where invoicing on account exceeds the value of the work completed is recognised as *Work-in-progress for third parties* under *Short-term liabilities*.

Contractual prepayments are recognised as *Prepayments received from customers* among *Long-term and Short-term liabilities*.

Prepayments to subsuppliers consist of prepayments to subsuppliers in connection with work-in-progress for third parties and are measured at amortised cost.

Write-downs are made for losses on Work-in-progress for third parties. Allowances are based on individual assessment of the estimated loss until the work is completed.

Costs deriving from sales work and winning of contracts are recognised in the income statement in the financial year during which they are incurred.

Receivables
Receivables comprise trade receivables, receivables from construction contracts and other receivables. Receivables are classified as loans and receivables, which are financial assets with fixed or definable payments which are not quoted in an active market and which are not derivative financial instruments.

Receivables are measured at amortised cost. Write-down to cover losses is made when there is an objective indication that a receivable has been impaired.

Bonds and listed shares
Bonds and listed shares are measured and recognised at fair value on the balance sheet date. Value adjustments are recognised in the income statement as financial items.

Bonds and listed shares are classified under financial assets available for sale. *Financial assets available for sale* are financial assets which are not derivatives, and which are either classified as available for sale or which can neither be classified as loans or receivables, financial assets which are measured at fair value through the income statement or financial assets held to maturity.

Impairment of non-current assets
Goodwill and Other intangible assets of indefinite useful life are tested for impairment annually, the first time being before the end of the year of acquisition. Ongoing development projects are also tested at least once per year for impairment. The carrying amounts of other *Non-current assets* are reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable value of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected disposal costs or value in use.

Loss on impairment is recognised if the carrying amount of an asset or a cash generating unit exceeds the recoverable amount of the asset or the cash generating unit. Impairment losses are recognised in the income statement under the same heading as the related amortisation and depreciation. Write-down of goodwill is not reversed. Write-down on other assets is reversed to the extent that changes have taken place in the assumptions and estimates that led to the write-down.

Write-downs are only reversed where the new carrying amount of the asset does not exceed the carrying amount the asset would have had after depreciation or amortisation if the asset had not been written down.

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

Equity

Dividend
Dividend is 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 which is proposed for distribution is stated separately in the equity.

Treasury shares
Treasury shares are recognised in the balance sheet at zero value. When buying or selling Treasury shares, the purchase or selling amount, as the case may be, plus any dividend is recognised directly in the *Equity* among *Other reserves*.

Reserve for foreign exchange adjustment
Reserve for foreign exchange adjustment comprises exchange rate differences arising during the conversion of the financial statements for entities with a functional currency other than Danish kroner, foreign exchange adjustments regarding assets and liabilities which account for a portion of the Group's net investment in such entities, and foreign exchange adjustments regarding hedging transactions which hedge the Group's net investment in such entities.

In case of realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Reserve for hedging transactions
Reserve for sikringstransaktioner indeholder den akkumulerede nettoændring i dagsværdien af sikringstransaktioner, der opfylder kriterierne for sikring af fremtidige pengestrømme, og hvor den sikrede transaktion endnu ikke er realiseret.

Share-based payment
The Corporate Management and a number of key staff are entitled to share option plans. Plans classified as equity-settled share options (plan 2003-2005 and plan 2006-2007) are measured at fair value at the time of allocation and are recognised in the income statement as staff costs within the period in which the final entitlement to the options is attained. The counter item is recognised directly in the Equity.

In connection with initial recognition of share options, an estimate is made of the number of options to which the Management and the executive staff are expected to become entitled. Subsequent adjustment is made for changes in the estimate of the number of option entitlements so that the total recognition is based on the actual number of option entitlements.

The fair value of the options allocated is estimated by means of the Black Scholes model. The calculation takes into account the terms and conditions under which the share options are allocated.

37. Accounting policies (continued)

Option plans categorised as cash-settled share options (plan 1998-1999) are measured at the time of allocation and subsequently at fair value. Fair value adjustments in the exercise period are recognised in the income statement under financial items. The counter item is recognised under Liabilities.

Share-based incentive plans under which the employees can only choose to receive shares in the parent company (equity plans) are measured at the fair value of the equity instruments at the time of allocation and are recognised in the income statement among staff costs for the period in which the employees become entitled to the shares. The counter item is recognised directly in the equity.

Share-based incentive plans under which the employees may choose between receiving shares or receiving the value in cash are measured at fair value at the time of allocation and are recognised in the income statement among staff costs for the period in which the final entitlement to the shares or the cash amount is achieved. The incentive plans are subsequently remeasured on each balance sheet date and at the time of final settlement. The changes in the fair value of the plans are recognised in the income statement among staff costs in relation to the past period during which the employees achieved final entitlement to the shares or settlement in cash. The counter item is recognised under liabilities.

Pension liabilities / plan assets
The Group has signed post-employment benefit plans and similar contracts with most of its employees.

Under defined contribution plans, the employer is required to contribute a certain amount (for example a fixed sum or a fixed percentage of the pay). Under a defined contribution plan, the employees usually bear the risk with regard to future developments in the rates of interest, inflation, mortality and disability. Payments by an enterprise into defined contribution plans are recognised in the income statement for the period to which they apply and any outstanding payments are recognised in the balance sheet under Other payables.

Under defined benefit plans, the employer is required to contribute a certain amount (for example a retirement pension as a fixed sum or a fixed percentage of the final pay). Under a defined benefit plan, the enterprise usually bears the risk with regard to future developments in the rates of interest, inflation, mortality and disability. Changes in the computation basis result in a change in the actuarial net present value of the benefits which the enterprise is to pay in the future under this plan. Value in use is only calculated for benefits to which the employees have become entitled through their employment with the company so far. The actuarial value in use less the fair value of any assets related to the plan is stated in the balance sheet under the heading of Plan assets and liabilities.

Differences between the expected development of plan assets and liabilities and the realised values are described as actuarial gains or losses. Actuarial gains and losses are recognised in the statement of comprehensive income.

Changes in benefits concerning the employees' former employment in the enterprise result in a change in the actuarial value in use, which is considered a historical cost. Historical costs are charged immediately to the income statement if the employees have already acquired a right to the changed benefit. Otherwise, the historical costs are recognised in the statement of comprehensive income.

Provisions
Provisions are recognised when the Group due to an event occuring before or at the balance sheet date has a legal or constructive obligation and it is probable that financial benefits must be waived to settle the obligation.

Provisions are measured according to the Board and Management's best estimate of the amount whereby the obligation is expected to be settled.

Provisions for warranties
Where after closing the accounts of an order, additional minor supplies, etc. remain to be effected to complete the order, an allowance is made for this in the financial statements. A portion of the allowance is transferred to liabilities covering the part of the outstanding subsupplies whose price and scope is agreed. The balance of the allowance is transferred to Provisions. The provision covers estimated own costs of completion, subsequent warranty supplies and unsettled claims from customers or subsuppliers. Any Long-term liabilities are discounted to net present value.

Provisions for restructuring
In the event of planned restructuring of the Group, provision is only made for liabilities deriving from restructuring which has been decided at the balance sheet date in accordance with a specific plan and provided the parties involved have been informed about the overall plan.

Provisions for redundancies
Provisions for redundancies are recognised in the income statement when decided and announced.

Other provisions
Other provisions also include allowances for loss-making contracts and legal disputes, etc.

Mortgage debt and bank loans, etc.
Mortgage debt and bank loans, etc. are recognised when raising the loan at the proceeds received less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the period of the loan.

Other liabilities
Other liabilities include holiday pay obligations, taxes and dues and interest payable.

Assets held for sale
Assets held for sale consist of assets and disposal groups that are held for the purpose of sale. Disposal groups are a group of assets that are to be disposed of by sale or otherwise, together in a single transaction, and associated liabilities that are transferred through the transaction. Assets are classified as 'held for sale' if their carrying value will primarily be recovered by sale within 12 months in accordance with a formal plan rather than by continued use.

Assets or disposal groups held for sale are measured at the lower of the carrying value and the fair value less selling costs. Assets are not depreciated from the time when they are classified as 'held for sale'.

Impairment losses arising from the initial classification as 'held for sale' and gains or losses from subsequent measurement at the lower of carrying value or fair value less selling costs are recognised in the income statement among the items to which they belong. Gains and losses are disclosed in the notes.

Presentation of assets held for sale and discontinued activities
Assets held for sale and Discontinued activities consist of activities or companies for which it has been announced that the activities or companies have been discontinued in the Group.

Earnings and value adjustments after tax of assets held for sale and discontinued activities are presented on a separate line in the income statement and with comparative figures. In the notes, revenue, costs and tax of the discontinued activities are disclosed. Assets held for sale are presented on a separate line in the balance sheet as short term assets. Liabilities directly associated to the assets concerned are presented on a separate line in the balance sheet.

Cash flow from operating, investing and financing activities for assets held for sale and discontinued activities appear from note 1.

Cash flow statement
The consolidated and parent company cash flow statements are presented according to the indirect method and show the composition of cash flow divided into operating, investing and financing activities, respectively, and the changes in cash and cash equivalents during the year between 1 January and 31 December.

The cash flow statement is based on earnings before special non-recurring items, depreciation and amortisation (EBITDA).

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash and cash equivalents:

- Cash and cash equivalents consist of cash and bank deposits
- Loans represent total interest-bearing debt items less interest-bearing receivables
- All other non-interest-bearing receivables and debt items are regarded as working capital

Cash flow from operating activities consists of earnings before special non-recurring items, depreciation and amortisation (EBITDA) adjusted for non-cash and non-paid items, changes in working capital and payments in respect of provisions, corporation tax and financial items.

Cash flow from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans. The Group's cash and cash equivalents mainly consist of money deposited with banks.

Segment information
The information is based on business segments which the management uses to report and control the group internally. The segment information complies with the Groups's accounting policies, risks and internal financial control.

Geographical segmentation is provided for revenue and non-current assets of the major individual countries and revenue of major individual customers.

Segment income and costs consist of transactions between the segments. Such transactions are determined on market terms. The transactions are eliminated in connection with the consolidation.

No information on the segmentation of the balance sheet and the cash flow is disclosed as a result of internal restructurings which entail stronger integration between Cement and Minerals. In addition, the management does not use this to report and control the Group internally.

Financial highlights
Financial highlights and key ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2005".

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as the operating income (EBIT) with addition of the year's amortisation, depreciation and write-down of intangible and tangible assets and special non-recurring items.

The working capital cannot be directly derived from the published balance sheet figures. The principal items included in the calculation of working capital are: Inventories, trade receivables, other receivables (exclusive of interest-bearing items), work-in-progress for third parties (both assets and liabilities), prepayments from customers, trade payables, and other payables (exclusive of interest-bearing items).

Earnings per share (EPS) and diluted earnings per share (EPS diluted) are measured according to IAS 33.

38. Standards and interpretations that have not yet come into force

Standards and interpretations which have been approved for use in the EU but which have not yet come into force
At the date of the publication of this Annual Report, the following material new or revised standards and interpretations have not yet come into force and are therefore not incorporated in this Annual Report:

- Revised IFRS 2, *Share-based Payment.* The revised standard comes into force with effect from financial years beginning 1 January 2010 or later. The standard prescribes how to recognise the accounting treatment for share-based payment in the subsidiary's financial statements, when the subsidiary receives goods or services which the parent company or another group enterprise is entitled to settle. The Group will implement the change from 1 January 2010, however, the change is not expected to have any impact on the financial reporting for 2010 as the Group's share-based payment takes place through the parent company.

- Changes to IFRS 3, *Business Combinations*. The changes to the standard come into force with effect from financial years beginning 1 July 2009 or later. The implementation of the revised standard means that the Group as of and including the financial year 2010 is required to recognise costs of purchase and changes to contingent purchase considerations on acquisitions direct in the income statement. The implementation will also mean a change in accounting policies partly for the recognition of goodwill related to minority interests' share of enterprises acquired, partly gradual acquisitions of enterprises and partial disposals of investments in subsidiaries.

The following standards and interpretations which have been approved for use in the EU but which have not yet come into force are not expected to have any impact on the financial reporting for 2010::

- Revised IFRS 1, *First-time Adoption of IFRS*
- Changes to IAS 39 *Financial instruments: Recognition and Measurement* and IFRIC 9, *Reassessment of embedded derivatives*
- IFRIC 17, *Distributions of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

Standards and interpretations which have not been approved for use in the EU and which have not yet come into force

- "Improvements to IFRS April 2009"
- Revised IFRS 2, *Share-based Payment*.
- Revised IFRS 1, *First-time Adoption of IFRS*
- Revised IAS 24, *Related parties*
- Revised IAS 32, *Financial Instruments: Presentation*
- Changes to IFRIC 14,*"IAS 19 Plan Assets"*
- IFRS 9, *Financial instruments: Recognition and Measurement*

It is the Board and Management's view that the above-mentioned standards and interpretations will not have a material impact on the financial reporting for 2010.

39. List of Group companies

Company name	Country	Currency	Nominal share capital (000s)	Direct Group Holding (pct.)
FLSmidth & Co. A/S	Denmark	DKK	1,064,000	100
Aktieselskabet af 1. januar 1990, Valby	Denmark	DKK	500	100
Igrene MP A/S	Denmark	DKK	500	100
DEF 1994 A/S	Denmark	DKK	1,000	100
FFE Invest A/S	Denmark	DKK	25,000	100
FLS Plast A/S	Denmark	DKK	1,500	100
FLS Real Estate A/S	Denmark	DKK	3,100	100
FLSmidth (Beijing) Ltd.	China	CNY	2,468	100
FLSmidth Finans A/S	Denmark	DKK	10,000	100
FLSmidth Dorr-Oliver Eimco Management Hungary Kft.	Hungary	USD	3	100
FLSmidth Dorr-Oliver Eimco Mexico S.A. de C.V.	Mexico	MXN	597	100
FLSmidth Dorr-Oliver Eimco Venezuela S.R.L.	Venezuela	VEB	1,880	100
FLSmidth S.A.C.	Peru	PEN	1	100
NL Supervision Company A/S	Denmark	DKK	500	100
NLS-SSBIL *	UAE	DKK	300	50
Redep A/S	Denmark	DKK	500	100
SLF Romer XV ApS	Denmark	DKK	125	100
VA77 af 25. november 2004 ApS	Denmark	DKK	250	100
FLS miljø a/s	Denmark	DKK	5,000	100
FLS miljo Inc.	United States	USD	0	100
FLS miljo Ltd.	UK	GBP	3,753	100
Cembrit Holding A/S	Denmark	DKK	83,000	100
Cembrit A/S	Denmark	DKK	21,000	100
Cembrit as	Norway	NOK	500	100
Cembrit a.s.	Czech Republic	CZK	1,126,240	96
Cembrit B.V.	Netherlands	EUR	31	100
Cembrit B.V.	Netherlands	EUR	18	100
Cembrit GmbH	Germany	EUR	79	100
Cembrit Kft.	Hungary	HUF	400,100	100
Cembrit Ltd.	UK	GBP	500	100
Cembrit Oy	Finland	EUR	1,682	100
Minerit Prime Oy	Finland	EUR	8	100
Cembrit Polska Sp. z.o.o.	Poland	PLN	150	100
Cembrit Pro-tile	Belgium	EUR	1,388	51
Cembrit S.A.	Poland	PLN	24,806	100
Kotlownia Izopol Zaklad Gospodarki Cieplnej i Woodnej Sp. z.o.o.	Poland	PLN	4,587	100
Cembrit S.p.A.	Italy	EUR	3,002	67
Cembrit s.r.o.	Slovakia	EUR	207	100
Cembrit Tepro AB	Sweden	SEK	600	100
DKCF ApS	Denmark	DKK	125	100
FASS S.a.r.l.	France	EUR	1	100
Cesider S.a.r.l.	France	EUR	100	100
Cembrit SAS	France	EUR	700	100
Cembrit OOO	Russia	RUB	10	100
ETERNIT Distributie s.r.l.	Romania	RON	5	100
Interfer S.A.S.	France	EUR	336	100
FLSmidth A/S	Denmark	DKK	500,000	100
Eumops Sp. z.o.o.	Poland	PLN	50	100
FLSmidth Argentina S.A.	Argentina	USD	12	100
FLS Automation Italia s.r.l.	Italy	EUR	99	100
FLSmidth d.o.o.	Croatia	HRK	20	100
FLSmidth S.A.	Spain	EUR	5,417	100
FLSmidth (Private) Ltd.	Pakistan	PKR	94,556	100
FLSmidth Dorr-Oliver Eimco Denmark ApS	Denmark	EUR	1,417	100
FLSmidth Dorr-Oliver Eimco Italy S.R.L.	Italy	EUR	10	100
FLSmidth Dorr-Oliver Eimco Spain S.L.	Spain	EUR	380	100
FLSmidth (UK) Limited	UK	GBP	5,337	100
FLSmidth (Jersey) Limited	UK	EUR	80	100
FLSmidth Ireland Limited	Ireland	EUR	0	100
FLSmidth Ltd.	UK	GBP	1,500	100
FLSmidth Ltda.	Brasil	BRL	5,725	100
FLSmidth MAAG Gear AG	Switzerland	CHF	1,000	100
FLSmidth MAAG Gear Sp. z.o.o.	Poland	PLN	36,450	100
FLSmidth Krebs GmbH	Austria	EUR	36	100
FLSmidth (Qingdao) Ltd.	China	CNY	39,962	100
FLSmidth Machinery Trade Co. Ltd.	China	CNY	2,000	100
FLSmidth Sp. Z.o.o.	Poland	PLN	800	100
FLSmidth Portugal Lda.	Portugal	EUR	15	100
FLSmidth Rusland Holding A/S	Denmark	DKK	500	100
FLSmidth Rus OOO	Russia	RUB	400	100
FLSmidth Spol. s.r.o.	Czech Republic	CZK	13,362	100
FLSmidth Ventomatic SpA	Italy	EUR	181	100
LFC International Engineering JSC *	Vietnam	USD	600	40
LV Technology Public Company Ltd. *	Thailand	THB	228,513	13
MAAG Gear Systems AG	Switzerland	CHF	8,000	100
Pfister Holding GmbH	Germany	EUR	1,023	100
PT FLSmidth Indonesia	Indonesia	IDR	3,500,000	100

Company name	Country	Currency	Nominal share capital (000s)	Direct Group Holding (pct.)
FLSmidth Materials Handling A/S	Denmark	DKK	12,000	100
FLS Germany Holding GmbH	Germany	EUR	31	100
Pfister Data GmbH	Germany	EUR	26	100
FLSmidth Holding GmbH	Germany	EUR	260	100
FLSmidth Pfister GmbH	Germany	EUR	3,962	100
Pfister Latino Americana Ltda.	Brazil	BRL	100	100
FLSmidth Pfister, Inc.	United States	USD	1	100
Transweigh India Ltd. *	India	INR	26,200	24
FLSmidth Hamburg GmbH	Germany	EUR	1,023	100
Möller Materials Handling GmbH	Germany	EUR	25	100
Möller-Fuller Sp. z.o.o.	Poland	PLN	25	100
FLSmidth Wiesbaden GmbH	Germany	EUR	1,176	100
FLSmidth S.A.R.L.	France	EUR	50	99
FLSmidth Wadgassen GmbH	Germany	EUR	25	100
FLSmidth GmbH	Austria	EUR	509	100
FLSmidth MVT GmbH	Germany	EUR	1,499	100
FLSmidth Wuppertal GmbH	Germany	EUR	359	100
Pfaff Machinenbau GmbH	Germany	EUR	77	100
Fuller Offshore Finance Corp. BV.	Netherlands	EUR	2,269	100
FLSmidth Kovako BV.	Netherlands	EUR	16	100
Öresund Unloader Design Bureau Holding AB	Sweden	SEK	2,200	100
Öresund Unloader Design Bureau AB	Sweden	SEK	1,800	100
FLSmidth Minerals Holding ApS	Denmark	DKK	200	100
FLSmidth Ltd.	Canada	CAD	84,783	100
4424972 Canada Inc.	Canada	CAD	0	100
9189-6175 Quebec Inc.	Canada	CAD	0	100
4437845 Canada Inc.	Canada	CAD	0	100
FLSmidth Pty. Ltd.	Australia	AUD	40,100	100
FLSmidth ABON Pty. Ltd.	Australia	AUD	6	100
FLSmidth Dorr-Oliver Eimco Pty Limited	Australia	AUD	5,859	100
FLSmidth Krebs Australia Pty. Ltd.	Australia	AUD	0	100
FLS Automation Australia Pty. Ltd.	Australia	AUD	1	100
FLSmidth S.A.	Chile	CLP	4,389,378	100
FLSmidth Krebs Chile S.A.	Chile	CLP	74,650	100
Conveyor Engineering Chile Limitada	Chile	USD	2	100
FLSmidth S.A. de C.V.	Mexico	MXN	50	100
FLSmidth Private Limited	India	INR	268,433	100
EEL India Limited	India	INR	58,500	100
FLSmidth (Pty.) Ltd.	South Africa	ZAR	40	100
FLSmidth (Pty.) Ltd.	South Africa	ZAR	25	100
FLSmidth Buffalo (Pty.) Ltd.	South Africa	ZAR	41	100
FLSmidth Krebs Africa (Pty.) Ltd.	South Africa	ZAR	0	100
FLS Automation South Africa (Pty.) Ltd.	South Africa	ZAR	1,250	100
FLSmidth (Pty.) Ltd.	South Africa	ZAR	50	100
FLSmidth Dorr-Oliver Eimco Africa (Pty.) Ltd.	South Africa	ZAR	0	100
FLS US Holdings, Inc.	United States	USD	0	100
FLS Automation Inc.	United States	USD	10	100
FLSmidth Airtech Inc.	United States	USD	1	100
FLSmidth DOE Acquisition USA Inc.	United States	USD	0	100
FLSmidth Krebs Inc.	United States	USD	6	100
FLSmidth Krebs (Beijing) Ltd.	China	USD	300	100
FLSmidth DOE Holdings Inc	United States	USD	654	100
FLSmidth Salt Lake City, Inc.	United States	USD	655	100
FLSmidth Dorr-Oliver Eimco SLC Inc.	United States	USD	1	100
FLSmidth Dorr-Oliver Inc.	United States	USD	0	100
Dorr-Oliver de Chile Ltda.	Chile	CLP	0	100
FLSmidth Dorr-Oliver International Inc.	United States	USD	1	100
FLSmidth Inc.	United States	USD	10	100
Conveyor Engineering International, LLC	United States	USD	0	100
Excel Foundry & Machine Inc.	United States	USD	0	100
FBH, LLC	United States	USD	0	100
FLSmidth Boise, Inc.	United States	USD	84	100
FLSmidth Pekin LLC	United States	USD	4	100
FLSmidth Spokane, Inc.	United States	USD	1	100
Fuller Middle East Limited	United States	USD	1	100
Fuller Company	United States	USD	1	100
Fuller International Inc.	United States	USD	1	100
Fuller International Trading Corp.	United States	USD	1	100
General Fuller International Corp.	United States	USD	1	100
SLS Corporation	United States	USD	1	100
Smidth & Co.	United States	USD	90	100

* Associated enterprise
All other enterprises are Group enterprises

Parent company financial statements 2009

Parent company income statement

DKKm		2009	2008
Notes			
1	Dividend from Group enterprises	0	625
2	Profit/loss from disposal of enterprises and activities	0	1
3	Other operating income	33	43
4	Staff costs	(20)	(20)
	Other operating costs	(27)	(19)
9	Depreciation, amortisation and write-downs	(6)	(7)
	Earnings before interest and tax (EBIT)	**(20)**	**623**
6	Financial income	1,138	1,073
7	Financial costs	(946)	(1,230)
	Earnings before tax (EBT)	**172**	**466**
8	Tax for the year	104	51
	Profit/loss for the year	**276**	**517**
	Distribution of profit for the year:		
	Retained earnings	276	517
		276	**517**
	Distribution of dividend:		
	Extraordinary dividend during the year	105	0
	Proposed dividend	266	0
		371	**0**

The Board of Directors recommends that the Annual General Meeting approves a dividend of DKK 5 per share (2008: DKK 0 per share).

Other notes:

5 Fee to auditors appointed at the Annual General Meeting
18 Related party transactions

Parent company balance sheet

Assets

Notes	DKKm	2009	2008
	Land and buildings	49	55
	Operating equipment, fixtures and fittings	0	0
9	**Tangible assets**	**49**	**55**
10	Investments in Group enterprises	3,361	3,801
11	Deferred tax assets	120	0
	Financial assets	**3,481**	**3,801**
	Total non-current assets	**3,530**	**3,856**
	Receivables from Group enterprises	3,899	6,392
	Other receivables	201	639
12	**Receivables**	**4,100**	**7,031**
	Investments and other securities	**1**	**1**
12	**Cash and cash equivalents**	**1,670**	**33**
	Total current assets	**5,771**	**7,065**
	TOTAL ASSETS	**9,301**	**10,921**

Equity and liabilities

Notes	DKKm	2009	2008
	Share capital	1,064	1,064
	Retained earnings	1,525	1,519
	Proposed dividend	213	0
	Equity	**2,802**	**2,583**
13	Other provisions	121	304
14	Mortgage debt	311	311
14	Other liabilities	35	19
14	Bank loans	811	1,073
	Long-term liabilities	**1,278**	**1,707**
14	Debt to Group enterprises	4,792	6,226
14+15	Other liabilities	429	405
	Short-term liabilities	**5,221**	**6,631**
	Liabilities	**6,499**	**8,338**
	TOTAL EQUITY AND LIABILITIES	**9,301**	**10,921**

Other notes:

16 Charges
17 Contingent assets and liabilities

Parent company equity

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2008	**1,064**	**985**	**372**	**2,421**
Retained earnings		517		**517**
Dividend paid			(367)	**(367)**
Dividend treasury shares		5	(5)	**0**
Share-based payment, share options		14		**14**
Disposal of treasury shares		10		**10**
Acquisition of treasury shares		(12)		**(12)**
Equity at 31 December 2008	**1,064**	**1,519**	**0**	**2,583**
Retained earnings		276		**276**
Dividend paid		(105)		**(105)**
Proposed dividend		(266)	266	**0**
Share-based payment, share options		19		**19**
Share-based payment, employee shares, subsidiaries		21		**21**
Disposal of treasury shares		8		**8**
Equity at 31 December 2009	**1,064**	**1,472**	**266**	**2,802**

DKKm	2009	2008	2007	2006	2005
Movements on share capital (number of shares):					
Share capital at 1 January	53,200,000	53,200,000	53,200,000	53,200,000	53,200,000
Capital increase in connection with exchange of shares				23,853,048	
Cancellation of share capital by use of treasury shares				(23,853,048)	
Share capital at 31 December	**53,200,000**	**53,200,000**	**53,200,000**	**53,200,000**	**53,200,000**

Each share entitles the holder to 20 votes and there are no special rights attached to the shares.

The year's movements in holding of treasury shares (number of shares):

Treasury shares at 1 January 2009	814,457 shares
Acquisition of treasury shares	841 shares
Settled share options	(60,000) shares
Reserved for employee shares in connection with FLS Global Incentive	(126,696) shares
Treasury shares at 31 December 2009	628,602 shares

Representing 1.2% of the share capital.

See also the Management's review on page 14 regarding the use of treasury shares.

Notes to the parent company financial statements

1. Dividend from Group enterprises

DKKm	2009	2008
Dividend received from Group enterprises	270	1,977
Dividend received from Group enterprises set off against cost	(270)	(1,352)
	0	**625**

2. Profit/loss from disposal of enterprises and activities

DKKm	2009	2008
Profit from disposal of enterprises	0	1
	0	**1**

3. Other operating income

DKKm	2009	2008
Management fee etc.	33	43
	33	**43**

4. Staff costs

DKKm	2009	2008
Wages, salaries and fees	17	18
Share-based payment	3	2
	20	**20**
Average number of employees	**3**	**3**

Remuneration of the Board of Directors for 2009 amounts to DKK 4m (2008: DKK 3m).

The total remuneration of the parent company Management amounted to DKK 16m (2008: DKK 18m), DKK 13m of which (2008: DKK 15m) was incurred by the parent company.

5. Fee to auditors appointed at the Annual General Meeting

DKKm	2009	2008
Deloitte		
Statutory audit	1	1
Other assurance engagements	0	0
Tax and VAT consultancy	0	0
Other services	1	1
	2	**2**

6. Financial income

DKKm	2009	2008
Reversal of write-down of investments in Group enterprises	240	60
Interest receivable and other financial income from financial assets that are not measured at fair value	7	7
Interest from Group enterprises	142	281
Foreign exchange gains	749	725
	1,138	**1,073**

7. Financial costs

DKKm	2009	2008
Write-down of investments in Group enterprises	51	125
Interest payable and other financial costs from financial liabilities that are not measured at fair value	100	101
Interest to Group enterprises	47	220
Foreign exchange losses	748	784
	946	**1,230**

8. Tax for the year

DKKm	2009	2008
Tax for the year		
Current tax on the profit/loss for the year	(2)	(52)
Withholding tax	1	2
Adjustments in respect of previous years, current taxes	17	(1)
Adjustments, deferred tax	(120)	0
Tax for the year	**104**	**(51)**

Tax paid in 2009 amounts to DKK -149m (2008: DKK 95m)

9. Tangible assets

DKKm	Land and buildings	Operating equipment, fixtures and fittings	Total
Cost at 1 January 2009	223	2	225
Additions	0	0	0
Cost at 31 December 2009	**223**	**2**	**225**
Depreciation and write-downs at 1 January 2009	168	2	170
Disposals	0	0	0
Annual depreciation and write-downs	6	0	6
Depreciation and write-downs at 31 December 2009	**174**	**2**	**176**
Carrying amount at 31 December 2009	**49**	**0**	**49**

10. Financial assets

DKKm	Investments in Group enterprises
Cost at 1 January 2009	6,292
Additions	0
Disposals	(410)
Adjustments regarding dividend	(270)
Cost at 31 December 2009	**5,612**
Write-down at 1 January 2009	2,491
Write-downs	0
Reversal of write-downs	(240)
Write-down at 31 December 2009	**2,251**
Carrying amount at 31 December 2009	**3,361**

Reversal of write-downs in 2009 concerns FLS miljø and matches a corresponding adjustment regarding dividend at cost. The reversal is included in financial income.

Annual write-downs amount to DKK 51m. Due to the fact that the write-downs exceed the carrying amount, a corresponding sum is transferred to Other provisions.

Value in use of Group companies, expressing their recoverable amount, is calculated by discounting expected future cash flow to net present value. Expected future cash flow is based on Management estimates which include anticipated growth rates, etc. The discounting factor is also based on Management estimates which include both general capital market conditions and a specific risk profile (currently 9-10%).

The calculations of value in use consist of discounted expected cash flow for the next five years and a calculated terminal value of cash growth rate (0-1%) based on Management estimates is adopted.

Investments in Group enterprises consist of:

See Note 39 to the consolidated financial statements.

11. Deferred tax assets and liabilities

DKKm	2009	2008
Deferred tax consists of the following items:		
Tangible assets	56	31
Liabilities	64	51
Portion of tax asset valued at nil	0	(82)
Net value of deferred tax	**120**	**0**

12. Receivables, cash and cash equivalents

Receivables falling due after one year total DKK 911m (2008: DKK 918m). No write-downs have been made in financial receivables.

Other receivables include fair value if financial contracts (positive value) and tax on account for the Danish jointly taxed enterprises.

Cash and cash equivalents consist of bank deposits.

13. Other provisions

DKKm	2009	2008
Other provisions at 1 January	304	181
Additions	51	125
Disposals	(234)	(2)
Other provisions at 31 December	**121**	**304**

Other provisions consist of guarantees and liabilities in connection with disposal of enterprises and activities and write-down of investments in Group enterprises.

14. Liabilities

DKKm	2009	2008
Maturity structure of liabilities		
Debt to Group enterprises	4,792	6,226
Other liabilities	429	405
Within one year	**5,221**	**6,631**
Mortgage debt	2	2
Bank loans	811	1,073
Other liabilities	35	19
Within one to five years	**848**	**1,094**
Mortgage debt	309	309
After five years	**309**	**309**
Total	**6,378**	**8,034**

15. Other liabilities

Other liabilities include provisions for risk management and fair value of financial contracts (negative value) and tax on account for Danish enterprises participating in joint taxation.

16. Charges

DKKm	2009		2008	
	Carrying amount of charged assets	**Charge**	**Carrying amount of charged assets**	**Charge**
Real estate	49	311	55	311

17. Contingent assets and liabilities

FLSmidth & Co. A/S has provided a guarantee for the supply and operating liabilities of its subsidiary, FLS miljø, in connection with the Eggborough desulphurisation project in the UK.

The Company has provided guarantees to financial institutions at an amount of DKK 6,498m (2008: DKK 6,462m).

In connection with the disposal of enterprises normal guarantees, etc. are issued to the acquiring enterprise. A provision is made for estimated losses on such transactions.

There are no significant contingent assets or liabilities apart from the above.

See also Note 30 to the consolidated financial statements.

18. Related party transactions

Related parties include the parent company's Board of Directors and Management and the Group companies and associates that are members of the FLSmidth & Co. Group.

In 2009 and 2008, there were no transactions with related parties which were not included in the consolidation of the Group, nor were there any transactions with associates.

Parent company sale of services consists of managerial services and insurance services. These transactions are carried out on market terms and at market prices. The parent company purchase of services mainly consists of legal and tax assistance from FLSmidth A/S.

Financial income and costs are attributable to the FLSmidth & Co. Group's in-house Treasury function which is performed by the parent company, FLSmidth & Co. A/S. Receivables and payables are mainly attributable to this activity.

For guarantees provided by the parent company for related parties, please see Note 17 above.

19. Shareholders

See page 54 for information about company shareholders who control more than five percent of the voting rights or nominal value of the total share capital.

20. Other auditors for subsidiaries

The following Group companies have their financial statements audited by an accountant different from that of the parent company:

- Cembrit Pro-Tile, Belgium
- Cembrit S.P.A., Italy
- FLSmidth Minerals Equipment Ltd., China
- PT Fajar Laksana Sejahtera, Indonesia

21. Accounting policies

The financial statements of the parent company (FLSmidth & Co. A/S) are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

To ensure uniform presentation the terminology used in the consolidated financial statements has as far as possible also been applied in the parent company's financial statements. The parent company's accounting policies on recognition and measurement are generally consistent with those of the Group. The instances in which the parent company's accounting policies deviate from those of the Group have been described below.

The company's main activity, income from Group enterprises, is presented first in the income statement under revenue.

Description of accounting policies
Translation of foreign currency
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 directly recognised in the parent company income statement.

Dividend received from Group enterprises
Dividend from investments in subsidiaries is recognised as income in the parent company income statement in the financial year in which the dividend is declared. This will typically be at the time of the approval in Annual General Meeting of distribution from the company concerned. However, where the dividend distributed exceeds the accumulated earnings after the date of acquisition, the dividend is not recognised in the income statement but is stated as a write-down on the cost of the investment

Tangible assets
Depreciation takes place on a straight line basis over the estimated useful life of the assets until they reach the estimated residual value. Pursuant to the provisions of IFRS the residual value must now be revalued annually. In the parent company's financial statements the residual value is determined at the date of the entry into service and is not subsequently adjusted.

Investments in Group enterprises
Investments in Group enterprises are measured at cost less write-downs. Where the cost exceeds the recoverable amount, a write-down is made to this lower value.

To the extent that the distributed dividend exceeds the accumulated earnings after the date of acquisition, dividend is recognised as a write-down of the investment's cost.

Cash flow statement
As the consolidated financial statements include a cash flow statement for the whole Group, no individual statement for the parent company has been included, cf. the exemption provision, section 86 of the Danish Financial Statements Act.

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