

Interim Report 2008



FLSmidth & Co. A/S
1 January 2008 - 30 June 2008
(Company Announcement No. 38-2008)

FLSMIDTH

Interim Report

1 January 2008 - 30 June 2008



The Board of Directors and the Corporate Management of FLSmidth & Co. A/S have today reviewed and approved this interim report for the FLSmidth & Co. Group for the period stated above.

Main conclusions

Developments in the first half of 2008

The order intake increased by 69% in the first half of 2008 which is a positive indicator for the turnover in 1-3 years' time

- The order backlog has increased by 24% to DKK 31,355m since the turn of the year (end of 2007: DKK 25,312m)
- The order intake rose 69% to DKK 17,278m in the first half of 2008, up from DKK 10,253m in the same period of last year
- The turnover rose 36% to DKK 11,225m in the first half of 2008, up from DKK 8,268m in the same period of last year
- Earnings before interest and tax, depreciation and amortisation (EBITDA) rose 56% to DKK 1,297m in the first half of 2008, up from DKK 834m in the same period of last year, corresponding to an EBITDA ratio of 11.6% (first half of 2007: 10.1%)
- Earnings before interest and tax (EBIT) adjusted for the effect of purchase price allocations in respect of GL&V Process amounted to DKK 1,175m in the first half of 2008, representing an EBIT ratio of 10.5% (effect of purchase price allocations in the first half of 2008 amounted to DKK -198m)
- Earnings before interest and tax (EBIT) rose 32% to DKK 977m in the first half of 2008, up from DKK 742m in the same period of last year, corresponding to an EBIT ratio of 8.7% (first half of 2007: 9.0%)
- Earnings before tax (EBT) rose 25% to DKK 1,000m in the first half of 2008, up from DKK 800m in the same period of last year
- Cash flow from operating activities amounted to DKK 1,331m in the first half of 2008, as against DKK 508m in the same period of last year

Prospects for 2008

FLSmidth & Co. maintains its expectations for the turnover and financial result in 2008 and upgrades its expectations for the size of the cement market and cash flow from operating activities

The prospects for the cement market in 2008 in terms of new contracted cement kiln capacity worldwide (exclusive of China) are now upgraded to approximately 150m tonnes per year from previously 125-150m tonnes per year, which is a record-high level.

FLSmidth & Co. maintains its expectations for the year's turnover and financial result:

- Consolidated turnover approximately DKK 26bn
- Earnings before special non-recurring items, depreciation and amortisation (EBITDA) DKK 2.9-3.0bn
- Earnings before interest and tax (EBIT) DKK 2.4-2.5bn inclusive of the effect of purchase price allocations regarding GL&V Process at DKK -280m
- Earnings before tax (EBT) DKK 2.3-2.4bn

FLSmidth & Co. upgrades its expectations for cash flow from operating activities in 2008:

- Cash flow from operating activities (CFFO) approximately DKK 1.8bn (previously approximately DKK 1.5bn)

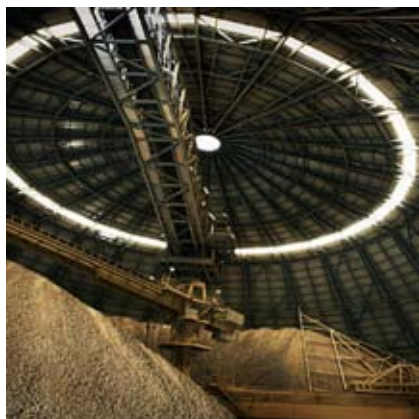
Please address any questions to this announcement to Mr Jørgen Huno Rasmussen, Group CEO, telephone +45 36 18 18 00. An investor meeting and telephone conference regarding the interim report will be held today at 15.00 hours. For further details, please visit www.flsmidth.com.

Group financial highlights

DKKm	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007	Year 2007
PROFIT AND LOSS ACCOUNT					
Net turnover	5,903	4,504	11,225	8,268	19,967
Gross profit	1,318	978	2,514	1,763	4,272
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	699	480	1,297	834	2,100
Earnings before interest and tax (EBIT)	541	433	977	742	1,824
Earnings before tax (EBT)	531	481	1,000	800	1,877
Profit/loss for the period, continuing activities	371	311	699	534	1,293
Profit/loss for the period, discontinuing activities	1	10	3	5	1
Profit/loss for the period	372	321	702	539	1,294
CASH FLOW					
Cash flow from operating activities	614	266	1,331	508	1,493
Acquisition and disposal of undertakings and activities	(85)	(15)	(85)	(55)	(3,409)
Acquisition of tangible assets	(162)	(70)	(267)	(157)	(386)
Other investments, net	(31)	(3)	(48)	14	(18)
Cash flow from investing activities	(278)	(88)	(400)	(198)	(3,813)
Cash flow from operating and investing activities of continuing activities	331	81	999	202	(2,448)
Cash flow from operating and investing activities of discontinuing activities	5	89	(68)	108	128
WORKING CAPITAL			(128)	(227)	614
NET INTEREST-BEARING RECEIVABLES/(DEBT)			(965)	2,541	(1,804)
ORDER INTAKE	8,224	6,122	17,278	10,253	24,061
ORDER BACKLOG			31,355	21,055	25,312
BALANCE SHEET					
Long-term assets			7,908	2,452	7,799
Short-term assets			13,003	10,717	11,865
Assets held for sale			7	12	8
Total assets			20,918	13,181	19,672
Consolidated equity			4,452	3,405	4,214
Long-term liabilities			4,588	1,870	4,797
Short-term liabilities			11,878	7,906	10,661
Total equity and liabilities			20,918	13,181	19,672
PROPOSED DIVIDEND TO SHAREHOLDERS					372
FINANCIAL RATIOS					
Continuing activities					
Contribution ratio	22.3%	21.7%	22.4%	21.3%	21.4%
EBITDA ratio	11.8%	10.7%	11.6%	10.1%	10.5%
EBIT ratio	9.2%	9.6%	8.7%	9.0%	9.1%
EBIT ratio before effect of purchase price allocations regarding GL&V Process	10.8%	9.6%	10.5%	9.0%	9.9%
EBT ratio	9.0%	10.7%	8.9%	9.7%	9.4%
Return on shareholders' equity (annualised)			32%	33%	35%
Equity ratio			21%	26%	21%
Number of employees at end of period, Group			10,220	7,595	9,377
Number of employees in Denmark			1,730	1,625	1,657
Share and dividend ratios, Group					
CFPS (Cash Flow per share), DKK (diluted)	11.7	5.0	25.3	9.2	28.4
EPS (Earnings per share), DKK (diluted)	7.1	6.1	13.3	10.3	24.6
EPS (Earnings per share), DKK (diluted) before effect of purchase price allocations regarding GL&V Process	8.9	6.1	17.1	10.3	26.4
FLSmidth & Co. share price, DKK			520	434	522
Number of shares end of period (000s)			53,200	53,200	53,200
Average number of shares (000s) (diluted)	52,636	52,573	52,617	52,542	52,640
Market capitalisation, DKKm			27,664	23,089	27,770

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 half of 2008



Favourable market trends continue

The demand for new cement capacity remained buoyant in the second quarter of 2008, resulting in a high and satisfactory order intake. The first half of 2008 saw particularly high activity in Russia, India and Africa. We now expect the market for new contracted cement kiln capacity worldwide (exclusive of China) to reach a record high in 2008 of around 150m tonnes per year (previous expectation: 125-150m tonnes per year).

The first half of 2008 continued to see a high level of investment activity in the mining and minerals industry, in particular in copper, iron ore and aluminium in South America, Australia and India. Growing customer interest in complete materials handling systems and solutions and minerals processing plants continued in the second quarter.

Satisfactory developments in order intake and order backlog

The total intake of orders amounted to DKK 17,278m in the first half of 2008, representing a 69% increase on the same period last year (first half 2007: DKK 10,253m). Orders received for Customer Services (services and spare parts) amounted to DKK 3,143m in the first half, representing a 38% increase on the same period last year (first half of 2007: DKK 2,277m).

The order backlog totalled DKK 31,355m at the end of the first half of 2008 (end of 2007: DKK 25,312m). For major projects the order intake is reflected in the turnover over a period of two to three years in step with the progress of the projects. The order backlog is characterised by the fact that the customers on signing major contracts typically make a prepayment representing 10-25% of the total contract sum. This contributes to the fact that effective orders are hardly ever cancelled, whereas on some occasions, orders are temporarily deferred for various reasons.

Profit and loss account developments

Expectations for turnover maintained despite pressure on delivery times

The turnover in the first half of 2008 amounted to DKK 11,225m, representing a 36% increase on the same period last year (first half of 2007: DKK 8,268m). Turnover has increased in all business segments, particularly in Minerals whose turnover rose 94% compared to the first half of 2007, resulting from both organic and acquisitive growth. Growth in Cement amounted to 17%, which is exclusively organic.

Longer lead times in connection with the processing of orders - due to the high pressure of work among sub-suppliers, customers and within the Group - had a negative impact on the turnover in the first half. This has resulted in deferment of turnover in both Cement and Minerals. The developments in exchange rates when translating the sales of subsidiaries from various currencies into Danish kroner also had a negative impact on the turnover.

Expectations for the turnover for 2008 are maintained at around DKK 26bn based on the expected order processing in the second half of 2008. In general, seasonal fluctuations have a positive impact on the second half.

The turnover in Customer Services amounted to DKK 2,522m in the first half of 2008 (first half of 2007: DKK 1,629m), representing a 55% growth on the same period last year. Customer Services accounted for 24% of the total turnover in Cement and Minerals in the first half of 2008 (first half of 2007: 22%).

Management's review for the first half of 2008

Positive margin developments in both Cement and Minerals

The gross profit amounted to DKK 2,514m in the first half (first half 2007: DKK 1,763m), which means a contribution ratio of 22.4% (first half 2007: 21.3%). The contribution ratio is positively impacted by a changed product mix and improved order processing.

Sales, distribution and administrative costs, etc. amounted to DKK 1,217m in the first half (first half 2007: DKK 929m) corresponding to 10.8% of the turnover (first half 2007: 11.2%) and representing a 31% increase on the year before. The first half saw total investments in research and development of DKK 123m (first half 2007: DKK 94m), representing 1.1% of the turnover (first half 2007: 1.1%). In addition, project financed development is taking place in cooperation with customers.

Earnings before special non-recurring items, depreciation and amortisation (EBITDA) amounted to DKK 1,297m (first half 2007: DKK 834m), corresponding to an EBITDA ratio of 11.6% (first half 2007: 10.1%). In the first half, the effect of purchase price allocations regarding GL&V Process amounted to DKK -198m in the form of depreciation of tangible and amortisation of intangible assets of DKK 118m and special non-recurring items regarding stocks, etc. of DKK -80m. Depreciation and amortisation totalled DKK 240m in the first half (first half 2007: DKK 92m).

Earnings before interest and tax (EBIT) amounted to DKK 977m in 2008 (first half 2007: DKK 742m) which represents an EBIT ratio of 8.7% (first half 2007: 9.0%). Adjusted for purchase price allocations the EBIT result amounted to DKK 1,175m corresponding to an EBIT ratio of 10.5%. The improved EBIT ratio reflects positive growth in turnover and improved order processing in both Cement and Minerals.

Net financial income amounted to DKK 23m in the first half of 2008 (first half of 2007: DKK 62m). The earnings before tax (EBT) amounted to DKK 1,000m (first half 2007: DKK 800m), which means an EBT ratio of 8.9% (first half 2007: 9.7%). The tax for the period under review amounted to DKK 301m (first half 2007: DKK 266m) corresponding to an effective tax rate of 30%. The profit of the continuing activities for the period under review amounted to DKK 699m (first half 2007: DKK 534m), corresponding to earnings per share of DKK 13.3 (first half 2007: DKK 10.2). The earnings per share before the effect of purchase price allocations regarding GL&V Process amount to DKK 17.1.

Balance sheet developments

The balance sheet total amounted to DKK 20,918m at the end of the first half 2008 (end of 2007: DKK 19,672m). The consolidated equity at the end of the first half of 2008 amounted to DKK 4,452m (end of 2007: DKK 4,214m)

corresponding to an equity ratio of 21% (end of 2007: 21%). In the first half of 2008, the return on equity (on an annual basis) amounted to 32% (first half 2007: 33%).

Positive developments in Cash flow from operating activities

Cash flow from operating activities amounted to DKK 1,331m in the first half (first half 2007: DKK 508m). Cash flow in the first half was positively impacted by large prepayments on new projects. At the end of the first half, prepayments received from customers amounted to DKK 5.2bn (end of 2007: DKK 3.9bn). As a result of the positive development, the expectations for cash flow from operating activities for 2008 are upgraded to DKK 1.8bn from previously DKK 1.5bn.

Cash flow from investing activities for the first half amounted to DKK -400m (first half 2007: DKK -198m) most of which derives from the acquisition of tangible assets.

Cash flow from operating and investing activities totalled DKK 931m in the first half of 2008, including DKK 999m from continuing activities and DKK -68m from discontinuing activities (first half 2007: DKK 310m including DKK 202m from continuing activities and DKK 108m from discontinuing activities).

The working capital was negative and amounted to DKK -128m at the end of the first half of 2008 (first half 2007: DKK -227m), reflecting different developments in the various business segments with the working capital generally being negative in Cement due to prepayments from customers, but positive in Minerals and Cembrit. At the end of the first half the working capital consisted of: Cement: DKK -1,293m (first half 2007: DKK -771m), Minerals: DKK 793m (first half 2007: DKK 276m) and Cembrit: DKK 376m (first half 2007: DKK 233m). The increase in working capital in Minerals is primarily due to organic growth and the acquisition of GL&V Process which operates with a relatively higher working capital than the rest of the Minerals business. Net interest-bearing debt amounted to DKK 965m at the end of the first half of 2008 (end of 2007: DKK 1,804m).

Segment information

Cement

The order intake in Cement amounted to DKK 9,169m in the first half of 2008, up 36% on the same period last year (first half 2007: DKK 6,733m). In the first half of 2008 major orders were received in Brazil, Russia, Egypt, Kuwait and Angola and a number of minor orders were obtained in India and Indonesia. The order intake in Customer Services amounted to DKK 1,909m in the first half of 2008, which is 24% higher than in the same period last year (first half 2007: DKK 1,537m). At the end of the first half of 2008, the order backlog amounted to DKK 19,715m, corresponding to an increase of 14% since the turn of the year (end of 2007: DKK 17,265m).

Management's review for the first half of 2008



The Cement turnover in the first half of 2008 amounted to DKK 6,300m, representing a 17% increase on the same period last year (first half 2007: DKK 5,369m). The turnover in Customer Services amounted to DKK 1,411m in the first half of 2008, representing a 30% increase on the same period last year (first half 2007: DKK 1,086m).

The contribution ratio achieved in Cement is higher than that for the same period last year, which is due to a changed product mix and improved order processing. The EBIT ratio achieved is also higher than in the same period of last year, which in addition to the above mentioned improvements in the contribution ratio are mainly attributable to higher capacity utilisation and operational gearing. The EBIT result in the first half of 2008 amounted to DKK 644m (first half of 2007: DKK 467m), which is a 38% increase on the same period last year. The first half of 2008 saw an EBIT ratio of 10.2% (first half of 2007: 8.7%).

2008 still expects to see a turnover of approximately DKK 13.5bn and an EBIT ratio of approximately 9-10%.

Minerals

The total order intake in Minerals amounted to DKK 8,226m in the first half of 2008 (first half 2007: DKK 3,653m) representing a 125% increase on the same period last year, reflecting partly the acquisition of RAHCO and GL&V Process. In the first half of 2008, FLSmidth Minerals received a number of major orders in Australia, Chile, Peru, Mexico and India notably in the copper and iron ore and aluminium industries. The strong momentum in Minerals, which covers a wide geographical area, and in all the business areas of FLSmidth Minerals, is expected to continue in the medium term. FLSmidth Minerals' new "One Source - One Partner" concept has been well received by the industry, which is emphasised by the signing of several ground-breaking contracts during the first half. As a result, the average order size and order processing time are increasing. The order processing profile in Minerals is thus gradually becoming similar to the Cement profile as sales move from single machines to system solutions with delivery taking place over 2-3 years.

The order intake in Customer Services amounted to DKK 1,269m in the first half of 2008, representing a 62% increase on the same period last year (first half 2007: DKK 785m).

At the end of the first half of 2008, the order backlog amounted to DKK 12,387m, corresponding to an increase of 41% since the turn of the year (end of 2007: DKK 8,777m).

The Minerals turnover in the first half of 2008 amounted to DKK 4,302m, representing a 94% increase on the same period last year (first half 2007: DKK 2,223m). The higher turnover compared to the same period last year is a result of the increased order backlog at the beginning of the period and the acquisition of RAHCO and GL&V Process in 2007. The turnover in Customer Services amounted to DKK 1,136m in the first half of 2008, representing a 100% increase on the same period last year (first half 2007: DKK 567m).

The EBIT result amounted to DKK 287m in the first half of 2008 (first half of 2007: DKK 208m), corresponding to an EBIT ratio of 6.7% (first half of 2007: 9.4%). Exclusive of the effect of purchase price allocations, the EBIT result was DKK 485m and the EBIT ratio 11.3% in the first half of 2008. The growing earnings from operating activities reflect improved order processing, more efficient use of capacity and resulting operational gearing.

2008 is still expected to see a turnover of approximately DKK 11bn and an EBIT ratio of approximately 12% (before the effect of purchase price allocations).

Cembrit

In the first half of 2008, Cembrit achieved a turnover of DKK 723m which is on a par with the same period last year (first half 2007: DKK 704m). The EBIT result amounted to DKK 45m in the first half of 2008 (first half of 2007: DKK 53m), corresponding to an EBIT ratio of 6.2% (first half of 2007: 7.5%).

Management's review for the first half of 2008

The level of activity for building materials is generally decreasing in several European markets. Fibre cement, however, which is primarily used in industry and agriculture, is less severely affected than building materials which are mainly used in residential construction. After some years where the supply of fibre cement products has been unable to cope with demand, the demand and the times of delivery are now normalised.

For 2008 Cembrit continues to expect a turnover of approximately DKK 1.5bn, whereas the expectations for the EBIT ratio are downgraded to approximately 8% (previously approximately 9%) due to higher exchange rates in the production countries and lower exchange rates in the importing countries.

Prospects for 2008

- 2008 is expected to see a continuation of favourable business cycles and high level of activity.
- FLSmidth & Co. maintains its expectations for 2008 in terms of a consolidated turnover of approximately DKK 26bn, earnings before special non-recurring items, depreciation and amortisation (EBITDA) of DKK 2.9-3.0bn, earnings before interest and tax (EBIT) of DKK 2.4-2.5bn and earnings before tax (EBT) of DKK 2.3-2.4bn
- The effect of purchase price allocations regarding GL&V Process in 2008 amounts to DKK -280m (DKK -198m was booked in the first half of 2008, approximately DKK -55m is expected to be booked in the third quarter and approximately DKK -25m in the fourth quarter) as included in the expectations mentioned above
- FLSmidth & Co. maintains its expectation of an EBIT result before the effect of purchase price allocations regarding GL&V Process of DKK 2.7-2.8bn in 2008
- Cash flow from operating activities (continuing activities) is expected to be around DKK 1.8bn in 2008 (upgraded from previously DKK 1.5bn)
- Cash flow from investing activities (exclusive of acquisitions) is expected to be around DKK 700m. This amount includes the expansion of production capacity in Cembrit of approximately DKK 175m
- The effective tax percentage for 2008 is expected to be approximately 30%. The tax percentage payable, however, is expected to be lower
- For the individual business segments, the prospects for 2008 are as follows:

Cement	Turnover	approx. DKK 13.5bn	EBIT ratio approx. 9.0-10.0%
Minerals	Turnover	approx. DKK 11.0bn	EBIT ratio approx. 12%*
Cembrit	Turnover	approx. DKK 1.5bn	EBIT ratio approx. 8% (previously approx. 9%)

**(exclusive of the effect of purchase price allocations of DKK -280m)*

- The prospects for 2008 in Cement assume an unchanged market share and a total global market for new cement kiln capacity of approximately 150m tonnes per year (exclusive of China) (previously approximately 125-150m tonnes per year) which is tantamount to an unchanged high level of demand
- Risks in connection with the earnings for 2008 are primarily related to the execution of the considerable backlog of orders. In connection with the execution of orders particularly delays in supplies from vendors may cause FLSmidth & Co. extra costs.

Long-term growth and earnings prospects

- 2009 is expected to see a continuation of the favourable business cycles and a high level of activity, and the turnover is expected to rise compared to 2008 in all business segments. The effect of purchase price allocations regarding GL&V Process in 2009 and onwards is expected to be around DKK -100m per year in the form of amortisation of intangible assets.
- In the longer term, earnings from Minerals and Customer Services will account for relatively larger shares of the Group's total earnings, which will cushion the effect of any cyclical market fluctuations in Cement. Against this background, the Group expects its EBIT ratio to be 10-12% in periods of high activity and slightly below that level in periods of low activity. In the longer term, investments exclusive of acquisitions are expected to total some DKK 400m per year.

Incentive plan

New share option plan (Plan 2008)

The Board of Directors has today decided to allocate 129,100 share options of which the management will receive approximately 20,150 whilst the remaining part will be allocated to managerial staff (48 persons). The exercise price is 442 and the exercise period will be 2011-2014. Based on a volatility of 40.56% for the previous year and an interest rate of 5% the Black-Scholes value amounts to DKK 22m and will affect the year's result by DKK 3m. Reference is made to the guidelines adopted at the Annual General Meeting on 17 April 2008.

Other share option plans

As at 30 June 2008, there were a total of 468,700 unexercised share options, and the fair value of them was DKK 154m. The fair value is calculated by means of a Black-Scholes model based on a current share price of 520, a volatility of 38.5% and a risk free interest rate of 5%. The effect of the plan on the profit and

Management's review for the first half of 2008

loss account amounted to DKK 6m in the first half of 2008 (first half of 2007: DKK 4m).

Accounting policies

The Interim Report for the first half of 2008 has been presented in accordance with IAS 34 and additional Danish information requirements regarding interim reporting of listed companies. No auditing nor review of the Interim Report has taken place. The accounting policies are unchanged from those adopted in the 2007 Annual Report. Reference is made to page 54 in the 2007 Annual Report for further details. Financial reporting standards and interpretations, that have been decided but are not yet in force, have not been adopted in this Interim Report. None of these standards and interpretations are likely to have a significant impact on the Group's presentation of accounts.

Estimates by Board and Management

The measurement of a few recognised assets and liabilities, as well as contingent assets and liabilities, derives from estimates by the Board and Management which are based on historical experience and relevant assumptions. Reference is made to the pages 54-55 in the 2007 Annual Report for further details regarding the items for which estimates by Board and Management are primarily applicable when presenting the consolidated accounts.

Capital structure

It is the general objective of FLSmidth & Co. to ensure a capital structure where the financial net debt must be 1-3 times EBITDA. Financial net debt is defined as NIBD adjusted for outstanding guarantees. At the end of the second quarter of 2008 the financial net debt was DKK 8,047m (end of 2007: DKK 7,988m) corresponding to 3.1 times EBITDA for the last 12 months (end of 2007: 3.8), which means that, temporarily, the objective for financial gearing has not been fulfilled due to the acquisition of GL&V Process.

Own shares

FLSmidth & Co.'s holding of own shares at 30 June 2008 totalled 810,578 representing 1.5% of the share capital (31 December 2007: 844,486).

Financial calendar

20 November 2008: Interim report for the first three quarters 2008
23 January 2009: Capital market day

Events occurring after the balance sheet date

FLSmidth Minerals has signed a contract worth more than DKK 220m with Teghout cjsc in Armenia for the supply of primary comminution and classification equipment for the production of copper molybdenum.

FLSmidth MVT has signed a contract in excess of DKK 350m for the supply of a complete materials handling equipment package for a new 5,500 tonnes per day cement production line in Russia to which FLSmidth is also supplying main machinery (see company announcement no. 3-2008, 17 January 2008).

FLSmidth has signed a contract of DKK 888m with Modern Cement and Mining Company in Jordan. The contract includes the supply of equipment and civil design for a cement plant with a capacity of 3,500 tonnes clinker per day.

FLSmidth has signed a contract of DKK 708m with ASEC Algeria Cement Company (AACC) in Algeria. The contract includes two new cement production lines, each with a capacity of 4,500 tonnes per day.

Statement by the Board and Management on the Interim Report

We have today reviewed and adopted the Interim Report of FLSmidth & Co. A/S for the period 1 January to 30 June 2008.

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 is unaudited.

We consider the accounting policies appropriate in order to give a true and fair view of the Group's assets and liabilities and financial

standing as at 30 June 2008 and of the financial results of the Group's activities and cash flows in the period from 1 January to 30 June 2008.

In our opinion the Management's review gives a true and fair view of the developments of the Group's activities and financial situation, the results for the period under review and the Group's financial position as a whole and a true and fair description of the major risks and uncertainties facing the Group.

Copenhagen, 21 August 2008

Corporate 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

Martin Ivert

Frank Lund

Jesper Ovesen

Bo Steffensen

Søren Vinther

Consolidated profit and loss account

DKKm	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007
Notes				
Net turnover	5,903	4,504	11,225	8,268
Production costs	4,585	3,526	8,711	6,505
Gross profit	1,318	978	2,514	1,763
Sales and distribution costs	306	225	592	436
Administrative costs	338	294	668	561
Other operating income and costs	25	21	43	68
Earnings before special non-recurring items, depreciation and amortisation (EBITDA)	699	480	1,297	834
Special non-recurring items	(40)	-	(80)	-
Depreciation and write-down of tangible assets	46	33	91	68
Amortisation and write-down of intangible assets	72	14	149	24
Earnings before interest and tax (EBIT)	541	433	977	742
Profit/loss on disposal of undertakings and activities	-	-	-	(4)
Financial income	304	151	621	354
Financial costs	314	103	598	292
Earnings before tax (EBT)	531	481	1,000	800
Tax for the period	160	170	301	266
Profit/loss for the period, continuing activities	371	311	699	534
Profit/loss for the period, discontinuing activities	1	10	3	5
Profit/loss for the period	372	321	702	539
To be distributed as follows:				
FLSmidth & Co. A/S shareholders' share of profit/loss for the period	372	321	702	539
	372	321	702	539
2 Earnings per share (EPS)				
Continuing and discontinuing activities	7.1	6.1	13.4	10.3
Continuing and discontinuing activities, diluted	7.1	6.1	13.3	10.3
Continuing activities	7.1	5.9	13.3	10.2
Continuing activities, diluted	7.0	5.9	13.3	10.2

Consolidated cash flow statement

DKKm	Q1-Q2 2008	Q1-Q2 2007
Notes		
Cash flow from operating activities		
Earnings before special non-recurring items, depreciation and amortisation (EBITDA), continuing activities	1,297	834
Earnings before special non-recurring items, depreciation and amortisation (EBITDA), discontinuing activities	(3)	1
Adjustment for profits/losses on sale of tangible assets and exchange rate adjustments, etc.	(98)	(27)
Adjusted earnings before special non-recurring items, depreciation and amortisation (EBITDA)	1,196	808
Change in provisions	(52)	(8)
Change in working capital	630	(227)
Cash flow from operating activities before financial items and tax	1,774	573
Financial payments received and made	(147)	51
Corporation taxes paid	(296)	(116)
Cash flow from operating activities	1,331	508
Cash flow from investing activities		
Acquisition and disposal of undertakings and activities	(85)	(55)
Acquisition of intangible assets	(54)	(34)
Acquisition of tangible assets	(267)	(157)
Acquisition of financial assets	(2)	(10)
Disposal of intangible and tangible assets	8	58
Cash flow from investing activities	(400)	(198)
Cash flow from financing activities		
Dividend	(366)	(366)
Acquisition of own shares	(3)	(5)
Disposal of own shares	8	23
Changes in other net interest-bearing receivables	(319)	118
Cash flow from financing activities	(680)	(230)
Changes in cash funds	251	80
Cash funds at 1 January	957	2,766
Exchange rate adjustment, cash funds 1 January	(44)	(29)
Cash funds at 30 June	1,164	2,817

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

Consolidated balance sheet

Assets

DKKm	End of Q2 2008	End of 2007
Notes		
Completed development projects	26	26
Patents and rights acquired	1,069	1,091
Goodwill	3,199	3,191
Customer relations	884	914
Other intangible assets	193	203
Intangible assets	5,371	5,425
Land and buildings	794	760
Plant and machinery	525	477
Operating equipment, fixtures and fittings	205	200
Tangible assets in course of construction	195	109
Tangible assets	1,719	1,546
Investments in associated undertakings	3	4
Other securities and investments	62	58
Other financial assets	8	8
Pension assets	6	6
Deferred tax assets	739	752
Financial assets	818	828
Total long-term assets	7,908	7,799
Stocks	1,485	1,463
Trade debtors	4,548	4,939
Work-in-progress for third parties	4,076	3,072
Other debtors	1,385	1,070
Prepayments	136	120
Debtors	10,145	9,201
Securities	209	244
Cash funds	1,164	957
Assets held for sale	7	8
Total current assets	13,010	11,873
TOTAL ASSETS	20,918	19,672

Consolidated balance sheet

Equity and liabilities

DKKm	End of Q2 2008	End of 2007
Notes		
Share capital	1,064	1,064
Exchange rate adjustments regarding translation of investments	(167)	(24)
Exchange rate adjustments regarding hedging transactions	5	14
Retained earnings	3,534	2,778
Proposed dividend	-	372
FLSmidth & Co. A/S shareholders' share of shareholders' equity	4,436	4,204
Minority interests' share of shareholders' equity	16	10
Total equity	4,452	4,214
Deferred tax liabilities	635	688
Pension liabilities	145	126
Other provisions	1,081	1,077
Mortgage debt	376	386
Bank loans	1,795	1,829
Financial lease commitment	10	10
Prepayments from customers	546	681
Long-term liabilities	4,588	4,797
Mortgage debt	6	7
Bank loans	385	481
Financial lease commitment	4	3
Prepayments from customers	4,622	3,178
Work-in-progress for third parties	2,647	2,206
Trade creditors	2,239	2,464
Corporation tax payable	270	299
Other liabilities	979	1,288
Other provisions	657	699
Deferred income	69	36
Current liabilities	11,878	10,661
Total liabilities	16,466	15,458
TOTAL EQUITY AND LIABILITIES	20,918	19,672

Consolidated shareholders' equity

DKKkM	Share capital	Exchange rate adjustments re translation of investments	Exchange rate adjustments re hedging transactions	Retained earnings etc.	Proposed dividend	FLSmith & Co. A/S shareholders' share	Minority interests' share	Total
Shareholders' equity at 1 January 2007	1,064	(85)	(2)	1,839	372	3,188	4	3,192
Total income for the period	-	5	6	536	-	547	-	547
Dividend paid					(366)	(366)		(366)
Dividend, own shares				6	(6)	-		-
Share-based payments, share options				4		4		4
Disposal of own shares				28		28		28
Acquisition of own shares				(5)		(5)		(5)
Additions and disposals of minority interests							5	5
Shareholders' equity at 30 June 2007	1,064	(80)	4	2,408	-	3,396	9	3,405
Shareholders' equity at 1 January 2008	1,064	(24)	14	2,778	372	4,204	10	4,214
Total income for the period	-	(143)	(9)	740	-	588	1	589
Dividend paid					(366)	(366)		(366)
Dividend, own shares				6	(6)	-		-
Share-based payments, share options				6		6		6
Share-based payments, employee shares						-		-
Proposed dividend						-		-
Disposal of own shares				8		8		8
Acquisition of own shares				(4)		(4)		(4)
Additions and disposals of minority interests							5	5
Shareholders' equity at 30 June 2008	1,064	(167)	5	3,534	-	4,436	16	4,452

Share capital movements:	No. of shares
Share capital at 1 January 2008	53,200,000
Share capital at 30 June 2008	53,200,000

The nominal value of each share is DKK 20 and each share entitles the holder to 20 votes

Own shares:	No. of shares
Own shares at 1 January 2008 (acc. to 2007 Annual Report)	844,486
Share options exercised	(40,661)
Acquisitions	6,753
Own shares at 30 June 2008	810,578

Corresponding to 1.52% of the share capital.

Reference is made to the Management's review on page 7 regarding application of own shares.

DKKkM	Share capital	Exchange rate adjustments re translation of investments	Exchange rate adjustments re hedging transactions	Retained earnings etc.	Proposed dividend	FLSmith & Co. A/S shareholders' share	Minority interests' share	Total
Total income for the period is specified as follows:								
Exchange rate adjustments regarding translation of investments		5				5		5
Transferred to the profit and loss account regarding hedging of future transactions			6			6		6
Other shareholders' equity adjustments				(3)		(3)	-	(3)
Recognised directly in the shareholders' equity	-	5	6	(3)	-	8	-	8
Profit/loss for the period				539		539		539
Total income for the period 2007	-	5	6	536	-	547	-	547
Exchange rate adjustments regarding translation of investments		(143)				(143)	1	(142)
Transferred to the profit and loss account regarding hedging of future transactions			(9)			(9)		(9)
Value adjustment of securities available for sale				5		5		5
Tax on shareholders' equity movements, net				34		34		34
Other shareholders' equity adjustments				(1)		(1)		(1)
Recognised directly in the shareholders' equity	-	(143)	(9)	38	-	(114)	1	(113)
Profit/loss for the period				702		702		702
Total income for the period 2008	-	(143)	(9)	740	-	588	1	589

List of notes and notes to the appendices of the Interim Report

1. Profit and loss account classified by function
2. Earnings per share (EPS)
3. Contingent assets and liabilities
4. Breakdown of the Group by segments, continuing activities
5. Quarterly financial highlights of the Group and financial ratios by segment

1. Profit and loss account classified by function

It is Group policy to draw up the profit and loss account based on an adapted classification of the costs by function in order to show the 'Earnings before special non-recurring items, depreciation and amortisation (EBITDA)'. Depreciation and write-downs on tangible assets and amortisation and write-downs on intangible assets are therefore separated from the relevant functions and presented on separate lines.

The profit and loss account classified by function with allocation of depreciation, amortisation and write-downs appears from the following:

DKKm	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007
Net turnover	5,903	4,504	11,225	8,268
Production costs	4,667	3,546	8,881	6,547
Gross profit	1,236	958	2,344	1,721
Sales and distribution costs	309	226	598	438
Administrative costs	371	320	732	609
Other operating income and costs	25	21	43	68
Special non-recurring items	(40)	-	(80)	-
Earnings before interest and tax (EBIT)	541	433	977	742
Share of profit/loss of associated undertakings	-	-	-	(4)
Financial income	304	151	621	354
Financial costs	314	103	598	292
Earnings before tax (EBT)	531	481	1,000	800
Tax for the period	160	170	301	266
Profit/loss for the period, continuing activities	371	311	699	534
Profit/loss for the period, discontinuing activities	1	10	3	5
Profit/loss for the period	372	321	702	539

2. Earnings per share (EPS)

DKKm	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007
Earnings				
FLSmith & Co. A/S shareholders' share of profit/loss for the period	372	321	702	539
FLSmith & Co. Group profit/loss from discontinuing activities	1	10	3	5
Number of shares, average				
Number of shares issued	53,200,000	53,200,000	53,200,000	53,200,000
Adjustment for own shares	(818,729)	(879,058)	(827,532)	(947,724)
Potential increase of shares in circulation, in-the-money options (element of gain)	255,172	252,475	244,364	289,954
	52,636,443	52,573,417	52,616,832	52,542,230
Earnings per share				
• Continuing and discontinuing activities per share, DKK	7.1	6.1	13.4	10.3
• Continuing and discontinuing activities, diluted, per share, DKK	7.1	6.1	13.3	10.3
• Continuing and discontinuing activities, diluted before effect of purchase price regarding GL&V Process, per share DKK	8.9	6.1	17.1	10.3
• Continuing activities per share, DKK	7.1	5.9	13.3	10.2
• Continuing activities, diluted, per share, DKK	7.0	5.9	13.3	10.2

Non-diluted earnings per share from discontinuing activities amount to DKK 0.0. The effect of purchase price allocations regarding GL&V Process before tax amounts to DKK 198m in the first half of 2008. The amount after tax is DKK 139m and the effect on earnings per share (EPS) is therefore DKK 3.8.

3. Contingent assets and liabilities

Contingent liabilities at 30 June 2008 amount to DKK 7.5bn (end of 2007 DKK 6.7bn), including performance and payment guarantees amounting to DKK 7.1bn (end of 2007 DKK 6.4bn). Reference is made to note 30 in the 2007 Annual Report for a general description of the nature of the Group's contingent liabilities.

List of notes and notes to the appendices of the Interim Report

4. Breakdown of the Group by segment, continuing activities

DKKm	Q1-Q2 2008					Q1-Q2 2007				
	Cement	Minerals	Cembrit Holding	Other companies etc. ¹	Continuing activities total	Cement	Minerals	Cembrit Holding	Other companies etc. ¹	Continuing activities total
PROFIT AND LOSS ACCOUNT										
Net turnover	6,300	4,302	723	(100)	11,225	5,369	2,223	704	(28)	8,268
Production costs	4,999	3,354	479	(121)	8,711	4,304	1,802	468	(69)	6,505
Gross profit	1,301	948	244	21	2,514	1,065	421	236	41	1,763
Sales, distr. and admin. costs and other operating items	597	434	167	19	1,217	552	195	158	24	929
Earnings before special non-recurring items, depr. and amort. (EBITDA)	704	514	77	2	1,297	513	226	78	17	834
Special non-recurring items	-	(80)	-	-	(80)	-	-	-	-	-
Depreciation and write-downs of tangible assets	36	23	31	1	91	28	14	24	2	68
Amortisation and write-downs of intangible assets	24	124	1	-	149	18	4	1	1	24
Earnings before interest and tax (EBIT)	644	287	45	1	977	467	208	53	14	742
Earnings before interest and tax (EBIT) before effect of purchase price allocations regarding GL&V Process	644	485	45	1	1,175	467	208	53	14	742
Profit/loss on disposal of undertakings and activities	-	-	-	-	-	-	-	-	(4)	(4)
Net financial income and costs	55	72	(6)	(98)	23	40	14	(3)	11	62
Earnings before tax (EBT)	699	359	39	(97)	1,000	507	222	50	21	800
Tax for the period	194	160	16	69	301	170	70	13	13	266
Profit/loss for the period	505	199	23	(28)	699	337	152	37	8	534
Order intake	9,169	8,226	-	(117)	17,278	6,733	3,653	-	(133)	10,253
Order backlog	19,715	12,387	-	(747)	31,355	15,360	6,420	-	(725)	21,055
CASH FLOW										
Cash flow from operating activities	1,263	352	(73)	(143)	1,399	479	2	36	(32)	485
Acquisition and disposal of undertakings and activities	(17)	(61)	(7)	-	(85)	-	(140)	-	-	(140)
Acquisition of tangible assets	(89)	(70)	(102)	(6)	(267)	(83)	(29)	(41)	(4)	(157)
Other investments, net	(301)	248	5	-	(48)	(20)	(9)	-	43	14
Cash flow from investing activities	(407)	117	(104)	(6)	(400)	(103)	(178)	(41)	39	(283)
Cash flow from operating and investing activities	856	469	(177)	(149)	999	376	(176)	(5)	7	202
Cash flow from financing activities	(584)	(275)	58	(503)	(1,304)	(368)	205	(5)	1,367	1,199
WORKING CAPITAL	(1,293)	793	376	(4)	(128)	(771)	276	233	35	(227)
NET INTEREST-BEARING RECEIVABLES/(DEBT)	3,300	(269)	(314)	(3,682)	(965)	2,694	107	(89)	(171)	2,541
BALANCE										
Intangible assets	418	4,885	59	9	5,371	149	212	51	4	416
Tangible assets	627	347	588	156	1,718	543	218	380	168	1,309
Financial assets	442	144	46	185	817	596	60	39	32	727
Current assets	10,707	7,190	875	(5,799)	12,973	8,175	2,604	769	(831)	10,717
Assets held for sale	7	-	-	-	7	12	-	-	-	12
Total assets	12,201	12,566	1,568	(5,449)	20,886	9,475	3,094	1,239	(627)	13,181
Consolidated shareholders' equity	2,381	4,919	329	(3,290)	4,339	2,414	655	190	146	3,405
Liabilities	9,820	7,647	1,239	(2,159)	16,547	7,061	2,439	1,049	(773)	9,776
Total equity and liabilities	12,201	12,566	1,568	(5,449)	20,886	9,475	3,094	1,239	(627)	13,181
FINANCIAL RATIOS										
Contribution ratio	20.7%	22.0%	33.7%	N/A	22.4%	19.8%	18.9%	33.5%	N/A	21.3%
EBITDA ratio	11.2%	11.9%	10.7%	N/A	11.6%	9.6%	10.2%	11.1%	N/A	10.1%
EBIT ratio	10.2%	6.7%	6.2%	N/A	8.7%	8.7%	9.4%	7.5%	N/A	9.0%
EBIT ratio before effect of purchase price allocations regarding GL&V Process	10.2%	11.3%	6.2%	N/A	10.5%	8.7%	9.4%	7.5%	N/A	9.0%
EBT ratio	11.1%	8.3%	5.4%	N/A	8.9%	9.4%	10.0%	7.1%	N/A	9.7%
Number of employees at end of period	5,464	3,554	1,199	3	10,220	4,483	2,064	967	81	7,595

¹⁾ Other companies etc. consist of companies with no activities, real estate companies, eliminations and the parent company. The comparative figures for the second quarter of 2007 include the activities in Denst.

5. Quarterly financial highlights of the Group and financial ratios by segment

DKK m	2006		2007				2008	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
PROFIT AND LOSS ACCOUNT								
Net turnover	3,207	3,897	3,764	4,504	5,220	6,479	5,322	5,903
Gross profit	618	869	785	978	1,134	1,375	1,196	1,318
Earnings before non-recurring items, depreciation, amortisation (EBITDA)	238	373	354	480	608	658	598	699
Earnings before interest and tax (EBIT)	184	321	309	433	506	580	436	541
<i>Earnings before interest and tax (EBIT) before effect of purchase price allocations regarding GL&V Process</i>	184	321	309	433	549	680	539	636
Earnings before tax (EBT)	208	423	319	481	486	591	469	531
Tax for the period	62	(333)	96	170	164	154	141	160
Profit/loss for the period, continuing activities	146	756	223	311	322	437	328	371
Profit/loss for the period, discontinuing activities	11	13	(5)	10	3	(7)	2	1
Profit/loss for the period	157	769	218	321	325	430	330	372
<i>Contribution ratio</i>	19.3%	22.3%	20.9%	21.7%	21.7%	21.2%	22.5%	22.3%
<i>EBITDA ratio</i>	7.4%	9.6%	9.4%	10.7%	11.6%	10.2%	11.2%	11.8%
<i>EBIT ratio</i>	5.7%	8.2%	8.1%	9.6%	9.7%	9.0%	8.2%	9.2%
<i>EBIT ratio before effect of purchase price allocations regarding GL&V Process</i>	5.7%	8.2%	8.1%	9.6%	10.5%	10.5%	10.1%	10.8%
CASH FLOW, continuing activities								
Cash flow from operating activities	387	717	223	262	494	471	790	609
Cash flow from investing activities	(201)	(115)	(102)	(181)	(3,713)	98	(122)	(278)
Order intake	3,388	3,867	4,131	6,122	7,080	6,728	9,054	8,224
Order backlog	18,108	18,264	18,854	21,055	24,940	25,312	28,601	31,355
SEGMENT INFORMATION								
Cement								
Net turnover	1,959	2,437	2,540	2,829	2,992	3,849	2,921	3,379
EBITDA	94	214	214	299	303	399	304	400
EBIT	72	188	190	277	271	346	275	369
<i>Contribution ratio</i>	16.7%	21.0%	18.6%	20.9%	18.3%	19.0%	20.0%	21.3%
<i>EBITDA ratio</i>	4.8%	8.8%	8.4%	10.6%	10.1%	10.4%	10.4%	11.8%
<i>EBIT ratio</i>	3.7%	7.7%	7.5%	9.8%	9.1%	9.0%	9.4%	10.9%
Order intake	2,054	2,209	2,920	3,813	4,741	4,315	4,502	4,667
Order backlog	13,900	13,531	14,348	15,360	16,942	17,265	18,527	19,715
Minerals								
Net turnover	868	1,098	936	1,287	1,875	2,332	2,105	2,197
EBITDA	82	133	84	142	222	299	250	264
EBIT	66	118	76	132	170	175	133	154
<i>EBIT before effect of purchase price allocations regarding GL&V Process</i>	66	118	76	132	213	275	236	249
<i>Contribution ratio</i>	18.0%	21.3%	18.9%	19.0%	22.5%	22.9%	22.8%	21.3%
<i>EBITDA ratio</i>	9.4%	12.1%	9.0%	11.0%	11.8%	12.8%	11.9%	12.0%
<i>EBIT ratio</i>	7.6%	10.7%	8.1%	10.3%	9.1%	7.5%	6.3%	7.0%
<i>EBIT margin before effect of purchase price allocations regarding GL&V Process</i>	7.6%	10.7%	8.1%	10.3%	11.4%	11.8%	11.2%	11.3%
Order intake	1,334	1,658	1,266	2,387	2,426	2,464	4,643	3,583
Order backlog	4,208	4,733	5,271	6,420	8,744	8,777	10,857	12,387
Cembrit								
Net turnover	341	327	338	366	367	348	334	389
EBITDA	44	18	37	41	54	5	27	50
EBIT	32	7	25	28	42	29	12	33
<i>Contribution ratio</i>	33.0%	31.8%	34.3%	32.8%	36.5%	29.9%	33.2%	34.2%
<i>EBITDA ratio</i>	12.9%	5.5%	10.9%	11.2%	14.7%	1.4%	8.1%	12.9%
<i>EBIT ratio</i>	9.4%	2.1%	7.4%	7.7%	11.4%	8.3%	3.6%	8.5%

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The Interim Report by FLSmidth & Co. A/S is an English translation of the original Report in Danish which was adopted by the Board of Directors of FLSmidth & Co. A/S. Whereas all possible care has been taken to ensure a true and faithful translation into English, differences between the English and Danish versions may exist in which case the original Danish version shall prevail.

