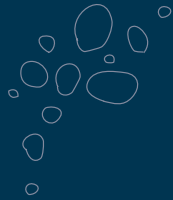


Copenhagen Stock Exchange  
Nikolaj Plads 6  
DK -1067 Copenhagen K.

Announcement to the  
Copenhagen Stock Exchange No. 18-2002



INTERIM REPORT

FLS INDUSTRIES A/S

1 January – 31 March 2002



*Restructuring for growth and profit*

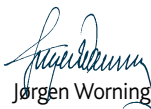
FLS

# FLS INDUSTRIES

## Main conclusions

- Earnings before interest and tax (EBIT) amount to DKK –24m (2001: DKK – 76m) – the sale of ships by Aalborg Portland had a DKK 85m positive impact on the result.
- Cash flow from operating activities amounted to DKK 210m – a DKK 732m improvement on the year before.
- Consolidated net interest-bearing debt fell to DKK 4.8bn – DKK 1.2bn less than the year before.
- FLS miljø is being restructured. The boiler activities are likely to be sold, plans for closure of the manufacturing plant at Tønder are being considered, and FLS miljø will discontinue its biomass business.
- FLS wishes to sell its shares in NKT during June.
- FLS and Højgaard Holding have engaged a consultant in the attempt to sell the shares in Secil.
- When releasing the half-yearly report, FLS will present its strategy for value optimisation.
- FLS maintains its forecast of EBIT and EBT being better than the year before based on a turnover of approximately DKK 19bn, before disposals.

The Board of Directors of FLS Industries A/S has today reviewed and adopted the report and accounts for January – March 2002, as outlined on the following pages. The report and accounts are unaudited



Jørgen Worning

Chairman of the Board of Directors

Valby, 27 May 2002



Peter Assam

Group President & CEO

# FINANCIAL HIGHLIGHTS

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
<b>PROFIT AND LOSS ACCOUNT</b>			
Net turnover	4,195	18,930	3,828
Production costs	3,105	14,260	2,976
<b>Gross profit</b>	<b>1,090</b>	<b>4,670</b>	<b>852</b>
<i>Gross profit margin</i>	26.0%	24.7%	22.3%
Sales, distribution, administrative costs and other operating items	908	3,449	628
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>182</b>	<b>1,221</b>	<b>224</b>
<i>EBITDA ratio</i>	4.3%	6.5%	5.9%
Depreciation and write-down of tangible fixed assets	222	873	210
Amortisation and write-down of intangible fixed assets	36	153	38
<b>Earnings before interest and tax (EBIT)</b>	<b>(76)</b>	<b>195</b>	<b>(24)</b>
<i>EBIT ratio</i>	(1.8%)	1.0%	(0.6%)
Share of pre-tax profit of associated undertakings	35	161	32
Profit and loss on the sale of undertakings and activities	15	(25)	22
Net financial income and expenses	(91)	(343)	(88)
<b>Earnings before tax (EBT)</b>	<b>(117)</b>	<b>(12)</b>	<b>(58)</b>
<i>EBT ratio</i>	(2.8%)	(0.1%)	(1.5%)
Tax for the period	8	(31)	13
<b>Profit/loss for the period</b>	<b>(125)</b>	<b>19</b>	<b>(71)</b>
Minority interests' share of profit / loss for the period	1	32	1
<b>FLS Industries A/S' share of the profit / loss for the period</b>	<b>(126)</b>	<b>(13)</b>	<b>(72)</b>
<b>CASH FLOWS</b>			
<b>Cash flows from operating activities</b>	<b>(522)</b>	<b>1,321</b>	<b>210</b>
Acquisition and disposal of undertakings and activities	310	435	78
Acquisitions of intangible and tangible fixed assets	(191)	(1,016)	(169)
Disposals of intangible and tangible fixed assets	26	388	132
Other investments	(13)	(54)	(59)
<b>Cash flows from investing activities</b>	<b>132</b>	<b>(247)</b>	<b>(18)</b>
<b>Cash flows from operations and investments</b>	<b>(390)</b>	<b>1,074</b>	<b>192</b>
<b>Cash flows from financing activities</b>	<b>320</b>	<b>(1,304)</b>	<b>(120)</b>
<b>Change in cash funds</b>	<b>(70)</b>	<b>(230)</b>	<b>72</b>
<b>Net interest-bearing debt</b>	<b>6,080</b>	<b>4,990</b>	<b>4,844</b>
<b>BALANCE SHEET</b>			
Intangible fixed assets	1,291	1,237	1,220
Tangible fixed assets	7,748	7,398	7,350
Fixed asset investments	4,026	2,801	2,855
Current assets	8,603	7,392	7,210
<b>Total assets</b>	<b>21,668</b>	<b>18,828</b>	<b>18,635</b>
Consolidated shareholders' equity	7,767	6,970	6,935
FLS Industries A/S' share of shareholders' equity	7,420	6,627	6,580
Provisions	1,109	1,194	1,141
Long-term and current liabilities	12,792	10,664	10,559
<b>Total liabilities</b>	<b>21,668</b>	<b>18,828</b>	<b>18,635</b>
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>			
Adjusted operating profit after tax (NOPAT)	(28)	267	(13)
Average capital employed	15,620	14,823	13,823
<b>Return on capital employed (ROCE)</b>	<b>(0.2%)</b>	<b>1.8%</b>	<b>(0.1%)</b>
<b>FINANCIAL RATIOS</b>			
<b>Including minority interests' share</b>			
<i>Return on equity</i>	(2%)	0%	(1%)
<i>Equity ratio</i>	36%	37%	37%
<b>Number of employees, end of period</b>			
Number of employees in Denmark	4,481	4,313	4,203

## MANAGEMENT REPORT



# Management report

## *for the first three months of the year*

### Earnings for the first three months reflect seasonal effects but match expectations

The financial results of the FLS Group for the first three months were on a par with expectations and above last year's level. Net of non-recurring income from sale of ships by Aalborg Portland, the earnings are slightly below the level of the same period the year before. F.L.Smidt significantly improved its earnings during the first quarter compared with last year, however the lower results of FLS Aerospace had an opposite effect.

Cash flow from operating activities greatly improved on the same period the year before, which reflects the ongoing focus on more efficient management of working capital. Efficiency improvements have likewise lowered the Group's administrative costs from 13% of net turnover in last year's 1st quarter to 11% for this year's 1st quarter.

In line with the objective of ensuring the necessary financial flexibility, the FLS Group remains committed to the goal of reducing debt to DKK 4bn by the end of June.

As part of its ongoing effort to focus the Group, FLS Industries has identified a number of minor non-strategic activities that have been included in an overall programme for divestment. Non-strategic activities worth DKK 219m have been sold during the first quarter. The resulting, overall positive effect on EBIT and EBT amounts to DKK 85m and DKK 113m, respectively.

Major interests considered of no strategic value include the shareholding in **NKT Holding** which is 26.3% controlled by FLS Industries.

An attempt to sell the investment in NKT Holding is being made and specific interest in a significant portion of the shares in NKT Holding based on the market price has been addressed to FLS Industries. FLS Industries intends to enter into negotiations on a sale and invites those who may be interested in the entire holding of shares to express their interest. The intention is to have the holding of shares sold during June. The NKT shares had a book value of DKK 997m at 31 December 2001, so the disposal of them will have a considerable negative impact on earnings before tax (EBT) amounting to approximately DKK 400m based on today's share price. NKT contributed EBT at DKK 0 for the first quarter.

FLS Industries and Højgaard Holding have engaged an investment bank with a view to selling the shares in Secil, provided this can be done on acceptable terms and conditions. The book value of the shares in Secil amounted to DKK 657m at 31 December 2001, so a possible sale will have a significant positive impact on earnings before tax (EBT).

### Post balance sheet date events

FLS Aerospace wins Virgin A340 contract (Stock Exchange announcement no. 16-2002)

DKK 110m contract for cement plant modification project in El Salvador (Stock Exchange announcement no. 17-2002)

### 2002 earnings forecast

The FLS Group maintains its earnings forecast for 2002 in terms of improved EBIT and EBT compared with the year before, based on a turnover of approximately DKK 19bn. The forecast includes restructuring costs in FLS miljø. Focusing of the FLS Group and reduction of its debt will entail disposing of a number of undertakings. The sequence and timing of these divestments may have a marked impact, either positive or negative, on the anticipated profit.

### FLS Group strategy

The FLS Industries Board and Management will present their strategy for optimising the values of FLS Industries in connection with the release of the half-yearly report on 29 August 2002.

# FINANCIAL REPORT

## Financial report

With the exception of IAS 39, the interim accounts for the 1st quarter of 2002 are presented in accordance with IAS, the Danish Company Accounts Act and related Executive Orders and the directions on the financial reporting of listed companies, issued by the Copenhagen Stock Exchange, including Danish accounting standards. The accounting policies are unchanged.

## Profit and loss account

The **turnover** for the period under review amounted to DKK 3.8bn, this being DKK 0.4bn lower than the corresponding period the year before. The decline is mainly due to the sale of RMIG and activities within Unicon (2001) plus the lower level of activity in FLS Aerospace compared with last year.

The consolidated **gross profit margin** fell from 26% to 22%, reflecting the slowdown in several business areas. F.L.Smith Group saw a 4% improvement in gross profit. The lower overall gross profit is practically outweighed by reduced selling, administrative and distribution costs which fell by DKK 191m.

**EBITDA** rose by DKK 42m to DKK 224m. Aalborg Portland's sale of ships worth DKK 85m had a positive effect on EBITDA.

**EBIT** for the period under review amounts to DKK -24m, consisting of profits earned by FLS Building Materials, FLS Aerospace and F.L.Smith Group, and deficits recorded by FLS miljø and some non-strategic undertakings.

**Earnings before tax** for the period under review amounted to DKK -58m (2001: DKK -117m) and profit for the year amounted to DKK -71m (2001: DKK -125m).

## Cash flow statement

The improvement in **cash flow from operating activities** in the first quarter is mainly due to improved debtors and work in progress at nearly DKK 500m and to a lesser extent increased prepayments. The total cash flow from operating activities during the first three months at DKK 210m represents a DKK 732m improvement on the same period of the previous year.

**Cash flow from investing activities** amounts to DKK -18m, the divestment of ships and Højslev Teglværk having a positive impact.

**Net interest-bearing debt** reduced by DKK 1.2bn to DKK 4.8bn compared with the same period of last year and has shrunk DKK 0.15bn since 31 December 2001.

## Balance sheet

The **balance sheet total** was reduced by DKK 0.2bn in 2002, mainly due to improvements in working capital. **Consolidated shareholders' equity** including minority interests remains unchanged at DKK 6.9bn.

## Own shares

In the first three months of the year FLS Industries A/S has not reduced nor increased its holding of own shares which accounts for 2.5% of the share capital.

## Financial calendar 2002/2003

29 August 2002	1st half 2002
26 November 2002	3rd quarter 2002
5 March 2003	Annual Accounts 2002
7 April 2003	Annual General Meeting



## F.L.SMIDTH GROUP

# Main supplier to the cement industry

*F.L.Smidth Group provides services, machinery, equipment and complete production lines and plants to the cement and mineral industries worldwide.*

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
Net turnover	1,406	7,982	1,507
Gross profit	219	1,476	295
Earnings before interest and tax (EBIT)	(87)	194	3
Profit for the period	(76)	152	(10)
Cash flow from operating activities	(399)	(384)	(3)
Cash flow from operating and investing activities	(446)	(539)	(24)

DKKm	Turnover Q1 2001	Order intake* Q1 2001	Order backlog* 31 March 2002
Cement industry	1,281	2,037	6,086
Mineral processing	152	245	359
Other	74	123	555
Total	1,507	2,405	7,000

\*sales prices

F.L.Smidth Group provides services, machinery, equipment and complete production lines and plants to the cement and mineral industries worldwide.

F.L.Smidth Group recorded a satisfactory flow of orders during the first three months. Major projects accounted for DKK 1.3bn, whilst the significant service and spare parts market generated sales worth more than DKK 0.6bn during the first quarter. The overall order backlog has risen by DKK 0.4bn to DKK 7bn since 31 December 2001.

Earnings for the three months reflect severe market pressure and sluggish activity in a number of the product companies. EBIT at DKK 3m is as projected and DKK 90m above the level of 1st quarter 2001 due to improved project processing.

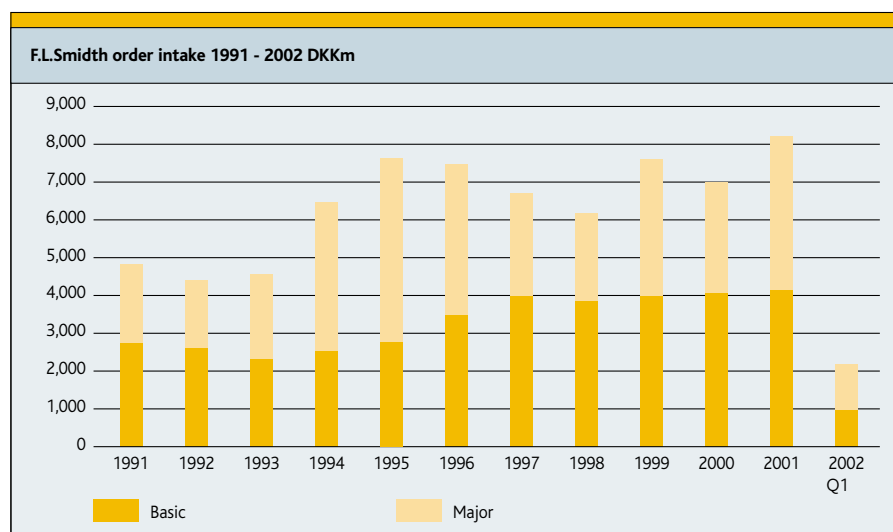
F.L.Smidth, FFE Minerals, Ventomatic and Pfister recorded a satisfactory flow of orders, whilst F.L.Smidth Materials Handling, FLS Automation and Maag Gear received less orders than anticipated.

In March F.L.Smidth won a significant contract in Algeria, underscoring the company's strong market position in the North African region.

F.L.Smidth Group has wound up its 50% investment in Ameco. The sale of Ameco will have no impact on earnings for 2002.

F.L.Smidth Group's cash flow from operating activities amounted to DKK -3m. Cash flow has improved significantly, mainly due to a reduction in debtors.

Despite the difficult market prospects F.L.Smidth Group projections of the year's earnings remain on a par with last year's results.





## FLS MILJØ

# Environmental solutions for process industries

*FLS miljø supplies biomass-fired power stations as well as air pollution control equipment and desulphurisation solutions to energy producers, cement producers and other process industries.*

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
Net turnover	306	1,632	380
Gross profit	28	107	8
Earnings before interest and tax (EBIT)	(44)	(183)	(39)
Profit for the period	(47)	(197)	(35)
Cash flow from operating activities	34	164	249
Cash flow from operating and investing activities	29	139	240
DKKm	Turnover Q1 2001	Order intake* Q1 2001	Order backlog* 31 March 2002
Power stations, biomass	16	1	410
Power stations, fossil fuel	139	514	1,616
Air pollution control	225	230	589
Total	380	745	2,615
*sales prices			

Despite capacity cost improvements, FLS miljø first quarter earnings from ordinary operations remain unchanged from last year's. The company has been awarded a DKK 500m desulphurisation contract for a power plant in the U.S. The order is placed under the format of an alliance agreement which provides for profits to be shared with the customer.

Cash flow from operating activities in the period under review amounting to DKK 249m is affected by prepayments in individual projects and will eventually be evened out.

### Restructuring of FLS miljø

The continuing unsatisfactory development of FLS miljø earnings has prompted the Board of Directors to initiate a process of actively reviewing the future of the individual business segments. These deliberations have so far led to the following conclusions:

- FLS miljø is in the final stages of negotiations on the sale of the company's boiler business. The business is being sold partly because it is not within the FLS Group's core competencies, and partly because the rapidly shrinking home market has made it impossible to develop the business from being a regional player to a market leader.
- In addition, closure of the manufacturing plant at Tønder due to declining sales of its production is under consideration. The plant has for a long time been unprofitable and is considered unlikely to return to profit in the shorter or longer term. Attempts have been made for

quite some time to sell the business, but have proved unsuccessful.

- FLS miljø will not continue to pursue the activities related to biomass-fuelled power stations. As previously announced various possibilities for external alliances within this line of business have tentatively been explored. These attempts have proved unsuccessful and ongoing projects will therefore be completed under the contracts signed; sale or closure of the remaining activities within this line of business is being contemplated.
- Considerable restructuring costs will be incurred due to the measures mentioned above, and an operating loss net of restructuring costs is forecast for the year.

## FLS BUILDING MATERIALS



**FLS**  
Building Materials  
www.flsbuildingmaterials.com

# Global player *building on cement*

***FLS Building Materials produces cement and materials based on cement. Production and sales of white cement and Densit products take place on a global basis, whilst regional grey cement, concrete and fibre cement activities are being expanded.***

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 <sup>2)</sup> unaudited
Net turnover	1,265	4,882	994
Gross profit	484	2,059	347
Earnings before interest and tax (EBIT)	(34)	307	35
Profit for the period			28
Cash flow from operating activities	(71)	526	(83)
Cash flow from operating and investing activities	(179)	(18)	26
<sup>2)</sup> Exclusive of non-strategic Unicon concrete activities			

FLS Building Materials' total EBIT at DKK 35m is DKK 74m better than last year's result. It positively reflects the DKK 85m accruing from the disposal of Aalborg Portland ships. The sale of Højslev Teglværk contributes DKK 28m to the earnings after tax. Earnings before interest and tax (EBIT) are therefore slightly below last year's level, mainly due to the continuing showdown in building activity in the Danish market. When directly comparing with the first quarter of 2001, it should be noted that first quarter of 2002 is net of non-strategic Unicon activities for the period under review.

The cement activities generated EBIT at DKK 100m, ready-mix concrete at DKK -15m, fibre cement at DKK 30m and Densit products at DKK 4m. Non-strategic activities contributed DKK -16m. The overall financial result is as anticipated.

In support of the white cement strategy, the investment in Sinai White has been raised by 7% so that the total investment now represents 45% of the share capital. The plant is producing and is gaining market share in Egypt as planned. Expansion of white cement production capacity in Malaysia is progressing according to plan, and new market opportunities for white cement are being pursued.

New Eternit products are selling well in Denmark and market share is increasing. Sales of Densit products to the off-shore market, notably off-shore wind turbines, are growing and deliveries to the Horns Rev wind farm are under way. Among the non-strategic activities, the Spanish concrete business has now been sold, and steps have been taken to dispose of the paving stone businesses in Denmark and Poland.

Cash flow from operating activities is on a par with that of last year, while cash flow from investing activities positively reflects the sale of ships and companies. The total amount of new investment amounts to DKK 145m.

FLS Building Materials maintains its projection of EBIT improvement on 2001.

### Other undertakings

For information on Secil S.A., the 22.3% indirectly owned associated company of FLS Industries A/S, please refer to the company website at [www.secil.pt](http://www.secil.pt). Secil S.A. contributed DKK 23m to profit for the first quarter.



## FLS AEROSPACE

# High efficiency solutions *for total aircraft support*

***FLS Aerospace is a provider of high-efficiency aircraft maintenance and technical operation solutions. Leasing and repair of aircraft components form an integral part of the business.***

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
Net turnover	873	3,049	784
Gross profit	223	536	146
Earnings before interest and tax (EBIT)	83	(116)	20
Profit for the period	46	(263)	2
Cash flow from operating activities	(67)	(43)	(30)
Cash flow from operating and investing activities	(99)	(245)	(57)

Notwithstanding signs of improvement, the aircraft maintenance industry remains affected by the terrorist events on 11 September 2001. The first quarter, traditionally the best period for FLS Aerospace, was affected by this recession. The effect was only partially outweighed by capacity adjustments. During the period under review FLS Aerospace has reduced its workforce by 475 persons. The adjustments will not be fully effective until the end of the second quarter. FLS Aerospace expects no improvement in the market situation this year, so the organisation remains under pressure to adjust costs.

Consolidated turnover amounted to DKK 784m, and EBIT was recorded at DKK 20m. The total portfolio of contracts in hand amounted to approximately DKK 8.3bn at 31 March 2002.

The unrelenting focus on cash flow from operating activities has improved the group's cash position. Investments during the period under review amounted to DKK 27m.

Prospects for development in the low-cost carrier segment are promising.

FLS Aerospace maintains the forecast of a small operating profit for 2002.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT****Consolidated profit and loss account**

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
Net turnover	4,195	18,930	3,828
Production costs	3,105	14,260	2,976
<b>Gross profit</b>	<b>1,090</b>	<b>4,670</b>	<b>852</b>
Sales and distribution costs	394	1,587	338
Administrative expenses and other expenses	553	2,150	418
Other operating income and costs	39	288	128
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>182</b>	<b>1,221</b>	<b>224</b>
Depreciation and write-downs of tangible fixed assets	222	873	210
Amortisation and write-downs of intangible fixed assets	36	153	38
<b>Earnings before interest and tax (EBIT)</b>	<b>(76)</b>	<b>195</b>	<b>(24)</b>
Share of pre-tax profit of associated undertakings	35	161	32
Profit and loss on disposal of undertakings	15	(25)	22
Financial income	372	1,185	249
Financial expenses	463	1,528	337
<b>Earnings before tax (EBT)</b>	<b>(117)</b>	<b>(12)</b>	<b>(58)</b>
Tax for the period	8	(31)	13
<b>Profit for the period</b>	<b>(125)</b>	<b>19</b>	<b>(71)</b>
Minority interests' share of profit for the period	1	32	1
<b>FLS Industries A/S' share of the profit for the period</b>	<b>(126)</b>	<b>(13)</b>	<b>(72)</b>
Earnings per share (EPS)	-2.4	-0.2	-1.4
EPS, adjusted for own shares, etc.	-2.4	-0.3	-1.4

## CASH FLOW STATEMENT

### Cash flow statement for the FLS Group

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
<b>Cash flows from operating activities</b>			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	182	1,221	224
Adjustments for profits and losses on sale of fixed assets and exchange adjustment of EBITDA	(11)	(138)	(100)
<b>Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>171</b>	<b>1,083</b>	<b>124</b>
Change in provisions	(25)	43	(76)
Change in working capital	(657)	64	(32)
<b>Cash flows from operating activities before work in progress, financial items and tax</b>	<b>(511)</b>	<b>1,190</b>	<b>16</b>
Change in cash flow from work in progress and prepayments	95	(536)	169
<b>Cash flows from operating activities before financial items and tax</b>	<b>(416)</b>	<b>654</b>	<b>185</b>
Dividends received from associated undertakings	3	1,100	2
Financial payments received and made	(101)	(338)	45
Corporation taxes paid	(8)	(95)	(22)
<b>Cash flows from operating activities</b>	<b>(522)</b>	<b>1,321</b>	<b>210</b>
<b>Cash flows from investing activities</b>			
Acquisition of undertakings and activities	(10)	(89)	(9)
Disposal and discontinuance of undertakings and activities	320	524	87
Acquisitions of intangible and tangible fixed assets	(191)	(1,016)	(169)
Disposal of intangible and tangible fixed assets	26	388	132
Acquisition and disposal of fixed asset investments	(32)	(54)	(59)
Bonds and listed shares	19	0	0
<b>Cash flows from investing activities</b>	<b>132</b>	<b>(247)</b>	<b>(18)</b>
<b>Cash flows from operations and investments</b>	<b>(390)</b>	<b>1,074</b>	<b>192</b>
<b>Cash flows from financing activities</b>			
Dividends	0	(453)	(2)
Capital increases in Group companies attributable to minority interests	1	12	0
Changes in interest-bearing debt	319	(863)	(118)
<b>Cash flows from financing activities</b>	<b>320</b>	<b>(1,304)</b>	<b>(120)</b>
<b>Change in cash funds</b>	<b>(70)</b>	<b>(230)</b>	<b>72</b>
Cash funds at 1 January	548	548	318
Cash funds at end of period	478	318	390
The cash flow statement cannot be inferred from the published financial information only.			

## CONSOLIDATED BALANCE SHEET

### Assets

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
<b>Fixed assets</b>			
Goodwill	1,405	1,290	1,268
Negative goodwill	(195)	(185)	(182)
Patents and licenses	48	57	54
Other intangible fixed assets	33	75	80
<b>Intangible fixed assets</b>	<b>1,291</b>	<b>1,237</b>	<b>1,220</b>
Land and buildings	2,925	2,695	2,666
Plant, machinery and ships	2,627	2,600	2,520
Operating equipment, fixtures and fittings	325	348	342
Aircraft rotables	1,525	1,509	1,493
Assets in course of construction	346	246	329
<b>Tangible fixed assets</b>	<b>7,748</b>	<b>7,398</b>	<b>7,350</b>
Investments in associated undertakings	3,636	2,173	2,216
Amount owing from associated undertakings	0	15	16
Other securities and investments	160	216	208
Other fixed asset investments	21	10	2
Prepaid pension fund contribution	73	74	87
Tax asset	136	313	327
<b>Fixed asset investments</b>	<b>4,026</b>	<b>2,801</b>	<b>2,856</b>
<b>Total fixed assets</b>	<b>13,065</b>	<b>11,436</b>	<b>11,426</b>
<b>Current assets</b>			
Raw materials and consumables	810	753	751
Work-in-progress	180	69	117
Finished goods and goods for resale	603	584	620
Prepayments for goods	193	99	83
<b>Stocks</b>	<b>1,786</b>	<b>1,505</b>	<b>1,571</b>
Trade debtors	3,763	3,165	2,867
Work in progress for third parties	1,226	1,135	1,113
Amounts owed by associated undertakings	38	65	26
Other debtors	982	894	832
Prepayments	246	264	363
<b>Debtors</b>	<b>6,255</b>	<b>5,523</b>	<b>5,201</b>
Own shares	0	0	0
Bonds and listed shares	84	46	47
<b>Securities</b>	<b>84</b>	<b>46</b>	<b>47</b>
<b>Cash at bank and in hand</b>	<b>478</b>	<b>318</b>	<b>390</b>
<b>Total current assets</b>	<b>8,603</b>	<b>7,392</b>	<b>7,209</b>
<b>TOTAL ASSETS</b>	<b>21,668</b>	<b>18,828</b>	<b>18,635</b>

## CONSOLIDATED BALANCE SHEET

### Liabilities

DKKm	Q1 2001 unaudited	The year 2001	Q1 2002 unaudited
<b>Shareholders' equity</b>			
Share capital	1,064	1,064	1,064
Net revaluation reserves according to the equity method	2,242	808	886
Other reserves	3,192	4,755	4,631
<b>FLS Industries A/S' share of shareholders' equity before proposed dividend</b>	<b>6,498</b>	<b>6,627</b>	<b>6,581</b>
Proposed dividend distribution	922	0	0
<b>FLS Industries A/S' share of shareholders' equity</b>	<b>7,420</b>	<b>6,627</b>	<b>6,581</b>
Minority interests' share of shareholders' equity before proposed dividend	342	343	354
Proposed dividend distribution	5	0	0
<b>Minority interests' share of shareholders' equity</b>	<b>347</b>	<b>343</b>	<b>354</b>
<b>Total consolidated shareholders' equity</b>	<b>7,767</b>	<b>6,970</b>	<b>6,935</b>
<b>Provisions</b>			
Deferred tax	115	124	129
Pensions and similar commitments	72	77	76
Warranty provisions	515	540	501
Restructuring of undertakings acquired	12	4	4
Restructuring of existing undertakings	5	4	2
Redundancy costs	16	119	97
Other provisions	374	326	332
<b>Total provisions</b>	<b>1,109</b>	<b>1,194</b>	<b>1,141</b>
<b>Long-term and current liabilities</b>			
Mortgage debt	338	288	282
Currency loans and bank debt	4,565	4,223	4,226
<b>Long-term liabilities</b>	<b>4,903</b>	<b>4,511</b>	<b>4,508</b>
Current portion of long-term debt	1,633	291	675
Currency loans and bank debt	105	747	416
Prepayments from customers	1,211	775	686
Work-in-progress	1,143	814	1,035
Trade creditors	2,012	1,996	1,910
Amounts owed to affiliated undertakings	133	7	3
Corporation tax payable	52	81	73
Other creditors	1,281	1,133	915
Deferred income	319	309	338
<b>Current liabilities</b>	<b>7,889</b>	<b>6,153</b>	<b>6,051</b>
<b>Total long-term and current liabilities</b>	<b>12,792</b>	<b>10,664</b>	<b>10,559</b>
<b>Total long-term and current liabilities and provisions</b>	<b>13,901</b>	<b>11,858</b>	<b>11,700</b>
<b>TOTAL LIABILITIES</b>	<b>21,668</b>	<b>18,828</b>	<b>18,635</b>

Notes not referred to in the above: Breakdown of the Group by core businesses in the period  
Equity specification

# CORE BUSINESSES

## Breakdown of the Group by core businesses 1st quarter 2002

DKKm	F.L.Smith Group	FLS miljø	FLS Building Materials <sup>1</sup>	FLS Aero-space Holding	Other companies <sup>2</sup>	Core activities	Non-strategic activities <sup>1</sup>	FLS Group
<b>Net turnover</b>	1,507	380	994	784	(72)	3,593	235	3,828
Production costs	1,212	372	647	638	(68)	2,801	175	2,976
<b>Gross profit</b>	295	8	347	146	(4)	792	60	852
<i>Gross margin</i>	19.6%	2.1%	34.9%	18.6%		22.0%	25.5%	22.3%
Sales, distribution, administrative costs and other operating items	257	39	196	71	4	567	61	628
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	38	(31)	151	75	(8)	225	(1)	224
<i>EBITDA ratio</i>	2.5%	(8.2%)	15.2%	9.6%		6.3%	(0.4%)	5.9%
Depreciation and write-downs of tangible fixed assets	25	6	94	55	8	188	22	210
Amortisation and write-downs of intangible fixed assets	10	2	22	0	0	34	4	38
<b>Earnings before interest and tax (EBIT)</b>	3	(39)	35	20	(16)	3	(27)	(24)
<i>EBIT ratio</i>	0.2%	(10.3%)	3.5%	2.6%		0.1%	(11.5%)	(0.6%)
Share of pre-tax profit of associated undertakings	0	(1)	32	0	1	32	0	32
Profit and loss on disposal of undertakings	0	0	20	0	(1)	19	3	22
Net financial income and expenses	(1)	6	(53)	(22)	(10)	(80)	(8)	(88)
<b>Earnings before tax (EBT)</b>	2	(34)	34	(2)	(26)	(26)	(32)	(58)
<i>EBT ratio</i>	0.1%	(8.9%)	3.4%	(0.3%)		(0.7%)	(13.6%)	(1.5%)
Tax for the period	12	1	6	(4)	0	15	(2)	13
<b>Profit / loss for the period</b>	(10)	(35)	28	2	(26)	(41)	(30)	(71)
Minority interests' share	2	0	(2)	0	0	0	1	1
<b>FLS Industries A/S' share of profit / loss for the period</b>	(12)	(35)	30	2	(26)	(41)	(31)	(72)
<b>CASH FLOWS</b>								
<b>Cash flows from operating activities</b>	(3)	249	(83)	(30)	(12)	121	89	210
Acquisition and disposal of undertakings	4	(4)	136	0	0	136	(58)	78
Additions of fixed assets	(24)	(6)	(99)	(27)	(4)	(160)	(9)	(169)
Disposals of fixed assets	5	1	118	0	8	132	0	132
Other investments	(6)	0	(46)	0	(8)	(60)	1	(59)
<b>Cash flows from investing activities</b>	(21)	(9)	109	(27)	(4)	48	(66)	(18)
<b>Cash flows from operations and investments</b>	(24)	240	26	(57)	(16)	169	23	192
<b>Cash flows from financing activities</b>	(146)	(22)	(262)	45	0	(385)	265	(120)
<b>Change in cash funds</b>	(170)	218	(236)	(12)	(16)	(216)	288	72
<b>NET INTEREST-BEARING DEBT/ (BALANCES)</b>	(39)	(339)	2,515	1,394	795	4,326	518	4,844
<b>BALANCE SHEET</b>								
Intangible fixed assets	99	72	1,160	(182)	1	1,150	70	1,220
Tangible fixed assets	840	57	3,205	2,500	276	6,878	472	7,350
Fixed asset investments	275	10	1,305	20	1,235	2,845	10	2,855
Current assets	4,041	935	1,851	1,350	(1,467)	6,710	500	7,210
<b>Total assets</b>	5,255	1,074	7,521	3,688	45	17,583	1,052	18,635
Consolidated shareholders' equity	1,129	93	3,466	1,199	782	6,669	266	6,935
FLS Industries A/S' share of shareholders' equity	1,118	93	3,176	1,194	782	6,363	217	6,580
Provisions	574	87	195	246	4	1,106	35	1,141
Long-term and current liabilities	3,552	894	3,860	2,243	(741)	9,808	751	10,559
<b>Total liabilities</b>	5,255	1,074	7,521	3,688	45	17,583	1,052	18,635
<b>RETURN ON CAPITAL EMPLOYED</b>								
Net operating profit after tax (NOPAT)	7	(27)	67	15	(52)	10	(23)	(13)
Average capital employed	2,828	269	6,445	2,957	359	12,858	965	13,823
<b>Return on capital employed (ROCE)</b>	0.2%	(10.0%)	1.0%	0.5%	(0.6%)	0.1%	(2.4%)	(0.1%)
<b>Number of employees at end of period</b>	4,071	892	3,426	3,434	170	11,993	1,236	13,229

<sup>1</sup> Non-strategic activities consist of companies within the FLS Group that have been discontinued or will be discontinued in the longer term and precast concrete businesses within FLS Building Materials that have been discontinued or will be discontinued in the longer term.

<sup>2</sup> Other companies, etc. consist of companies without activities and other undertakings owned by the parent company plus the parent company and eliminations. As from 2001, however, elimination of inter-company profits within FLS Building Materials are placed within this segment.

<sup>3</sup> FLS Building Materials is exclusive of non-strategic Unicon concrete product businesses.

## CORE BUSINESSES

### Breakdown of the Group by core businesses 1st quarter 2001

DKKm	F.L.Smith Group	FLS miljø	FLS Building Materials	FLS Aero-space Holding	Other companies <sup>2</sup>	Core activities	Non-strategic activities <sup>1</sup>	FLS Group
<b>Net turnover</b>	1,406	306	1,265	873	(34)	3,816	379	4,195
Production costs	1,187	278	781	650	6	2,902	203	3,105
<b>Gross profit</b>	219	28	484	223	(40)	914	176	1,090
<i>Gross margin</i>	15.6%	9.2%	38.3%	25.5%		24.0%	46.4%	26.0%
Sales, distribution, administrative costs and other operating items	267	63	378	91	(41)	758	150	908
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	(48)	(35)	106	132	1	156	26	182
<i>EBITDA ratio</i>	(3.4%)	(11.4%)	8.4%	15.1%		4.1%	6.9%	4.3%
Depreciation and write-downs of tangible fixed assets	29	7	115	49	3	203	19	222
Amortisation and write-downs of intangible fixed assets	10	2	25	0	(2)	35	1	36
<b>Earnings before interest and tax (EBIT)</b>	(87)	(44)	(34)	83	0	(82)	6	(76)
<i>EBIT ratio</i>	(6.2%)	(14.4%)	(2.7%)	9.5%		(2.1%)	1.6%	(1.8%)
Share of pre-tax profit of associated undertakings	0	0	40	0	(5)	35	0	35
Profit and loss on disposal of undertakings	0	0	0	0	15	15	0	15
Net financial income and expenses	14	(3)	(58)	(37)	0	(84)	(7)	(91)
<b>Earnings before tax (EBT)</b>	(73)	(47)	(52)	46	10	(116)	(1)	(117)
<i>EBT ratio</i>	(5.2%)	(15.4%)	(4.1%)	5.3%		(3.0%)	(0.3%)	(2.8%)
Tax for the period	3	0	4	0	0	7	1	8
<b>Profit / loss for the period</b>	(76)	(47)	(56)	46	10	(123)	(2)	(125)
Minority interests' share	2	0	(1)	0	0	1	0	1
<b>FLS Industries A/S' share of profit / loss for the period</b>	(78)	(47)	(55)	46	10	(124)	(2)	(126)
<b>CASH FLOWS</b>								
<b>Cash flows from operating activities</b>	(399)	34	(71)	(67)	(26)	(529)	7	(522)
Acquisition and disposal of undertakings	17	0	(10)	0	303	310	0	310
Additions of fixed assets	(65)	(5)	(122)	(32)	39	(185)	(6)	(191)
Disposals of fixed assets	1	0	24	0	1	26	0	26
Other investments	0	0	0	0	(12)	(12)	(1)	(13)
<b>Cash flows from investing activities</b>	(47)	(5)	(108)	(32)	331	139	(7)	132
<b>Cash flows from operations and investments</b>	(446)	29	(179)	(99)	305	(390)	0	(390)
<b>Cash flows from financing activities</b>	360	(12)	(15)	74	(76)	331	(11)	320
<b>Change in cash funds</b>	(86)	17	(194)	(25)	229	(59)	(11)	(70)
<b>NET INTEREST-BEARING DEBT/ (BALANCES)</b>	(154)	205	3,125	2,289	338	5,803	277	6,080
<b>BALANCE SHEET</b>								
Intangible fixed assets	151	42	1,273	(195)	1	1,272	19	1,291
Tangible fixed assets	865	68	3,725	2,521	342	7,521	227	7,748
Fixed asset investments	211	17	1,300	20	2,472	4,020	6	4,026
Current assets	4,868	675	1,857	1,776	(826)	8,350	253	8,603
<b>Total assets</b>	6,095	802	8,155	4,122	1,989	21,163	505	21,668
Consolidated shareholders' equity	981	52	3,584	414	2,644	7,675	92	7,767
FLS Industries A/S' share of shareholders' equity	937	52	3,285	410	2,644	7,328	92	7,420
Provisions	541	29	257	278	1	1,106	3	1,109
Long-term and current liabilities	4,573	721	4,314	3,430	(656)	12,382	410	12,792
<b>Total liabilities</b>	6,095	802	8,155	4,122	1,989	21,163	505	21,668
<b>RETURN ON CAPITAL EMPLOYED</b>								
Net operating profit after tax (NOPAT)	(38)	(41)	(13)	71	(13)	(34)	6	(28)
Average capital employed	3,039	495	7,760	3,158	498	14,950	670	15,620
<b>Return on capital employed (ROCE)</b>	(1.3%)	(8.3%)	(0.2%)	2.2%	(2.6%)	(0.2%)	0.9%	(0.2%)
<b>Number of employees at end of period</b>	4,017	913	4,531	3,670	165	13,296	670	13,966

<sup>1</sup> Non-strategic activities consist of companies within the FLS Group that have been discontinued or will be discontinued in the longer term and precast concrete businesses within FLS Building Materials that have been discontinued or will be discontinued in the longer term.

<sup>2</sup> Other companies, etc. consist of companies without activities and other undertakings owned by the parent company plus the parent company and eliminations. As from 2001, however, elimination of inter-company profits within FLS Building Materials are placed within this segment.

## CONSOLIDATED SHAREHOLDERS' EQUITY

### Consolidated shareholder's equity 1st quarter 2002

DKKm	Share capital	Reserve acc. to the equity method	Other undistributable reserves	Other reserves	FLS' total share	Total minority interests' share	Total
<b>Opening balance, 01.01.2001</b>	1,064	808	830	3,925	6,627	343	6,970
Exchange adjustments		15		7	22	7	29
Hedging of exchange rate adjustments				(5)	(5)		(5)
Profit for the period		30	(2)	(99)	(71)	1	(70)
Other adjustments in shareholders' equity		33		(25)	8		8
<b>Total profit for the period</b>	<b>0</b>	<b>78</b>	<b>(2)</b>	<b>(122)</b>	<b>(46)</b>	<b>8</b>	<b>(38)</b>
Dividend proposed					0		0
Dividend distributed					0	(2)	(2)
Additions and disposals of minority interests					0	6	6
<b>Shareholders' equity, 31.03.2002 before dividend</b>	<b>1,064</b>	<b>886</b>	<b>828</b>	<b>3,803</b>	<b>6,581</b>	<b>355</b>	<b>6,936</b>
Proposed dividend					0		0
<b>Shareholders' equity, 31.03.2002</b>	<b>1,064</b>	<b>886</b>	<b>828</b>	<b>3,803</b>	<b>6,581</b>	<b>355</b>	<b>6,936</b>
<p>FLS Industries A/S has not acquired additional own shares during the period. FLS Industries A/S owns 1.303.774 own B shares with nominal value of DKK 26.1m., or 2.5% of the share capital.</p> <p>Own shares are used to cover the company's option obligations</p> <p>The share capital consists of shares in the following denominations: A shares: 7,200,000 shares of DKK 20 each B shares: 46,000,000 shares of DKK 20 each</p> <p>No additional shares were issued during the period under review.</p>							

### Consolidated shareholder's equity 1st quarter 2001

DKKm	Share capital	Reserve acc. to the equity method	Other undistributable reserves	Other reserves	FLS' total share	Total minority interests' share	Total
<b>Opening balance, 01.01.2001</b>	1,064	2,227	847	3,415	7,553	413	7,966
Exchange adjustments				30	30	3	33
Hedging of exchange rate adjustments				(22)	(22)	0	(22)
Profit for the period		15	(2)	(139)	(126)	1	(125)
Other adjustments in shareholders' equity				(15)	(15)	(1)	16
<b>Total profit for the period</b>	<b>0</b>	<b>15</b>	<b>(2)</b>	<b>(146)</b>	<b>(133)</b>	<b>3</b>	<b>(130)</b>
Dividend proposed				(922)	(922)	(5)	(927)
Dividend distributed					0	1	1
Additions and disposals of minority interests					0	(70)	(70)
<b>Shareholders' equity, 31.03.2002 before dividend</b>	<b>1,064</b>	<b>2,242</b>	<b>845</b>	<b>2,347</b>	<b>6,498</b>	<b>342</b>	<b>8,840</b>
Proposed dividend				922	922	5	927
<b>Shareholders' equity, 31.03.2002</b>	<b>1,064</b>	<b>2,242</b>	<b>845</b>	<b>3,269</b>	<b>7,420</b>	<b>347</b>	<b>7,767</b>



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