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Interim Report 2010

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1 January 2010 - 31 March 2010
(Company announcement No. 16-2010)

Interim report

1 January 2010 - 31 March 2010



The Board of Directors and the Corporate Management of FLSmidth & Co. A/S have today (18 May 2010) reviewed and approved this interim report for the FLSmidth & Co. Group for the period 1 January - 31 March 2010.

Main conclusions

Increasing order intake and satisfactory earnings in challenging market

- The order intake increased 67% to DKK 5,195m (first quarter 2009: DKK 3,111m)
- The order backlog has increased 8% to DKK 22,883m since the turn of the year (end of 2009: DKK 21,194m)
- The revenue declined 13% to DKK 4,490m (first quarter 2009: DKK 5,173m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) declined 20% to DKK 462m (first quarter 2009: DKK 578m) corresponding to an EBITDA ratio of 10.3% (first quarter 2009: 11.2%)
- Earnings before interest and tax (EBIT) declined 24% to DKK 359m (first quarter 2009: DKK 474m), corresponding to an EBIT ratio of 8.0% (first quarter 2009: 9.2%)
- Earnings before tax (EBT) declined 8% to DKK 342m (first quarter 2009: DKK 372m)
- The profit for the period declined 50% to DKK 233m (first quarter 2009: DKK 467m)
- Cash flow from operating activities increased 82% to DKK 349m (first quarter 2009: DKK 192m)
- Net interest-bearing receivables by the end of the first quarter 2010 amounted to DKK 1,355m (end of 2009: DKK 1,085m)

Prospects for 2010

- The expectations for the cement market in 2010 remain unchanged at 50m tonnes per year new contracted cement kiln capacity worldwide (exclusive of China).
- In 2010, FLSmidth & Co. continues to expect 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	approx. 9%
Minerals	DKK 8-9bn	approx. 9%
Cembrit	approx. DKK 1.2bn	approx. 2%

- The effect of purchase price allocations regarding GL&V Process is expected to amount to approximately DKK -100m in 2010 in the form of amortisation of intangible assets
- In 2010, the effective tax rate is expected to be around 30%
- Cash flow from investing activities (exclusive of acquisitions) is expected to be around DKK -400m in 2010

Please address any questions to this announcement to Mr Jørgen Huno Rasmussen, Group CEO, telephone +45 36 18 18 00.
A telephone conference regarding the interim report will be held today at 15.00 hours. For further details, please visit www.flsmidth.com.

Group financial highlights

DKKm	Q1 2010	Q1 2009	Year 2009
INCOME STATEMENT			
Revenue	4,490	5,173	23,134
Gross profit	1,109	1,210	5,406
Earnings before non-recurring items, depreciation, amortisation (EBITDA)	462	578	2,725
Earnings before interest and tax (EBIT)	359	474	2,261
Earnings before tax (EBT)	342	372	2,108
Profit/loss for the period, continuing activities	**242**	**491**	**1,705**
Profit/loss for the year, discontinued activities	(9)	(24)	(41)
Profit/loss for the period	**233**	**467**	**1,664**
CASH FLOW			
Cash flow from operating activities	349	192	2,470
Acquisition and disposal of enterprises and activities	5	(54)	(286)
Acquisition of tangible assets	(49)	(77)	(210)
Other investments, net	(49)	3	(34)
Cash flow from investing activities	(93)	(128)	(530)
Cash flow from operating and investing activities of continuing activities	261	47	1,719
Cash flow from operating and investing activities of discontinued activities	(5)	17	221
WORKING CAPITAL	**262**	**637**	**21**
NET INTEREST-BEARING RECEIVABLES / (DEBT)	**1,355**	**(622)**	**1,085**
ORDER INTAKE, CONTINUING ACTIVITIES (GROSS)	**5,195**	**3,111**	**13,322**
ORDER BACKLOG, CONTINUING ACTIVITIES	**22,883**	**28,945**	**21,194**
BALANCE SHEET			
Non-current assets	8,753	8,647	8,473
Current assets	12,901	12,817	13,429
Assets held for sale	-	8	-
Total assets	**21,654**	**21,472**	**21,902**
Consolidated equity	7,207	5,536	6,627
Long-term liabilities	3,596	4,125	3,338
Short-term liabilities	10,851	11,811	11,937
Total equity and liabilities	**21,654**	**21,472**	**21,902**
DIVIDEND TO THE SHAREHOLDERS	**-**	**-**	**372**
FINANCIAL RATIOS			
Continuing activities			
Contribution ratio	24.7%	23.4%	23.4%
EBITDA ratio	10.3%	11.2%	11.8%
EBIT ratio	8.0%	9.2%	9.8%
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	8.5%	9.6%	10.2%
EBT ratio	7.6%	7.2%	9.1%
Return on equity	13%	35%	29%
Equity ratio	33%	26%	30%
Number of employees end of period, Group	**10,615**	**11,352**	**10,664**
Number of employees in Denmark	1,598	1,846	1,650
Share and dividend ratios, Group			
CFPS (cash flow per share), DKK (diluted)	6.6	3.7	47.1
EPS (earnings per share), DKK (diluted)	4.4	8.9	31.9
EPS (earnings per share), DKK (diluted) before the effect of purchase price allocations regarding GL&V Process	4.7	9.2	33.1
FLSmidth & Co. share price, DKK	382	143	367
Number of shares end of period (000s)	53,200	53,200	53,200
Average number of shares (000s) (diluted)	52,691	52,385	52,429
Market capitalisation, DKKm	20,344	7,581	19,524

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

Management's review
for the first quarter of 2010



The market situation
The willingness to invest is slowly beginning to return in both the cement and minerals industries. Economic indicators and confidence indexes are pointing towards higher economic growth and demand for both cement and minerals, particularly in the developing countries. Access to financing, however, remains a limiting factor.

The list of potential projects in Minerals is very long, and the company is engaged in a dialogue and substantive negotiations with a rising number of customers. The market is generally anticipating a rising level of investment which is supported by both increasing minerals prices and solid results and cash flow among the minerals producers. There is particular interest in new investments in copper, phosphate, coal and gold.

In Cement, many regions currently have sufficient capacity. However, this does not apply to India, Indonesia, South America and Africa, where there is local demand for new capacity. In 2010, the global market for new contracted cement kiln capacity (exclusive of China) is still expected to be around 50m tonnes per year (2009: 45m tonnes per year).

Rising order intake and order backlog
The total order intake amounted to DKK 5,195m in the first quarter of 2010, representing a 67% increase on the same period last year (first quarter 2009: DKK 3,111m).

The order backlog totalled DKK 22,883m at the end of the first quarter of 2010 (end of 2009: DKK 21,194m), and the order backlog has thus increased 8% since the turn of the year, this being the first quarterly increase since the third quarter of 2008. Approximately DKK 2.5bn of the order backlog is still on hold.

Particularly the order intake in Customer Services developed positively in the first quarter and accounted for 50% of the total order intake in Cement and Minerals. This development primarily reflects the awarding of a major DKK 1.1bn operation and maintenance contract for a cement project in Angola.

Income statement developments
Lower revenue, but higher gross margin ratio

The revenue in the first quarter of 2010 amounted to DKK 4,490m, representing a 13% decline on the same period last year (first quarter of 2009: DKK 5,173m). The lower revenue is a consequence of the lower order backlog at the beginning of the year plus deferment of revenue. Overall, the foreign exchange effect of translating into DKK has had a 2% positive impact on revenue and earnings compared to the first quarter of 2009.

Revenue in Cement declined 18% on the same period last year, whilst declining 9% in Minerals and remaining more or less unchanged in Cembrit.

The gross profit amounted to DKK 1,109m in the first quarter of 2010 (first quarter 2009: DKK 1,210m), which means a contribution ratio of 24.7% (first quarter 2009: 23.4%). The higher contribution ratio compared to last year mainly reflects improved order execution.

The first quarter of 2010 saw total investments in research and development of DKK 58m (first quarter 2009: DKK 92m), representing 1.3% of the revenue (first quarter 2009: 1.8%). In addition, project financed development is taking place in cooperation with customers.

Management's review
for the first quarter of 2010

Sales, distribution and administrative costs, etc. in the first quarter of 2010 amounted to DKK 647m (first quarter of 2009: DKK 632m) representing 14.4% of the revenue (first quarter of 2009: 12.2%). Adjusted for foreign exchange and acquisitions, the sales, distribution and administrative costs are on a par with last year. Higher sales and proposal activity is generally generating higher sales and distribution costs right now, but not revenue and earnings until at a later stage.

Earnings before special non-recurring items, depreciation, amortisation and write-downs (EBITDA) amounted to DKK 462m (first quarter 2009: DKK 578m), corresponding to an EBITDA ratio of 10.3%% (first quarter 2009: 11.2%).

Total depreciation, amortisation and write-downs amounted to DKK 103m in the first quarter (first quarter 2009: DKK 104m).

Earnings before interest and tax (EBIT) amounted to DKK 359m in the first quarter of 2010 (first quarter of 2009: DKK 474m) which represents an EBIT ratio of 8.0% (first quarter of 2009: 9.2%). The lower EBIT ratio is primarily due to lower revenue and consequently lower operational gearing.

The total effect of purchase price allocations regarding GL&V Process (including depreciation, amortisation, write-downs and special non-recurring items) amounted to DKK -22m (first quarter 2009: DKK -24m). Adjusted for these purchase price allocations, the EBIT ratio in the first quarter was 8.5% (first quarter 2009: 9.6%).

Net financial costs amounted to DKK 17m in the first quarter of 2010 (first quarter of 2009: DKK 102m).

The earnings before tax (EBT) amounted to DKK 342m (first quarter 2009: DKK 372m), corresponding to an EBT ratio of 7.6% (first quarter 2009: 7.2%).

Tax for the period amounted to DKK 100m (first quarter of 2009: DKK 119m in earnings including income recognition of a DKK 230m tax asset due to the successful outcome of a tax dispute). The effective tax rate in the first quarter was 30% (first quarter 2009: 30% exclusive of recognised tax asset).

The profit for the period amounted to DKK 233m (first quarter 2009: DKK 467m), corresponding to earnings per share (diluted) of DKK 4.4 (first quarter 2009: DKK 8.9).

Balance sheet developments

The balance sheet total amounted to DKK 21,654m at the end of the first quarter of 2010 (end of 2009: DKK 21,902m). The consolidated shareholders' equity at the end of the first quarter of 2010 amounted to DKK 7,207m (end of 2009: DKK 6,627m) corresponding to an equity ratio of 33% (end of 2009: 30%). In the first quarter of 2010, the return on equity (on an annual basis) amounted to 13% (first quarter 2009: 35%).

Working capital

The working capital amounted to DKK 262m at the end of the first quarter of 2010, representing an increase of DKK 241m since the turn of the year (end of 2009: DKK 21m). The increase is primarily due to changed foreign exchange rates when translating into DKK and an increase in work-in-progress for third parties (net).

Positive cash flow from operating activities

Cash flow from operating activities amounted to DKK 349m in the first quarter (first quarter 2009: DKK 192m), and cash flow from investing activities amounted to DKK -93m (first quarter 2009: DKK -128m) including DKK -49m deriving from acquisition of tangible asssets (first quarter 2009: DKK -77m).

Cash flow from operating and investing activities totalled DKK 256m in the first quarter of 2010, including 261m from continuing activities and DKK -5m from discontinued activities (first quarter 2009: DKK 64m including 47m from continuing activities and DKK 17m from discontinued activities).

Segment information

Cement

The total order intake in Cement amounted to DKK 2,834m in the first quarter of 2010, up 102% on the same period last year (first quarter of 2009: DKK 1,406m). The order intake in Customer Services amounted to DKK 1,888m in the first quarter of 2010, which is 164% higher than in the same period last year (first quarter 2009: DKK 714m). This development primarily reflects the signing of a five-year DKK 1.1bn operation and maintenance contract in Angola. Besides, the first quarter saw the signing of major cement contracts notably in India, China and Vietnam.

Overall, the foreign exchange effect of translating into DKK has had a 1% negative impact on revenue and earnings in Cement compared to the first quarter of 2009.

Management's review

for the first quarter of 2010



The order backlog has increased 10% since the turn of the year and amounted to DKK 13,762m at the end of the first quarter of 2010 (end of 2009: DKK 12,568m).

Total revenue in Cement amounted to DKK 2,426m in the first quarter of 2010, which is 18% lower than the same period last year (first quarter of 2009: DKK 2,959m), reflecting a lower order backlog at the beginning of the year and deferment of revenue. The revenue in Customer Services amounted to DKK 638m in the first quarter of 2010, representing a 20% decline on the same period last year (first quarter 2009: DKK 795m).

The EBIT result in the first quarter of 2010 amounted to DKK 237m (first quarter 2009: DKK 331m). The first quarter of 2010 saw an EBIT ratio of 9.8% (first quarter of 2009: 11.2%), which is primarily due to lower revenue and hence lower operational gearing.

Minerals

The total order intake in Minerals in the first quarter of 2010 was DKK 2,382m (first quarter of 2009: DKK 1,736m), which represents a 37% increase compared to the same period last year. The order backlog amounted to DKK 9,234m at the end of the first quarter of 2010, corresponding to a 6% increase since the turn of the year (end of 2009: DKK 8,712m). During the first quarter, major Minerals orders were received in, inter alia, Canada, India and USA.

Overall, the foreign exchange effect of translating into DKK has had a 6% positive impact on revenue and earnings in Minerals compared to the first quarter of 2009.

In Customer Services, the order intake in the first quarter of 2010 amounted to DKK 725m, representing a 35% increase on the same period last year (first quarter of 2009: DKK 538m).

The total revenue in Minerals amounted to DKK 1,836m in the first quarter of 2010, representing a 9% decrease on the same period last year (first quarter 2009: DKK 2,009m). The decline in revenue compared to the same period last year primarily reflects the lower order backlog at the beginning of the year.

The revenue in Customer Services amounted to DKK 669m in the first quarter of 2010, representing a 3% increase on the same period last year (first quarter 2009: DKK 649m), which illustrates the general increase in activity in the minerals industries.

The EBIT result amounted to DKK 147m in the first quarter of 2010 (first quarter 2009: DKK 176m), corresponding to an EBIT ratio of 8.0% (first quarter 2009: 8.8%). The lower ratio compared to last year is mainly due to lower revenue and hence lower operational gearing. Net of purchase price allocations, the EBIT ratio fell to 9.2% from 10.0% in the same period last year.

Cembrit

In the first quarter of 2010, Cembrit achieved a revenue of DKK 250m, which is on a par with the same period last year (first quarter of 2009: DKK 247m.). The EBIT result amounted to DKK -16m in the first quarter of 2010 (first quarter of 2009: DKK -18m), corresponding to an EBIT ratio of -6.4% (first quarter of 2009: -7.3%). The operating loss reflects a combination of a tough winter in Europe and a continued low level of demand.

Overall, the foreign exchange effect of translating into DKK has had a 3% positive impact on revenue and earnings in Cembrit compared to the first quarter of 2009.

Management's review
for the first quarter of 2010

Prospects for 2010

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

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

- The effect of purchase price allocations regarding GL&V Process is expected to amount to approximately DKK -100m in 2010 in the form of amortisation of intangible assets
- In 2010, the effective tax rate is expected to be around 30%
- Cash flow from investing activities (exclusive of acquisitions) is expected to be around DKK -400m in 2010

Long-term growth and earnings prospects

There are signs indicating that particularly the mining companies' willingness to invest is beginning to return, as higher minerals prices and economic indicators are underpinning 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.

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. Adjusted for purchase price allocations regarding GL&V Process, the Group's EBIT ratio amounted to 10.6% in 2008, 10.2% in 2009 and 8.5% in the first quarter of 2010. The effect of purchase price allocations regarding GL&V Process is in future expected to be around DKK -100m per year. Moving forward, the annual investments (exclusive of acquisitions) are expected to be around 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 a suitable capital structure in relation to the underlying operating results so that it is always possible to have the necessary and sufficient credit and guarantee facilities to support the commercial operations. The aim is to have an equity ratio of minimum 30%. At the end of the first quarter 2010 the equity ratio was 33% (end of 2009: 30%).

At the end of the first quarter of 2010, the Group had net interest-bearing receivables of DKK 1,355m (end of 2009: DKK 1,085m).

The Group Board and Management wish to maintain capital resources to finance future growth and to strengthen the commercial position through acquisition of, inter alia, complementary technologies and services.

Considering the positive developments in cash flow and capital structure in 2010, the Annual General Meeting on 16 April 2010 approved a dividend of DKK 5 per share, corresponding to DKK 267m which was paid out to the shareholders on 22 April 2010. In addition, in August 2009 an extraordinary dividend of DKK 2 per share was paid out.

It is FLSmidth's dividend policy to continue to be able to pay out DKK 7 per share every year.

Treasury shares

FLSmidth & Co. A/S's holding of treasury shares at 31 March 2010 totalled 610,583 representing 1.15% of the share capital (31 December 2009: 628,602).

Incentive plan

At the end of the first quarter of 2010, there were a total of 629,204 unexercised share options under the Group's incentive plan and the fair value of them was DKK 97m. The fair value is calculated by means of a Black-Scholes model based on a current share price of 382.4, and a volatility of 41.52%. The effect of the plan on the income statement amounted to DKK 5m in the first quarter of 2010 (first quarter of 2009: DKK 5m). Please see the Annual Report for 2009 for further information.

Financial calendar

18 August 2010:	Half-yearly report
18 November 2010:	3rd quarter Interim Report

Events occurring after the balance sheet date

As announced on 3 May 2010, FLSmidth has received an order valued at DKK 275m from Detour Gold Corporation for supplies of equipment for a gold extraction project in Canada.

As announced on 5 May 2010, FLSmidth has signed a five-year operation and maintenance contract with Wadi El Nile Cement Company in Egypt.

As accounced on 6 May 2010, FLSmidth has been awarded an approximately EUR 70m (DKK 520m) contract by Afcons Infrastructure Limited, India, which has signed a USD 200m contract with Jordan Phosphate Mines Co., Jordan to supply a phosphate rock terminal.

As announced on 7 May 2010, FLSmidth has signed a contract valued at EUR 49.5m (DKK 368m) with a company in the Middle East to provide engineering and equipment for the expansion of a copper mine.

As announced on 12 May 2010, FLSmidth has signed a contract worth in excess of USD 75m (DKK 440m) with Minera Lumina Copper Chile for the supply of design, engineering, and process equipment for their Caserones copper and molybdenum plant in central Chile.

Statement by the Board and Management

We have today reviewed and adopted the Interim Report of FLSmidth & Co. A/S for the period 1 January to 31 March 2010.

The Interim Report is presented in accordance with IAS 34, presentation of Interim Reports, as approved by the EU, and additional Danish disclosure requirements for interim reports submitted by listed companies. The Interim Report has not been audited nor reviewed by the Group auditor.

We consider the accounting policies appropriate for the Interim Report to give a true and fair view of the Group's assets and liabilities and financial standing as at 31 March 2010 and of the financial results of the Group's activities and cash flow in the period from 1 January to 31 March 2010.

We also consider the Management's review to give a true and fair view of the developments of the Group's activities and financial affairs, the financial result for the period under review and the Group's financial position as a whole, as well as a true and fair description of the major risks and uncertainties facing the Group.

Copenhagen, 18 May 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			

Consolidated income statement

DKKm		Q1 2010	Q1 2009
Notes			
	Revenue	4,490	5,173
	Production costs	(3,381)	(3,963)
	Gross profit	**1,109**	**1,210**
	Sales and distribution costs	(306)	(288)
	Administrative costs	(354)	(352)
	Other operating income/(costs)	13	8
	Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**462**	**578**
	Special non-recurring items	0	0
	Depreciation and write-down of tangible assets	(57)	(58)
	Amortisation and write-down of intangible assets	(46)	(46)
	Earnings before interest and tax (EBIT)	**359**	**474**
	Financial income	362	579
	Financial costs	(379)	(681)
	Earnings before tax of continuing activities (EBT)	**342**	**372**
	Tax for the period of continuing activities	(100)	119
	Profit/loss for the period, continuing activities	**242**	**491**
	Profit/loss for the period, discontinued activities	(9)	(24)
	Profit/loss for the period	**233**	**467**
	To be distributed as follows:		
	Minority shareholders' share of profit/loss for the period	-	-
	FLSmidth & Co. A/S shareholders' share of profit/loss for the period	233	467
		233	**467**
2	Earnings per share (EPS):		
	Continuing and discontinued activities	4.4	8.9
	Continuing and discontinued activities, diluted	4.4	8.9
	Continuing activities	4.6	9.4
	Continuing activites, diluted	4.6	9.4
1	Income statement classified by function		

Consolidated statement of comprehensive income

DKKm	Q1 2010	Q1 2009
Notes		
Profit/loss for the period	233	467
Other comprehensive income		
Foreign exchange adjustment regarding enterprises abroad	300	32
Foreign exchange adjustment of loans classified as equity in enterprises abroad	58	0
Value adjustment of hedging instruments:		
Value adjustment for the period	10	(5)
Value adjustment transferred to revenue	(1)	1
Value adjustment transferred to variable costs	(1)	-
Value adjustment transferred to financial income / costs	(13)	-
Value adjustment transferred to balance sheet items	5	(2)
Other adjustments of value in use	(3)	1
Tax on other comprehensive income	(16)	2
Other comprehensive income after tax	**339**	**29**
Comprehensive income for the period	**572**	**496**
Comprehensive income attributable to:		
Minority shareholders' share of comprehensive income for the period	(1)	-
FLSmidth & Co. A/S shareholders' share of profit/loss for the period	573	496
	572	496

Consolidated cash flow statement

DKKm	Q1 2010	Q1 2009
Notes		
Earnings before special non-recurring items, depr. and amort. (EBITDA), continuing activities	462	578
Earnings before speciel non-recurring items, depr. and amort. (EBITDA), discontinued activities	(2)	(23)
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**460**	**555**
Adjustment for profits/losses on sale of tangible assets and foreign exchange adjustments, etc.	13	3
Adjusted earnings before special non-recurring items, depr. and amort. (EBITDA)	**473**	**558**
Change in provisions	86	(6)
Change in working capital	(121)	(282)
Cash flow from operating activities before financial items and tax	**438**	**270**
Financial payments received and made	48	3
Corporation taxes paid	(137)	(81)
Cash flow from operating activities	**349**	**192**
Acquisition and disposal of enterprises and activities	5	(54)
Acquisition of intangible assets	(18)	(34)
Acquisition of tangible assets	(49)	(77)
Acquisition of financial assets	(31)	-
Disposal of financial assets	-	36
Disposal of intangible and tangible assets	-	1
Cash flow from investing activities	**(93)**	**(128)**
Disposal of treasury shares	4	-
Change in other interest-bearing net receivables/(debt)	(200)	(114)
Cash flow from financing activities	**(196)**	**(114)**
Changes in cash and cash equivalents	**60**	**(50)**
Cash and cash equivalents at 1 January	2,389	784
Foreign exchange adjustment, cash and cash equivalents	113	73
Cash and cash equivalents at 31 March	2,562	807

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

Consolidated balance sheet

Assets

DKKm	End of Q1 2010	End of 2009
Notes		
Goodwill	3,506	3,369
Patents and rights acquired	1,025	1,016
Customer relations	988	954
Other intangible assets	180	188
Completed development projects	13	13
Intangible assets under development	160	149
Intangible assets	**5,872**	**5,689**
Land and buildings	1,021	971
Plant and machinery	701	691
Operating equipment, fixtures and fittings	216	222
Tangible assets in course of construction	88	68
Tangible assets	**2,026**	**1,952**
Investments in associates	6	3
Other securities and investments	62	29
Other financial assets	9	9
Deferred tax assets	778	791
Financial assets	**855**	**832**
Total non-current assets	**8,753**	**8,473**
Inventories	**1,856**	**1,760**
Trade receivables	3,639	4,270
Work-in-progress for third parties	3,330	3,617
Prepayments to subsuppliers	373	369
Other receivables	928	840
Prepayments	70	118
Receivables	**8,340**	**9,214**
Securities	**143**	**66**
Cash and cash equivalents	**2,562**	**2,389**
Total current assets	**12,901**	**13,429**
TOTAL ASSETS	**21,654**	**21,902**

Consolidated balance sheet

Equity and liabilities

DKKm	End of Q1 2010	End of 2009
Notes		
Share capital	1,064	1,064
Foreign exchange adjustments regarding translation of investments	68	(290)
Foreign exchange adjustments regarding hedging transactions	(4)	(4)
Retained earnings	5,791	5,568
Proposed dividend	266	266
FLSmidth & Co. A/S shareholders' share of equity	**7,185**	**6,604**
Minority interests' share of equity	22	23
Total equity	**7,207**	**6,627**
Deferred tax liabilities	729	682
Pension liabilities	241	246
Other provisions	945	739
Mortgage debt	355	358
Bank loans	815	813
Finance lease commitments	9	8
Prepayments from customers	315	306
Other liabilities	187	186
Long-term liabilities	**3,596**	**3,338**
Other provisions	1,137	1,199
Mortgage debt	10	17
Bank loans	7	7
Finance lease commitments	2	3
Prepayments from customers	3,182	3,087
Work-in-progress for third parties	3,237	3,666
Trade payables	1,885	2,421
Corporation tax payable	129	211
Other liabilities	1,216	1,288
Deferred income	46	38
Short-term liabilities	**10,851**	**11,937**
Total liabilities	**14,447**	**15,275**
TOTAL EQUITY AND LIABILITIES	**21,654**	**21,902**

Consolidated equity

DKKm	Share capital	Foreign exchange adjustments re translation of investments	Foreign exchange adjustments re hedging transactions	Retained earnings etc.	Proposed dividend	FLSmidth & Co. A/S shareholders' share	Minority shareholders' share	Total
Equity at 1 January 2009	**1,064**	**(271)**	**1**	**4,219**	**-**	**5,013**	**22**	**5,035**
Comprehensive income for the period		32	(6)	470		496	-	496
Share-based payment, share options				5		5		5
Equity at 31 March 2009	**1,064**	**(239)**	**(5)**	**4,694**	**-**	**5,514**	**22**	**5,536**
Equity at 1 January 2010	**1,064**	**(290)**	**(4)**	**5,568**	**266**	**6,604**	**23**	**6,627**
Comprehensive income for the period		358	-	215		573	(1)	572
Share-based payment, share options				5		5		5
Disposal of treasury shares				4		4		4
Acquisition of treasury shares				(1)		(1)		(1)
Equity at 31 March 2010	**1,064**	**68**	**(4)**	**5,791**	**266**	**7,185**	**22**	**7,207**

Movements on share capital:	No. of shares
Share capital at 1 January 2010	53,200,000
Share capital at 31 March 2010	53,200,000

Each share has a nominal value of DKK 20 and entitles the holder to 20 votes.

Treasury shares:	No. of shares
Treasury shares at 1 January 2010	628,602
Settled share options	(20,000)
Acquired	1,981
Treasury shares at 31 March 2010	610,583

Representing 1.15% of the share capital.

Notes to the appendices of the interim report

1. Income statement classified by function
2. Earnings per share (EPS)
3. Development in contingent assets and liabilities
4. Breakdown of the Group by segments, continuing activities
5. Quarterly key figures
6. Accounting policies and Management estimates and assessments

1. Income statement classified by function

It is the Group policy to prepare the income statement based on an adapted classification of the costs by function in order to show the Earnings before non-recurring items, depreciation, amortisation and write-downs (EBITDA). Depreciation, amortisation and write-downs of tangible and intangible assets are therefore separated from the individual functions and presented on separate lines.

The income statement classified by function including allocation of depreciation, amortisation and write-downs appears from the following:

DKKm	Q1 2010	Q1 2009
Revenue	4,490	5,173
Production costs	(3,428)	(4,010)
Gross profit	**1,062**	**1,163**
Sales and distribution costs	(308)	(291)
Administrative costs	(408)	(406)
Other operating income / (costs)	13	8
Special non-recurring items	-	-
Earnings before interest and tax (EBIT)	**359**	**474**
Financial income	362	579
Financial costs	(379)	(681)
Earnings before tax (EBT)	**342**	**372**
Tax for the period	(100)	119
Profit/loss for the period, continuing activities	**242**	**491**
Profit/loss for the period, discontinued activities	(9)	(24)
Profit/loss for the period	**233**	**467**

2. Earnings per share (EPS)

DKKm	Q1 2010	Q1 2009
Earnings		
FLSmidth & Co. A/S shareholders' share of profit/loss for the period	233	467
FLSmidth & Co. Group profit/loss from discontinued activities	(9)	(24)
Number of shares, average		
Number of shares issued	53,200,000	53,200,000
Adjustment for treasury shares	(619,593)	(814,551)
Potential increase of shares in circulation, in-the-money options	110,351	-
	52,690,758	**52,385,449**
Earnings per share		
• Continuing and discontinued activities per share DKK	4.4	8.9
• Continuing and discontinued activities, diluted, per share DKK	4.4	8.9
• Continuing and discontinued activities, diluted, before the effect of purchase price allocations regarding GL&V Process, per share DKK	4.7	9.2
• Continuing activities per share DKK	4.6	9.4
• Continuing activities, diluted, per share DKK	4.6	9.4

Non-diluted earnings per share regarding discontinued activities amount to DKK 0.2. The effect of purchase price allocations regarding GL&V Process before tax amounts to DKK 22m in the first quarter of 2010. After tax, this amounts to DKK 15m and the effect on EPS per share is consequently DKK 0.3.

3. Development in contingent assets and liabilities

Contingent liabilities at 31 March 2010 amounted to DKK 7.2bn (31 December 2009 DKK 7.0bn), which includes performance bonds and payment guarantees at DKK 6.8bn (31 December 2009 DKK 6.8bn). See note 30 in the 2009 Annual Report for a general description of the nature of the Group's contingent liabilities.

Notes to the appendices of the Interim Report

4. Breakdown of the Group by segments, continuing activities

DKKm	Q1 2010				
	Cement	Minerals	Cembrit	Other companies etc.[1]	Continuing activities total
INCOME STATEMENT					
Revenue	**2,426**	**1,836**	**250**	**(22)**	**4,490**
Production costs	(1,814)	(1,379)	(170)	(18)	(3,381)
Gross profit	**612**	**457**	**80**	**(40)**	**1,109**
Sales, admin. and distr. costs and other operating items	(343)	(257)	(79)	32	(647)
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**269**	**200**	**1**	**(8)**	**462**
Special non-recurring items	-	(1)	1	-	-
Depreciation, amortisation and write-downs of tangible and intangible assets	(32)	(52)	(18)	(1)	(103)
Earnings before interest and tax (EBIT)	**237**	**147**	**(16)**	**(9)**	**359**
Earnings before interest and tax (EBIT) before the effect of purchase price allocations regarding GL&V Process	*237*	*169*	*(16)*	*(9)*	*381*
Order intake (gross)	**2,834**	**2,382**	**N/A**	**(21)**	**5,195**
Order backlog	**13,762**	**9,234**	**N/A**	**(113)**	**22,883**
FINANCIAL RATIOS					
Contribution ratio	25.2%	24.9%	32.0%	N/A	24.7%
EBITDA ratio	11.1%	10.9%	0.4%	N/A	10.3%
EBIT ratio	9.8%	8.0%	(6.4%)	N/A	8.0%
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*9.8%*	*9.2%*	*(6.4%)*	*N/A*	*8.5%*
Number of employees at 31 March	**5,560**	**3,998**	**1,052**	**3**	**10,613**

DKKm	Q1 2009				
	Cement	Minerals	Cembrit	Other companies etc.[1]	Continuing activities total
INCOME STATEME					
Revenue	**2,959**	**2,009**	**247**	**(42)**	**5,173**
Production costs	(2,287)	(1,541)	(175)	40	(3,963)
Gross profit	**672**	**468**	**72**	**(2)**	**1,210**
Sales, admin. and distr. costs and other operating items	(305)	(239)	(76)	(12)	(632)
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	**367**	**229**	**(4)**	**(14)**	**578**
Special non-recurring items	-	(2)	2	-	-
Depreciation, amortisation and write-downs of tangible and intangible assets	(36)	(51)	(16)	(1)	(104)
Earnings before interest and tax (EBIT)	**331**	**176**	**(18)**	**(15)**	**474**
Earnings before interest and tax (EBIT) before the effect of purchase price allocations regarding GL&V Process	*331*	*200*	*(18)*	*(15)*	*498*
Order intake (gross)	**1,406**	**1,736**	**N/A**	**(31)**	**3,111**
Order backlog	**16,991**	**12,106**	**N/A**	**(152)**	**28,945**
FINANCIAL RATIOS					
Contribution ratio	22.7%	23.3%	29.1%	N/A	23.4%
EBITDA ratio	12.4%	11.4%	(1.6%)	N/A	11.2%
EBIT ratio	11.2%	8.8%	(7.3%)	N/A	9.2%
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*11.2%*	*10.0%*	*(7.3%)*	*N/A*	*9.6%*
Number of employees at 31 March	**6,185**	**4,023**	**1,139**	**3**	**11,350**

DKKm	Q1 2010	Q1 2009
Reconciliation of the profit/loss for the period before tax, continuing activities		
Segment earnings before tax of reportable segments	359	474
Financial income	362	579
Financial costs	(379)	(681)
Earnings for the period before tax (EBT) of continuing activities	**342**	**372**

1) Other companies, etc. consist of companies with no activities, real estate companies, eliminations and the parent company

Notes to the appendices of the interim report

5. Quarterly key figures

DKKm	2008			2009				2010
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
INCOME STATEMENT								
Revenue	5,903	6,486	7,574	5,173	5,593	5,833	6,535	4,490
Gross profit	1,318	1,302	1,805	1,210	1,271	1,205	1,720	1,109
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	699	703	911	578	627	603	917	462
Earnings before interest and tax (EBIT)	541	583	849	474	548	475	764	359
Earnings before interest and tax (EBIT) before the effect of purchase price allocations regarding GL&V Process	*636*	*639*	*873*	*498*	*573*	*499*	*788*	*381*
Earnings before tax (EBT)	531	456	667	372	616	495	625	342
Tax for the period	(160)	(134)	(232)	119	(192)	(137)	(193)	(100)
Profit/loss for the period, continuing activities	**371**	**322**	**435**	**491**	**424**	**358**	**432**	**242**
Profit/loss for the period, discontinued activities	1	4	52	(24)	13	(6)	(24)	(9)
Profit/loss for the period	**372**	**326**	**487**	**467**	**437**	**352**	**408**	**233**
Contribution ratio	*22.3%*	*20.1%*	*23.8%*	*23.4%*	*22.7%*	*20.7%*	*26.3%*	*24.7%*
EBITDA ratio	*11.8%*	*10.8%*	*12.0%*	*11.2%*	*11.2%*	*10.3%*	*14.0%*	*10.3%*
EBIT ratio	*9.2%*	*9.0%*	*11.2%*	*9.2%*	*9.8%*	*8.1%*	*11.7%*	*8.0%*
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*10.8%*	*9.9%*	*11.5%*	*9.6%*	*10.2%*	*8.6%*	*12.1%*	*8.5%*
CASH FLOW								
Cash flow from operating activities	613	1,281	(287)	192	416	939	923	349
Cash flow from investing activities	(278)	(217)	(254)	(128)	(91)	(211)	(100)	(93)
Order intake, continuing activities (gross)	8,224	8,504	4,394	3,111	2,500	3,620	4,091	5,195
Order backlog, continuing activities	31,355	33,731	30,460	28,945	25,963	23,307	21,194	22,883
SEGMENT INFORMATION								
Cement								
Revenue	3,379	3,435	3,973	2,959	3,072	3,423	3,605	2,426
EBITDA	400	362	563	367	365	360	635	269
EBIT	369	327	550	331	348	308	561	237
Contribution ratio	*21.3%*	*19.3%*	*24.2%*	*22.7%*	*25.0%*	*19.3%*	*28.0%*	*25.2%*
EBITDA ratio	*11.8%*	*10.5%*	*14.2%*	*12.4%*	*11.9%*	*10.5%*	*17.6%*	*11.1%*
EBIT ratio	*10.9%*	*9.5%*	*13.8%*	*11.2%*	*11.3%*	*9.0%*	*15.6%*	*9.8%*
Order intake (gross)	4,667	4,591	1,961	1,406	1,249	2,260	2,248	2,834
Order backlog	19,715	20,864	18,565	16,991	14,919	13,774	12,568	13,762
Minerals								
Revenue	2,197	2,754	3,414	2,009	2,289	2,081	2,658	1,836
EBITDA	264	325	473	229	231	245	317	200
EBIT	154	256	417	176	182	187	253	147
EBIT before the effect of purchase price allocations regarding GL&V Process	249	312	441	200	207	211	277	169
Contribution ratio	*21.3%*	*20.1%*	*23.1%*	*23.3%*	*20.9%*	*23.0%*	*26.7%*	*24.9%*
EBITDA ratio	*12.0%*	*11.8%*	*13.9%*	*11.4%*	*10.1%*	*11.8%*	*11.9%*	*10.9%*
EBIT ratio	*7.0%*	*9.3%*	*12.2%*	*8.8%*	*8.0%*	*9.0%*	*9.5%*	*8.0%*
EBIT ratio before the effect of purchase price allocations regarding GL&V Process	*11.3%*	*11.3%*	*12.9%*	*10.0%*	*9.0%*	*10.1%*	*10.4%*	*9.2%*
Order intake (gross)	3,583	3,960	2,544	1,736	1,281	1,370	1,907	2,382
Order backlog	12,387	13,588	12,606	12,106	11,139	9,615	8,712	9,234
Cembrit								
Revenue	389	370	297	247	313	354	329	250
EBITDA	50	16	(35)	(4)	20	33	(15)	1
EBIT	33	-	(20)	(18)	7	16	(30)	(16)
Contribution ratio	*34.2%*	*28.6%*	*18.5%*	*29.1%*	*32.9%*	*31.9%*	*22.8%*	*32.0%*
EBITDA ratio	*12.9%*	*4.3%*	*(11.8%)*	*(1.6%)*	*6.4%*	*9.3%*	*(4.6%)*	*0.4%*
EBIT ratio	*8.5%*	*0.0%*	*(6.7%)*	*(7.3%)*	*2.2%*	*4.5%*	*(9.1%)*	*(6.4%)*

Notes to the appendices of the Interim Report

6. Accounting policies and Management estimates and assessments

Accounting policies
The Interim Report of the Group for the first quarter of 2010 is presented in accordance with IAS 34 "Presentation of financial statements" as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies as fixed by NASDAQ OMX Copenhagen ("OMX"). Apart from the below amendments, the accounting policies are unchanged from those adopted in the 2009 Annual Report. Reference is made to note 37 page 88 in the 2009 Annual Report for further details.

With effect from 1 January 2010, the Group has adopted the changes to IFRS 2 "Share-based payment", the changes to IFRS 3 "Business combinations", the changes to IAS 27 "Consolidated and separate financial statements" and parts of "Improvements to IFRSs April 2009". Apart from the adoption of IFRS 3 "Business combinations" the adoption of the new and changed standards and interpretations has not affected recognition and measurement.

The changed IFRS 3 "Business combinations" means that costs of purchase and changes to contingent purchase considerations on acquisitions must be recognised direct in the income statement. Hitherto, it has been Group accounting policy to include costs of purchase in the cost of the business acquired, whereas contingent considerations were included in the cost of the business combination if the adjustment was likely to take place and it could be measured reliably. Subsequent adjustments to the contingent consideration were made in the cost of the business combination. In agreement with the provisions for coming into force the changed standard has been adopted with forward effect for business combinations where the date of acquisition is 1 January 2010 or later. In the first quarter of 2010, the Group has not made any business combinations, and the change has therefore had no impact on the financial statements for the first quarter of 2010.

Estimates and assessments by Management
When preparing the Interim Report in accordance with the Group's accounting policies, it is necessary that the Management makes estimates and lays down assumptions that affect the recognised assets and liabilities, including the disclosures made regarding contingent assets and liabilities.

Management bases 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.

Reference is made to note 1 page 67 in the 2009 Annual Report for further details regarding the items for which estimates and assessments by Management are primarily applicable when presenting the consolidated financial statements.

One Source

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
Denmark
Tel.: +45 36 18 18 00
Fax: +45 36 44 11 46
corppr@flsmidth.com
CVR No. 58180912

www.flsmidth.com