Financial Report

2001

Linoleum

Vinyl

Adhesives

Belting

Forbo

Contents

Forbo Group consolidated financial statements

Financial review and analysis

Summary of financial results

	2001	2000	
	m CHF	m CHF	% change on previous year
Net sales of continued operations	1,354.3	1,417.5	–4.5
Net sales of divested activities	130.8	359.3	
Group net sales	1,485.1	1,776.8	–16.4
Operating profit before depreciation and amortization			
of continued operations*	169.8	206.9	–17.9
of divested activities	9.6	27.6	
Operating profit			
of continued operations*	85.7	126.6	–32.3
of divested activities	3.2	4.0	
Net profit for the year	51.8	90.7	–42.9
EVA® (Economic Value Added)	–2.1	20.8	

*including Corporate

Comment on the financial result development

The business year 2001 continued to be characterized by the implementation of the Group's strategy and focusing on core activities. In addition, some minor acquisitions could be made in the Adhesives Business. Under difficult trading conditions, the Group recorded total net sales of CHF 1,485.1 million and an operating profit of CHF 88.9 million. These figures include the activities of the Carpet Business, which was divested in the year under review, for the first nine months.

The continued operations now comprise the four Strategic Business Units Linoleum, Vinyl, Adhesives, and Belting. In the year under review, these businesses achieved net sales of CHF 1,354.3 million, corresponding with a decline of 0.5% and 4.5% in local currencies and Swiss Franc, respectively. The decrease of the operating profit before depreciation and amortization (EBITDA) of the continued operations compared to previous year was substantially more pronounced, i.e. by 17.9% or CHF 37.1 million to CHF 169.8 million. This is primarily due to the fact that the operating costs were geared to a planned 5% sales growth and a proportionally higher profit contribution. Besides, the negative influence of lower exchange rates in Swiss Franc is some CHF 4.8 million. As a result, return on sales (ROS gross, EBITDA on Sales) dropped from 14.6% to 12.5%. The objective for 2004 is 15%. After depreciation and amortization of CHF 84.1 million, the continued operations reached an operating profit of CHF 85.7 million. The decrease compared with the previous year is CHF 40.9 million or 32.3%. Lower exchange rates in Swiss Franc had a negative effect of CHF 3.3 million. The operating profit as a percentage of the operating assets employed (ROA) of the continued operations is now 7.9%, clearly lower than in the previous year (11.3%). ROA adjusted by the three acquisitions made in the Adhesives Business in the last four months of 2001 is 8.0%. The objective defined for 2004 is at least 13% (EBITA on Operating Assets). The primary reasons for this result deterioration in a difficult economic environment are as follows: The Linoleum Business was not able to fully compensate higher raw material, energy, labor and marketing costs through higher productivity and sales. Vinyl for industrial uses recorded strong sales losses for applications in the electronics industry. Belting suffered a sales decline which could not be compensated by lower costs.

Net financial expenses of CHF 16.0 million had a clearly more negative impact on the consolidated profit than in the previous year (4.5 million). In 2000, capital gains of CHF 9.0 million were realized with securities while the year under review saw valuation losses of CHF 0.4 million. Furthermore, the share buy-back program caused additional interest costs of about CHF 3 million.

As a result of a clearly lower operating profit, higher financial expenses and lower exchange rates, Group profit was CHF 51.8 million or 42.9% down on the previous year.

Balance sheet summary

	31.12.2001 m CHF	31.12.2000 m CHF	change m CHF
Long-term assets	716.4	778.9	−62.5
Current assets (excluding cash and marketable securities)	488.7	564.6	−75.9
Cash and marketable securities	126.5	183.1	−56.6
Total assets	**1,331.6**	**1,526.6**	**−195.0**
Shareholders' equity	652.2	813.9	−161.7
Financial debt	361.7	339.8	21.9
Other liabilities and provisions	317.7	372.9	−55.2
Total shareholders' equity and liabilities	**1,331.6**	**1,526.6**	**−195.0**

Balance sheet development

The balance sheet total decreased by CHF 195.0 million to CHF 1,331.6 million compared with the previous year end. Of the total reduction, CHF 121.6 million relate to operating assets of the carpet activities divested in the year under review, in which Forbo still holds a financial interest of 25%. In addition, securities and cash, notably in connection with the share buy-back in 2001, declined by CHF 56.6 million. Furthermore, exchange rates, which were on average lower at year-end, caused the balance sheet total to drop by CHF 33.6 million. This contrasts with additions from acquired companies totaling CHF 25.2 million. Investments in long-term assets of the continued operations reached CHF 64.1 million, of which CHF 43.5 million relate to the floor covering business and CHF 20.6 million to other areas. Thus, investments are clearly lower than the corresponding depreciation and amortization of CHF 84.1 million. Receivables and inventories could be kept somewhat below the previous year's level in local currencies, in line with the sales trend.

Financial situation

Net debt rose by CHF 78.5 million compared with the previous year end. This increase is on the one hand due to the share buy-back program in the amount of CHF 146.7 million, acquisitions in the adhesives business, and dividend payments. This contrasts, on the other hand, with reductions resulting from the divestment of the Carpet Business and free cash flow generated. The decrease of the balance sheet total and the equity capital by CHF 195.0 million and CHF 161.7 million, respectively, still resulted in an equity ratio of 49.0% (previous year: 53.3%). With this equity ratio and a gearing of 36.1% (net debt in % of equity capital), the Forbo Group is on a solid financial basis.

Provisions

Of the specific provisions of CHF 70 million (after tax) made at the end of 1999 for implementing the new strategy, CHF 17.9 million were available at the beginning of the year under review. This amount was completely used up in the business year 2001. In detail, the restructuring of the Vinyl Business absorbed CHF 9.1 million, the major part of which was used for valuation adjustments of under-utilized production facilities. Another CHF 1.5 million was used for restructuring the belting activities in Asia, and CHF 1.8 million was absorbed for measures in the European Adhesives Business. The divestment of the Carpet Business used CHF 5.5 million. As a result, the essential objective of the Group's strategic renewal has been achieved with the focus on its four core businesses.

Free cash flow

The free cash flow (before dividend) of CHF 73.7 million (previous year: CHF 89.3 million) is calculated on the basis of the cash flow from operating activities reduced by investments in long-term assets (net). The decrease of the free cash flow by CHF 15.6 million compared with the previous year is due to a substantial decrease (minus CHF 52.4 million) of the cash flow earned (consolidated profit before depreciation), and a lower cash inflow from disposals (CHF 6.6 million). This contrasts with a reduced need for cash in relation to net working capital of CHF 36.3 million. Taking into account the cash inflow from the divestment of the Carpet Business (CHF 56.7 million) and the cash outflow associated with acquisitions in the Adhesives Business (CHF 15.3), the adjusted free cash flow is CHF 115.1 million.

Earnings per share

Related to the average number of outstanding shares, the 2001 earnings per share were CHF 37.84 (based on the year-end position CHF 39.69) compared with CHF 61.98 in the previous year. This is a decrease of 38.9% and 36.0%, respectively. The share buy-back program resulted in a profit increase per share meaning that the relative decrease of the profit per share is less pronounced than the absolute profit development.

Share price development

The development of the Forbo share price in the year under review was characterized by strong fluctuations. The price soared partly above CHF 800 especially in the first half-year and after the announcement and subsequent buy-back of about 10% of the outstanding Forbo shares. In the third quarter after the announcement of the results for the first half-year there was a strong correction downwards with share prices around CHF 600 in August, and with short-term excursions down to CHF 420 as a result of the events in New York in September. In the last quarter the share price recovered to reach CHF 505 at year-end. Over a period of three years the Forbo share developed more or less in line with the Swiss Performance Index (SPI), with occasional price fluctuations somewhat stronger than the SPI. The Forbo share is likely to have a considerable price increase potential assuming a recovery of the overall economy and the successful implementation of numerous internal measures.

Economic Value Added (EVA®)

Forbo's objective is to enhance the value of the company. Value is only created when the returns on the capital employed exceed the weighted average cost of capital (WACC). In the year under review, the return on the capital employed did not quite reach the weighted average cost of capital. The resulting Economic Value Added (EVA®) was CHF –2.1 million (previous year: CHF 20.8 million). The decrease by CHF 22.9 million is essentially due to a lower operating profit after taxes (NOPAT) and higher weighted average cost of capital of 7.3% (previous year: 7.0%). While the higher percentage of borrowed capital resulting from the Forbo share buy-back had a positive impact on the weighted average cost of capital, the equity capital cost rose from 8.4% to 9.1%. This is essentially due to the higher volatility of the Forbo share price in the year under review, and the correspondingly higher factor for adjusting the equity capital cost (Beta factor 2001: 0.86; previous year: 0.76 according to Bloomberg).

EVA® Calculation

	2001	2000
	m CHF	m CHF
Net operating profit after taxes (NOPAT)	67.8	95.2
Invested capital (IC)	957.2	1,058.6
Average interest rate after taxes	3.8%	3.6%
Cost of equity capital	9.1%	8.4%
Weighted Average Cost of Capital (WACC)	7.3%	7.0%
Economic Value Added (EVA®)	**–2.1**	**20.8**

Consolidated income statement

	Notes	2001 m CHF	2000 m CHF
Net sales	1/2	**1,485.1**	**1,776.8**
Cost of goods sold		−962.7	−1,143.2
Gross profit		**522.4**	**633.6**
Development costs	3	−22.0	−29.8
Marketing and distribution costs		−288.6	−333.6
Administrative costs	4	−116.6	−129.8
Other operating expenses, net	5	−6.3	−9.8
Operating profit		**88.9**	**130.6**
Financial income	7	5.5	16.8
Financial expenses	8	−21.5	−21.3
Profit before taxes		**72.9**	**126.1**
Taxes	24	−21.1	−35.4
Net profit for the year		**51.8**	**90.7**

	Notes	2001 CHF	2000 CHF
Earnings per share (basic)	9	37.84	61.98
Earnings per share (diluted)	9	37.84	61.98

Consolidated balance sheet

Assets

	Notes	31.12.2001 m CHF	31.12.2000 m CHF
Long-term assets		**716.4**	**778.9**
Tangible assets	10	576.1	675.0
Intangible assets	11	23.2	19.4
Deferred taxes	24	72.7	65.1
Investments in associates and other long-term assets	11	44.4	19.4
Current assets		**615.2**	**747.7**
Inventories	12	227.0	260.7
Trade receivables	13	202.6	243.4
Other receivables		30.1	41.3
Prepaid expenses and deferred charges		29.0	19.2
Marketable securities	14	33.8	45.5
Cash and cash equivalents		92.7	137.6
Total assets		**1,331.6**	**1,526.6**

Shareholders’ equity and liabilities

	Notes	31.12.2001 m CHF	31.12.2000 m CHF
Shareholders’ equity		**652.2**	**813.9**
Share capital	15	75.7	75.7
Treasury shares (incl. share buy-back program)	15	–155.2	–8.2
Reserves and retained earnings		731.7	746.4
Long-term liabilities		**252.8**	**275.2**
Deferred taxes	24	2.1	2.9
Employee benefit obligations	16	69.8	88.0
Provisions	17	16.4	39.2
Bond issues	18	148.4	100.0
Long-term bank loans and mortgages	19	16.1	45.1
Current liabilities		**426.6**	**437.5**
Trade payables	20	79.4	90.2
Other payables		55.0	47.9
Accrued expenses	21	95.0	104.7
Bank loans and overdrafts	22	197.2	194.7
Total shareholders’ equity and liabilities		**1,331.6**	**1,526.6**

Consolidated cash flow statement

Cash flow from operating activities	2001 m CHF	2000 m CHF
Net profit for the year	51.8	90.7
Depreciation of tangible assets	85.9	99.3
Amortization of intangible assets	4.5	4.6
Increase (+)/decrease (–) in deferred income taxes and provisions	–14.6	–19.8
Increase (+)/decrease (–) in current liabilities (bank loans/overdrafts not included)	3.0	–16.4
Increase (–)/decrease (+) in current assets[1]	4.8	–12.1
Total cash flow from operating activities	**135.4**	**146.3**

Cash flow from investing/divesting activities	2001 m CHF	2000 m CHF
Cash flow (+)/cash drain (–) from divesting activities (incl. costs)[2]	56.7	–3.6
Cash used for acquisitions	–15.3	0.0
Increase (–) in long-term assets	–66.4	–68.3
Decrease (+) in long-term assets	4.7	11.3
Total cash flow from investing activities (before securities)	**–20.3**	**–60.6**
Increase (–)/decrease (+) in marketable securities	3.9	22.3
Total cash flow from investing activities	**–16.4**	**–38.3**

Cash flow from financing activities	2001 m CHF	2000 m CHF
Share buy-back (incl. costs)	–149.2	0.0
Increase (+)/decrease (–) in long-term bank loans and mortgages	21.8	–100.8
Increase (+)/decrease (–) in employee benefit obligations	–8.5	1.4
Increase (+)/decrease (–) in short-term bank loans/overdrafts	5.1	16.9
Change in treasury shares	–0.3	–1.8
Dividend paid	–32.4	–32.4
Total cash flow from financing activities	**–163.5**	**–116.7**

Change in cash and cash equivalents	2001 m CHF	2000 m CHF
Increase (+)/decrease (–) in cash and cash equivalents	–44.5	–8.7
Translation differences	–0.4	–1.6
Cash and cash equivalents at the beginning of the year	137.6	147.9
Cash and cash equivalents at the end of the year	**92.7**	**137.6**

Change in net debt	2001 m CHF	2000 m CHF
Increase (–)/decrease (+) in cash and cash equivalents	44.5	8.7
Increase (–)/decrease (+) in marketable securities	3.9	22.3
Increase (+)/decrease (–) in debt	26.9	–83.9
Translation differences	3.2	4.5
Net debt at the beginning of the year	156.7	205.1
Net debt at the end of the year	**235.2**	**156.7**

[1] excluding cash and marketable securities
[2] change in net debt

The changes in balance sheet positions are based on values exclusive of translation differences.

Consolidated statement of changes in shareholders' equity

2000

	Share capital m CHF	Treasury shares m CHF	Reserves and retained earn. m CHF	Translation differences m CHF	Total m CHF
At 1.1.2000	**75.7**	**–2.0**	**751.7**	**–30.6**	**794.8**
Change in accounting policies (SIC 16)		–5.8			–5.8
Net profit for the year			90.7		90.7
Change in treasury shares		–0.4	–1.4		–1.8
Translation differences				–31.6	–31.6
Dividend paid			–32.4		–32.4
At 31.12.2000	**75.7**	**–8.2**	**808.6**	**–62.2**	**813.9**

2001

	Share capital m CHF	Treasury shares m CHF	Reserves and retained earn. m CHF	Translation differences m CHF	Total m CHF
At 1.1.2001	**75.7**	**–8.2**	**808.6**	**–62.2**	**813.9**
Change in accounting policies (IAS 39)			–1.8		–1.8
Net profit for the year			51.8		51.8
Share buy-back (incl. costs)		–146.7	–2.5		–149.2
Other changes in treasury shares		–0.3			–0.3
Fair value adjustments:					
Marketable securities			–7.7		–7.7
Cash flow hedges			–0.9		–0.9
Translation differences				–20.1	–20.1
Realization due to divestments				–1.1	–1.1
Dividend paid			–32.4		–32.4
At 31.12.2001	**75.7**	**–155.2**	**815.1**	**–83.4**	**652.2**

Accounting policies

Basis of preparation

The Group's consolidated financial statements are prepared in accordance with the historical cost convention and comply with International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Swiss law.

With effect from January 1, 2000 the Group has implemented interpretation 16 of the IAS Standing Interpretations Committee (SIC) on Share Capital – Reacquired Own Equity Instruments (Treasury Shares). The difference resulting from the initial adoption of the interpretation was accounted for by adjusting retained earnings at January 1, 2000. Prior year figures have not been restated for practical reasons. Furthermore, the Group has implemented International Accounting Standards IAS 36 on Impairment of Assets and IAS 37 on Provisions, Contingent Liabilities and Contingent Assets as of January 1, 2000. These new standards did not have a material impact on the consolidated financial statements.

As of January 1, 2001, the Group has implemented IAS 39 on Recognition and Measurement of Financial Instruments. This has resulted in the recognition in the balance sheet of the fair value of certain financial derivatives that were previously held off-balance sheet. Net of tax, the decrease in equity due to the adoption of this standard was CHF 1.8 million. The classification of the Group's marketable securities as available-for-sale and the related revaluation to fair values did not have a material impact on equity at January 1, 2001. In accordance with the transition arrangements of the standard, the comparative financial statements were not restated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Scope of consolidation

The consolidated financial statements include Forbo Holding SA and all subsidiaries over which the Group exercises a controlling influence. A controlling influence normally exists when the Group owns more than 50% of the voting rights in a company. Intragroup transactions and balances are eliminated.

Companies acquired during the reporting year are included in the consolidated financial statements as of their acquisition date, and all companies disposed of are eliminated from the accounts as of the date of disposal. The companies included in the consolidated financial statements are listed under Group companies (pages 42–44). Companies in which the Group has a minority interest between 20% and 50% are included in the consolidated financial statements using the equity method of accounting and are presented as investments in associates. Investments below 20% are valued at their fair value.

Capital consolidation

The purchase method is used, whereby goodwill is capitalized and amortized over its estimated useful life (but over a period not exceeding twenty years). The value of the net capitalized balance is reviewed at the end of the year. Where an indication of impairment exists, the carrying amount is written down to the recoverable amount.

Foreign currency translation

The assets and liabilities of Group companies which do not report in Swiss Francs as their reporting currency are translated at year-end exchange rates and their income statements are translated at weighted average exchange rates for the year. Currency translation differences arising from changes in exchange rates between the beginning of the year and the end of the year and the difference in net income translated at weighted average and year-end exchange rates are taken directly to shareholders' equity. Exchange gains and losses arising from long-term intra-group financings with equity character denominated in foreign currencies are likewise taken to shareholders' equity. On the disposal of a company, the cumulative amount of these exchange differences is recognized in the income statement together with the disposal gain or loss.

Exchange gains and losses arising in Group companies from transactions in foreign currencies are taken to the income statement.

Tangible assets

Tangible assets are stated at their acquisition or production cost less depreciation over their estimated useful lives. Depreciation is charged on a straight-line basis over thirty years for buildings and over a period of three to ten years for machinery, equipment and other tangible assets. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The same depreciation rules apply for leased assets where the group companies assume all the risks and rewards of ownership (financial leasing). These assets are capitalized at the present value of the underlying lease payments. The corresponding payment obligations, excluding the associated financing costs, are shown in the balance sheet as short and long-term loans, depending on their due date. The interest element of the financing is charged to the income statement over the lease period.

Expenditures for maintenance and repairs are charged directly to the income statement, whereas expenditures which enhance the value of assets, are capitalized.

Intangible assets

Intangible assets, other than goodwill, comprise patents, licenses and trademarks acquired from third parties. These assets are capitalized and depreciated on a straight-line basis over their estimated useful life (but over a period not exceeding twenty years). The value of the net capitalized balance is reviewed at the end of the year, and allowance is made for any impairment in value where the capitalized balance is considered to exceed the future benefits.

Inventories

Inventories of raw materials, work in progress and finished goods are valued at the lower of their average acquisition cost or, where applicable, group production cost and their market (net realizable) value. The valuation of work in progress and finished goods includes related production overheads. Appropriate allowance is made for excess and obsolete inventories and reductions in sales prices. Unrealized profits on inventories resulting from intra-group transactions have been eliminated in the income statement and balance sheet.

Trade receivables

Trade receivables are stated at their nominal value less necessary allowance for doubtful receivables. Allowance is made for individual receivables positions for which recovery is doubtful. A general allowance is made on the basis of past experience.

Marketable securities

The Group classifies its marketable securities as available-for-sale. Available-for-sale marketable securities are initially recorded at cost and subsequently carried at fair value, with all changes in fair value recorded in equity. When available-for-sale marketable securities are sold, the cumulative gains and losses previously recognized in equity are included in financial income or expense for the current period. Prior to the adoption of IAS 39 the Group had valued its marketable securities at the lower of cost or market value on a portfolio basis.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. This position is readily convertible to known amounts of cash.

Deferred taxes

Deferred income taxes are accounted for using the ‘balance sheet liability’ method. Provisions for deferred taxes are established in respect of all temporary differences between the tax values of assets and liabilities and their values in the consolidated financial statements. Deferred taxes are calculated on the basis of standard local tax rates, with immediate adjustment for any changes in the relevant tax law. Deferred tax assets arising from a reduction of future tax liability due to the carry forward of allowable losses and valuation differences are shown as assets only if levels of forecast profits make it likely that such tax assets will be realized.

Pension plans

For defined contribution plans, the expense charged to the income statement corresponds with the contributions made by the Group companies.

For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries. Actuarial gains and losses exceeding 10% of the greater of the employee benefit obligation and the plan assets are amortized over the average remaining service lives of employees. Actuarial valuations were carried out in 1999 on all significant defined benefit plans. As a rule full actuarial valuations are carried out every three years and up-dated during the intervening period. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term high quality corporate bonds. The capitalization of surpluses of funded plans is limited to the net total of any unrecognized losses and past service cost, and the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

Provisions

Provisions are recognized when the Group has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Warranties

On the basis of past experience, provision is made for warranty costs at the time the sales revenue is recognized.

Treasury shares

The Group's holding in its own equity instruments are recorded as a deduction from equity. The original cost of acquisition, consideration received for subsequent resale of these instruments and other movements are reported as changes in equity.

Revenue recognition

Revenues from the sale of goods are recognized at the time of transfer of the risks and rewards of ownership to the buyer. All costs incurred in connection with sales are appropriately accrued.

Research and development

Expenditure under this heading refers exclusively to development and design activities and is charged to the income statement as and when incurred.

Derivative financial instruments

Derivative financial instruments held to hedge the Group's exposure to financial risks are initially recognized at cost and subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognized asset or liability (fair value hedge) or a hedge of the fair value of a forecasted transaction or of a firm commitment (cash flow hedge). Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognized in equity. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement.

Change of scope of consolidation

There has been a significant change in the scope of consolidation as a result of the acquisition of Carzuh, S.L., Spain as of September 1, 2001 as well as the divestment of the Carpet Business (Forbo Tapijt B.V., Netherlands, Forbo Bonaparte B.V., Netherlands, Forbo Parade Tapijt B.V., Netherlands, B.V. Tapijtveredelingsindustrie, Netherlands, Forbo Tapijt N.V., Belgium, Forbo Tapis S.à.r.l., France, Forbo Werke GmbH, Germany, Design Tuft DT GmbH, Germany, Forbo Teppichwerke AG, Switzerland, Forbo Teppich Ges.m.b.H., Austria und Forbo Padloburkolatok Kft., Hungary) as of October 1, 2001. 68 group companies were included in the consolidated financial statements as of December 31, 2001 (77 group companies as of December 31, 2000).

Description of terms

Free cash flow

Cash flow from operating activities minus cash flow used for investments in long-term assets, net.

EVA®

EVA® (Economic Value Added) is a financial figure indicating how much value a company has generated in a given year. Our calculations based on the Capital Asset Pricing Model (CAPM) resulted in weighted average cost of capital (WACC) of 7.3% (2000: 7.0%).

EVA® = NOPAT - WACC x IC

NOPAT: Net Operating Profit After Tax
WACC: Weighted Average Cost of Capital
IC: Invested Capital

Specific provisions

Provisions 1999 for restructuring measures and valuation adjustments in connection with the Group's strategic renewal program.

Operating assets

Total of tangible and intangible assets, inventories, trade receivables, other receivables, prepaid expenses and deferred charges.

Notes to the consolidated financial statements

Segment information

1

By business segments 2001

	Flooring m CHF	Adhesives m CHF	Belting m CHF	Divested activities m CHF	Corporate and Consolidation m CHF	Total m CHF
Net sales	787.4	219.4	347.5	130.8	0.0	1,485.1
EBITDA	123.5	24.3	39.9	9.6	−17.9	179.4
Depreciation and amortization	−44.9	−7.7	−25.5	−6.4	−6.0	−90.5
EBIT	78.6	16.6	14.4	3.2	−23.9	88.9
Operating assets	567.9	131.2	339.0	0.0	49.9	1,088.0
Capital investments	43.5	8.2	9.7	2.2	2.8	66.4
Number of employees	2,723	755	1,622	0	45	5,145

By business segments 2000

	Flooring m CHF	Adhesives m CHF	Belting m CHF	Divested activities m CHF	Corporate and Consolidation m CHF	Total m CHF
Net sales	828.0	206.3	383.2	359.3	0.0	1,776.8
EBITDA	145.0	26.4	51.3	27.6	−15.8	234.5
Depreciation and amortization	−46.0	−6.8	−23.1	−23.6	−4.4	−103.9
EBIT	99.0	19.6	28.2	4.0	−20.2	130.6
Operating assets	560.2	108.5	375.5	136.3	78.5	1,259.0
Capital investments	36.5	7.4	16.3	7.0	1.1	68.3
Number of employees	2,776	691	1,779	547	39	5,832

By geographical segments 2001

	Europe (Eurozone) m CHF	Switzerland m CHF	Rest of Europe m CHF	Americas m CHF	Asia/ Africa m CHF	Total m CHF
Net sales	774.8	86.9	297.0	200.7	125.7	1,485.1
Operating assets	567.7	151.5	192.1	94.3	82.4	1,088.0
Capital investments	46.9	8.0	7.2	2.6	1.7	66.4
Number of employees	2,881	457	970	490	347	5,145

By geographical segments 2000

	Europe (Eurozone) m CHF	Switzerland m CHF	Rest of Europe m CHF	Americas m CHF	Asia/ Africa m CHF	Total m CHF
Net sales	892.9	105.6	386.6	238.0	153.7	1,776.8
Operating assets	669.7	172.9	206.6	104.1	105.7	1,259.0
Capital investments	41.7	9.0	12.0	2.0	3.6	68.3
Number of employees	3,355	516	995	538	428	5,832

Net sales are based on the country in which the customer is located.

Changes in net sales by businesses

2

Net sales

	2001	2000			
			Total change	Of which due to exchange rate changes	Due to volume and price changes
	m CHF	m CHF	m CHF	m CHF	m CHF
Flooring	787.4	828.0	–40.6	–35.6	–5.0
Adhesives	219.4	206.3	13.1	–5.8	18.9
Belting	347.5	383.2	–35.7	–15.2	–20.5
Total (excluding divested activities)	**1,354.3**	**1,417.5**	**–63.2**	**–56.6**	**–6.6**

Development and production overhead costs

3 Development costs relate for the most part to design activities and amounted to CHF 22.0 million (2000: CHF 29.8 million). Production overhead costs totaled CHF 147.2 million (2000: CHF 185.8 million) and are included in 'Cost of goods sold'.

Administrative costs

4 This item consists of the usual expenses related to administrative activities. The Group has no significant costs for licence fees or royalties.

Other operating expenses, net

5

	2001	2000
	m CHF	m CHF
Current costs and projects	2.1	1.9
Other expenses	18.7	18.3
Other income	–14.5	–10.4
Total other operating expenses, net	**6.3**	**9.8**

Other operating expenses and income include all costs and income which can not be clearly allocated to the other categories.

Personnel expenses

6

	2001	2000
	m CHF	m CHF
Salaries and wages	323.2	389.9
Employer's social security contributions	75.8	88.8
Total personnel expenses	**399.0**	**478.7**

The Group's headcount at December 31, 2001 was 5,145 (2000: 5,832). The average headcount over the year was 5,656 (2000: 6,660). The divestments resulted in a reduction of 547 employees (2000: 1,023), the acquisitions in an increase of 84 employees.

About 130 managers participate in a bonus plan, which is linked to the achievement of financial targets by the Group as well as individually determined objectives. Up to 30% of the bonus payment consists of shares of Forbo Holding SA. The participants can dispose of these shares after a period of at least three years.

Call options are issued to the Board of Directors and the Group Executive Board within the framework of a stock option plan. As of today, options expiring in 2005 with an exercise price of CHF 670 and options expiring in 2006 with an exercise price of CHF 741, covering in total 7,312 registered shares, have been issued.

For details please see Annual Report (general part, page 37: Remuneration of the Board of Directors and the Executive Board).

7 Financial income

	2001	2000
	m CHF	m CHF
Interest income	3.4	5.0
Securities and exchange gains and other financial income	2.1	11.8
Total financial income	**5.5**	**16.8**

8 Financial expenses

	2001	2000
	m CHF	m CHF
Interest on debt	18.1	19.0
Securities and exchange losses and other financial expenses	3.4	2.3
Total financial expenses	**21.5**	**21.3**

The average interest rate on interest-bearing debt (bond issues, long- and short-term bank loans, mortgages and discounted bills) in 2001 was 4.7 % (2000: 4.8 %).

9 Earnings per share

Earnings per share are calculated from net profit for the year divided by the weighted average number of shares outstanding.

	2001	2000
Net profit for the year (m CHF)	51.8	90.7
Weighted average number of shares outstanding	1,368,948	1,463,266
Earnings per share (net profit) (CHF)	37.84	61.98

With the exception of the call options mentioned under ‘Personnel expenses’ (6) that can be exercised in 2005 at the earliest, there were no financial instruments outstanding at December 31, 2001 and at December 31, 2000 that could have caused a dilution of the amounts shown above. The Board of Directors had also taken no decision to increase the number of shares outstanding.

Tangible assets

10 The tangible assets also include leased assets with a net book value of CHF 4.2 million (2000: CHF 5.9 million) as well as non-operating property with a net book value of CHF 40.0 million. The net book value of the non-operating property roughly equals its fair value.

Cost

	Land and buildings m CHF	Machinery and equipment m CHF	Other tangible assets m CHF	Assets under construction m CHF	Total tangible assets m CHF
At 31.12.1999, gross	**577.9**	**921.2**	**165.1**	**82.5**	**1,746.7**
Additions	3.4	26.0	14.9	24.0	68.3
Reductions due to divestments	−28.4	−160.5	−10.6	−0.5	−200.0
Disposals	−25.5	−22.0	−9.7	−0.3	−57.5
Transfers	−10.1	19.6	1.8	−11.3	0.0
Translation differences	−17.7	−33.8	−6.4	−3.8	−61.7
At 31.12. 2000, gross	**499.6**	**750.5**	**155.1**	**90.6**	**1,495.8**
Additions due to acquisitions	1.0	2.5	0.2	0.0	3.7
Other additions	5.7	31.1	11.3	18.2	66.3
Reductions due to divestments	−58.3	−79.3	−14.8	−1.9	−154.3
Disposals	−5.1	−12.9	−13.2	−1.6	−32.8
Transfers	15.1	45.3	7.8	−68.2	0.0
Translation differences	−11.5	−21.0	−4.5	−1.8	−38.8
At 31.12. 2001, gross	**446.5**	**716.2**	**141.9**	**35.3**	**1,339.9**

Accumulated depreciation

	Land and buildings m CHF	Machinery and equipment m CHF	Other tangible assets m CHF	Assets under construction m CHF	Total tangible assets m CHF
At 31.12. 1999, gross	**188.8**	**618.9**	**122.2**	**3.7**	**933.6**
Depreciation	18.4	59.8	16.9	4.2	99.3
Reductions due to divestments	−14.5	−110.5	−9.8	−0.2	−135.0
Disposals	−14.4	−18.7	−8.3	0.0	−41.4
Transfers	0.0	0.1	−0.1	0.0	0.0
Translation differences	−6.7	−23.8	−4.9	−0.3	−35.7
At 31.12. 2000, gross	**171.6**	**525.8**	**116.0**	**7.4**	**820.8**
Depreciation	15.2	54.6	15.5	0.6	85.9
Impairments	0.0	8.5	0.0	0.0	8.5
Reductions due to divestments	−30.7	−57.7	−12.2	0.0	−100.6
Disposals	−0.8	−14.3	−13.0	0.0	−28.1
Transfers	−0.7	7.2	0.6	−7.1	0.0
Translation differences	−4.1	−15.2	−3.3	−0.1	−22.7
At 31.12. 2001, gross	**150.5**	**508.9**	**103.6**	**0.8**	**763.8**
Total tangible assets at 31.12.2000, net	328.0	224.7	39.1	83.2	675.0
Total tangible assets at 31.12.2001, net	296.0	207.3	38.3	34.5	576.1

The fire insurance value of buildings, machinery and factory equipment of CHF 2,186 million (2000: CHF 2,395 million) covers the replacement cost. The business interruption risk arising from fire and the production and product liability risks are covered by a groupwide policy.

Maintenance and repair costs amounted to CHF 28.4 million (2000: CHF 34.2 million). The depreciation expense is included in 'Cost of goods sold', 'Development costs', 'Marketing and distribution costs' and 'Administrative costs'.

Intangible assets and investments in associates

11

Cost

	Intangible assets				
	Goodwill m CHF	Trademarks/ patents m CHF	Investments in associates m CHF	Long-term receivables m CHF	Total m CHF
At 31.12.1999, gross	**24.6**	**29.0**	**2.5**	**0.0**	**56.1**
Additions	0.0	0.0	0.0	17.0	17.0
Reduction due to divestments	–0.1	0.0	0.0	0.0	–0.1
Disposals	–2.3	0.0	0.0	0.0	–2.3
Translation differences	0.0	0.0	–0.1	0.0	–0.1
At 31.12.2000, gross	**22.2**	**29.0**	**2.4**	**17.0**	**70.6**
Additions due to acquisitions	7.9	0.1	0.0	0.0	8.0
Other additions	0.1	0.0	4.9	20.8	25.8
Disposals	0.0	0.0	0.0	–0.6	–0.6
Translation differences	0.3	0.0	–0.1	0.0	0.2
At 31.12.2001, gross	**30.5**	**29.1**	**7.2**	**37.2**	**104.0**

Accumulated amortization

	Intangible assets				
	Goodwill m CHF	Trademarks/ patents m CHF	Investments in associates m CHF	Long-term receivables m CHF	Total m CHF
At 31.12.1999, gross	**13.0**	**16.6**	**0.0**	**0.0**	**29.6**
Amortization	1.7	2.9	0.0	0.0	4.6
Reduction due to divestments	–0.1	0.0	0.0	0.0	–0.1
Disposals	–2.3	0.0	0.0	0.0	–2.3
At 31.12.2000, gross	**12.3**	**19.5**	**0.0**	**0.0**	**31.8**
Amortization	1.6	2.9	0.0	0.0	4.5
Translation differences	0.0	0.1	0.0	0.0	0.1
At 31.12.2001, gross	**13.9**	**22.5**	**0.0**	**0.0**	**36.4**
Total other long-term assets at 31.12.2000, net	9.9	9.5	2.4	17.0	38.8
Total other long-term assets at 31.12.2001, net	16.6	6.6	7.2	37.2	67.6

As of October 1, 2001 the Carpet Business has been deconsolidated. Other additions to investments in associates include a 25% interest in the newly created group (CHF 4.8 million). Other additions to long-term receivables include a subordinated loan to the new group (CHF 19.0 million).

Inventories

12

	2001	2000
	m CHF	m CHF
Raw materials and supplies	47.4	56.1
Work in progress	80.1	95.1
Finished goods	111.3	122.5
Allowance for product risks	–11.8	–13.0
Total inventories	**227.0**	**260.7**

Trade receivables

13

	2001	2000
	m CHF	m CHF
Accounts receivable	196.5	229.3
Notes receivable	26.7	34.2
Allowance for doubtful receivables	–20.6	–20.1
Total trade receivables	**202.6**	**243.4**

Marketable securities

14 Marketable securities at December 31, 2001 and December 31, 2000 consist entirely of shares; primarily shares included in the SPI (Swiss Performance Index). They have been classified as available-for-sale.

Share capital

15 The share capital of Forbo Holding SA amounts to CHF 75,677,500 and is divided into 1,513,550 registered shares with a nominal value of CHF 50 each. Of these, 40,134 registered shares without voting and dividend rights are at the disposition of the Board of Directors. In the context of the share buy-back program 156,974 registered shares have been repurchased and are to be eliminated. Consequently, 1,316,442 registered shares carried dividend rights in the 2001 financial year. Changes in shares outstanding were as follows:

Changes in shares outstanding	1.1.2001	Change	31.12.2001
	Number	Number	Number
Total shares	**1,513,550**		**1,513,550**
Treasury shares			
Shares with dividend right	10,406	984	11,390
Shares without dividend right	40,134	–	40,134
Share buy-back		156,974	156,974
Total treasury shares	**50,540**	**157,958**	**208,498**
Total shares outstanding	**1,463,010**	**–157,958**	**1,305,052**

Employee benefit obligations

16

The Group has established several pension plans on the basis of the specific requirements of the countries in which the Group has such plans. The Group has both defined contribution and defined benefit plans. The employee benefit obligations of the Swiss Group companies are insured by insurance contracts. These insured benefits have been treated as a defined contribution plan as the Group does not retain any obligations further to the payment of the insurance premiums.

The expense for contributions to defined contribution plans, which is included in personnel expenses, amounted to CHF 8.4 million (2000: CHF 9.2 million). Details of the pension expense related to the major defined benefit plans are as follows:

	2001	2000
	m CHF	m CHF
Current service cost	11.0	13.3
Interest on obligation	26.2	24.8
Expected return on plan assets	–32.0	–33.4
Effect of partial settlements	–3.8	0.0
Recognized actuarial gains	–0.1	0.0
Net periodic pension cost	**1.3**	**4.7**
Change of unrecognized assets (limit under IAS 19 para. 58b)	–1.7	2.0
Translation differences on unrecognized assets	1.4	3.1
Total pension expenses	**1.0**	**9.8**

The actual return on plan assets was CHF –39.8 million (2000: CHF 9.0 million).

The amounts recognized in the balance sheet are as follows:

	2001	2000
	m CHF	m CHF
Present value of unfunded obligations	27.5	39.6
Present value of wholly or partly funded obligations	439.7	433.7
Fair value of plan assets	–453.0	–518.3
Unrecognized actuarial losses (–) and gains (+)	–39.4	34.2
Unrecognized assets (limit under IAS 19 para. 58b)	63.1	64.8
Net liability in the balance sheet	**37.9**	**54.0**

The employee benefit obligations of CHF 69.8 million (2000: CHF 88.0 million) also include provisions for early retirement and other benefits of about CHF 32 million.

Movements in the net liability recognized in the balance sheet are as follows:

	2001 m CHF	2000 m CHF
Net liability at the beginning of the year	**54.0**	**55.8**
Total pension expenses as included in personnel expenses	1.0	9.8
Employer contributions	–6.6	–7.6
Reductions due to divestments	–7.8	–0.6
Translation differences	–2.7	–3.4
Net liability at the end of the year	**37.9**	**54.0**

The principal actuarial assumptions used for accounting purposes were (expressed as weighted averages):

	2001 %	2000 %
Discount rate	5.5	5.5
Expected return on plan assets	6.3	6.3
Future salary increases	3.4	3.2

17 Provisions

	Specific provisions 1999 m CHF	Warranty provisions m CHF	Other provisions m CHF	Total provisions m CHF
At 31.12.2000	**17.9**	**9.2**	**12.1**	**39.2**
Charges to the income statement	0.0	1.2	1.5	2.7
Utilized during the year	–17.9	–1.1	–2.0	–21.0
Additions due to acquisitions	0.0	0.0	0.2	0.2
Reductions due to divestments	0.0	–2.0	–2.0	–4.0
Translation differences	0.0	–0.3	–0.4	–0.7
At 31.12.2001	**0.0**	**7.0**	**9.4**	**16.4**

Of the specific provisions of CHF 70 million (after tax) made at the end of 1999, CHF 17.9 million were still available at the beginning of 2001. Thereof CHF 9.1 million were absorbed for the restructuring of the Vinyl Business, where the major part was used for valuation adjustments of under-utilized production facilities. Another CHF 1.5 million was used for the restructuring of the belting activities in Asia, and CHF 1.8 million was absorbed for measures in the European Adhesives Business. CHF 5.5 million were used for the divestment of the Carpet Business in 2001.

Bond issues

18

	2001	2000
	m CHF	m CHF
4 1/8 % Bond 2001–2006	150.0	0.0
4 % Bond 1996–2001	0.0	100.0
Unamortized issuance cost	–1.6	0.0
Total bond issues	**148.4**	**100.0**

4 1/8 % Bond 2001–2006

The bond's duration is from June 8, 2001 to June 8, 2006. There is no early redemption clause. The issuance costs are amortized over the duration of the bond.

4 % Bond 1996–2001

The bond's duration was from June 11, 1996 to June 11, 2001. The bond was repaid on June 11, 2001.

Long-term bank loans and mortgages

19

	2001	2000
	m CHF	m CHF
Unsecured bank loans	90.2	99.1
Secured bank loans*	20.2	43.6
Lease obligations	2.8	0.7
Sub-total	**113.2**	**143.4**
less current portion	–97.1	–98.3
Total	**16.1**	**45.1**
*of which loans without fixed maturity date secured by property	7.2	23.7

Maturities of long-term bank loans and mortgages	2001	2000
	m CHF	m CHF
after 1 year	1.7	25.4
after 2 years	1.6	1.0
after 3 years	1.5	6.0
after 4 years	1.5	10.0
after 5 and more years	9.8	2.7
Total	**16.1**	**45.1**

Secured bank loans are covered by property of the Group (book value CHF 63.7 million). For interest charges, see 'Financial expenses' (8).

Trade payables

20

	2001	2000
	m CHF	m CHF
Accounts payable	72.7	80.8
Notes payable	6.7	9.4
Total trade payables	**79.4**	**90.2**

21 Accrued expenses

	2001	2000
	m CHF	m CHF
Current taxes	14.1	16.0
Accrued personnel expenses	19.4	26.8
Other accruals	61.5	61.9
Total accrued expenses	**95.0**	**104.7**

Other accruals comprise accrued volume rebates, commissions, premiums, interest and accrued warranty cost and similar items.

22 Short-term bank loans and overdrafts

	2001	2000
	m CHF	m CHF
Bank loans and overdrafts	100.1	96.4
plus current portion of long-term bank loans	97.1	98.3
Total short-term bank loans and overdrafts	**197.2**	**194.7**

For interest charges, see ‘Financial expenses’ (8)

23 Commitments and contingent liabilities

	2001	2000
	m CHF	m CHF
Commitments and contingent liabilities	2.2	3.4

Contingent liabilities relate to sureties and guarantees in favor of third parties.
The effects on the Group’s earnings of changes in legal, fiscal and political conditions are not predictable and therefore not quantifiable.
There are no significant lawsuits pending.

24 Income taxes

	2001	2000
	m CHF	m CHF
Current taxes	31.8	38.2
Deferred taxes	–10.7	–2.8
Total income taxes	**21.1**	**35.4**

Current taxes represent amounts paid or payable to tax authorities based on the current year’s income as determined by the rules and regulations applicable in each country. Forbo Holding SA is resident in Switzerland, but the Group carries out most of its commercial activities in countries with differing tax regulations and tax rates. A significant portion of the income before taxes of the Group is generated outside Switzerland. Thus the effective tax rate and tax provisions change each year, according to the geographical distribution of the taxable income. The income taxes for 2001 of CHF 21.1 million (2000: CHF 35.4 million) on the Group’s pre-tax profit of CHF 72.9 million (2000: CHF 126.1 million) differ from the theoretical amount that would arise using the maximum tax rate of Eglisau/Zurich, Switzerland of 28% as follows:

	2001 m CHF	2000 m CHF
Tax at the applicable tax rate of 28 % for Eglisau/Zurich, Switzerland	20.4	35.3
Effect of different tax rates in other countries	0.7	2.5
Utilization of previously unrecognized tax losses	0.0	−2.4
Total income taxes (effective)	**21.1**	**35.4**

The tax loss carry forwards of the Group amount to about CHF 200 million. Tax loss carry forwards totaling CHF 30 million will expire within the next seven years if they are not used. The remaining amount of CHF 170 million has no expiry date.

Deferred income tax assets and liabilities are offset when they relate to the same fiscal authority. The following amounts are shown in the balance sheet:

	2001 m CHF	2000 m CHF
Deferred tax assets	72.7	65.1
Deferred tax liabilities	−2.1	−2.9
Deferred tax assets, net	**70.6**	**62.2**

Deferred tax assets and liabilities and deferred tax charges and credits are attributable to the following items:

Deferred tax assets	Inventories m CHF	Tangible assets m CHF	Provisions m CHF	Tax loss carry forwards m CHF	Other m CHF	Total m CHF
At 31.12.2000	**10.9**	**0.1**	**7.1**	**54.1**	**0.4**	**72.6**
Credited (+), charged (–)						
to the income statement	0.7	1.9	−1.3	10.0	1.8	13.1
Reductions due to divestments	−0.4	0.0	0.0	0.0	0.0	−0.4
Translation differences	−1.3	0.0	−0.5	−0.7	0.0	−2.5
At 31.12.2001	**9.9**	**2.0**	**5.3**	**63.4**	**2.2**	**82.8**

Deferred tax liabilities	Inventories m CHF	Tangible assets m CHF	Provisions m CHF	Tax loss carry forwards m CHF	Other m CHF	Total m CHF
At 31.12.2000	**−4.4**	**−5.8**	**0.0**	**0.0**	**−0.2**	**−10.4**
Credited (+), charged (–)						
to the income statement	−0.4	0.3	−1.6	0.0	−0.7	−2.4
Reductions due to divestments	0.5	0.0	0.0	0.0	0.0	0.5
Translation differences	0.0	0.1	0.0	0.0	0.0	0.1
At 31.12.2001	**−4.3**	**−5.4**	**−1.6**	**0.0**	**−0.9**	**−12.2**
Deferred tax assets at 31.12.2000, net	6.5	−5.7	7.1	54.1	0.2	62.2
Deferred tax assets at 31.12.2001, net	5.6	−3.4	3.7	63.4	1.3	70.6

Statement of added value

25

	2001	2000
	m CHF	m CHF
Gross added value	**578.3**	**713.1**
Depreciation and amortization expense	–90.4	–103.9
Net added value	**487.9**	**609.2**
Distribution of added value		
Employees	399.0	478.7
Public sector	21.1	35.3
Creditors	16.0	4.5
Investors	32.4	32.4
Retained in the Group	19.4	58.3
Total	**487.9**	**609.2**
Net added value per employee (CHF)	86,262	91,475

Translation of foreign currencies

26

Currency			2001	2000		2001	2000	
			Income statement (average rates for the year)			Balance sheet (year-end rates)		
			CHF	CHF	Change %	CHF	CHF	Change %
Euro countries	EUR	1	1.5120	1.5591	–3	1.4809	1.5296	–3
Sweden	SEK	100	16.35	18.45	–11	15.83	17.25	–8
United Kingdom	GBP	1	2.43	2.56	–5	2.43	2.46	–1
USA	USD	1	1.69	1.69	–	1.68	1.65	2
Canada	CAD	1	1.09	1.14	–4	1.05	1.09	–4
Japan	JPY	100	1.39	1.57	–11	1.28	1.44	–11

Financial Risk Management

27 In its international operations and financial activities the Forbo Group is exposed to various types of financial risks. In order to reduce risks arising from fluctuations in both exchange rates of foreign currencies and interest rates the Group selectively uses derivative instruments. The various risks involved in existing assets and liabilities, planned transactions and expected transactions are monitored and managed centrally – taking into account the consolidated risk exposure of the Group. In adherence to the Group's financial risk management policy (established through the issuance of written guidelines and policies) Corporate Treasury continuously monitors both the risk exposure and the effectiveness of the applied hedging instruments. Also, Corporate Treasury advises the Finance Managers of the Group companies on the management of identified risks and recommends both the extent of a potential hedge transaction and the appropriate type of financial instrument. The Group's financial risk management policy does neither allow the use of derivative instruments for the purpose of trading nor for the purpose of speculation. The counterparties of derivative transactions are cautiously selected and thus hedging transactions are concluded with strong financial institutions only (based on the assessments of the leading rating agencies).

All concluded derivative instruments are related to either management of currency risks or management of interest rate risks.

Management of currency risks

Risks arising from short-term currency exposures created by purchases and sales of goods and services (transaction risks) are identified and selective hedging strategies are implemented in the light of an ongoing assessment of exchange rate movements.
As a rule, the Group uses forward and option contracts with maturities of up to twelve months only.

These hedging transactions resulted in the following open positions at December 31, 2001:

Financial derivatives

Instrument	Number of contracts	Gross value hedged 31.12.2001 m CHF	Unrealized gain/loss 31.12.2001 m CHF
Forward contracts	17	9.0	−0.1

In accordance with IAS 39 the above instruments are recognized in the balance sheet at fair value at December 31, 2001. The accumulated fair value (total of all negative and positive market values) at December 31, 2001 amounts to CHF –0.1 million (CHF 0.3 million at December 31, 2000). Changes in the fair value of these instruments are recognized in the equity.

Furthermore, risks associated with the conversion of assets and liabilities denominated in foreign currencies (translation risks) are taken into account by establishing an appropriate financing structure.

Management of interest rate risks

The market values of interest-bearing assets and liabilities are subject to fluctuations of interest rates. The Group makes use of financial derivatives in order to hedge against interest rate movements and in order to manage the duration of the interest rate fixings. As a rule, the Group uses interest rate swaps with maturities of up to seven years only. These hedging transactions resulted in the following open positions at December 31, 2001:

Financial derivatives

Instrument	Number of contracts	Gross value hedged 31.12.2001 m CHF	Unrealized gain/loss 31.12.2001 m CHF
Interest rate swaps	12	96.3	−3.2

In accordance with IAS 39 the above instruments are recognized in the balance sheet at fair value at December 31, 2001. The accumulated fair value (total of all negative and positive market values) at December 31, 2001 amounts to CHF –3.2 million (CHF –2.3 million at December 31, 2000). Changes in the fair value of these instruments are recognized in the equity.

Acquisitions and divestments

28 The change in net assets due to acquisitions and divestments was as follows:

	2001 Acquisitions m CHF	2000 Acquisitions m CHF	2001 Divestments m CHF	2000 Divestments m CHF
Current assets (excluding cash and cash equivalents)	12.5	0.0	–67.9	–66.2
Long-term assets	11.7	0.0	–53.7	–65.0
Liabilities	–8.9	0.0	32.4	36.3
Total	**15.3**	**0.0**	**–89.2**	**–94.9**

Events after the balance sheet date

29 As already communicated in the media release of February 13, 2002, Forbo acquired the car adhesives business of Dutch SABA Dinxperlo BV. In the business year 2001, the company had sales of some CHF 9 million. Furthermore, Forbo is in negotiations with the US company Reichhold Inc. regarding the acquisition of their adhesives business under the name Swift. Swift represents an annual sales volume of currently some CHF 400 million.

Report of the Group Auditors

PricewaterhouseCoopers

Report of the Group Auditors
to the General Meeting of
Forbo Holding SA, Eglisau

As auditors of the Group, we have audited the consolidated financial statements (consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements) on pages 8 to 30 of Forbo Holding SA for the year ended December 31, 2001.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Accounting Standards (IAS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

L. Monn S. Räbsamen

Zurich, March 7, 2002

Consolidated income statements 1997–2001

	2001	2000	1999	1998	1997
	m CHF	m CHF	m CHF	m CHF	m CHF
Net sales	**1,485.1**	**1,776.8**	**1,754.5**	**1,714.5**	**1,905.0**
Cost of goods sold	−962.7	−1,143.2	−1,125.1	−1,092.3	−1,249.1
Gross profit	**522.4**	**633.6**	**629.4**	**622.2**	**655.9**
Development costs	−22.0	−29.8	−30.2	−31.2	−34.6
Marketing and distribution costs	−288.6	−333.6	−335.2	−333.0	−375.0
Administrative costs	−116.6	−129.8	−122.3	−120.0	−133.9
Other operating expenses	−6.3	−9.8	−18.7	−25.8	−16.1
Operating profit before specific provisions	**88.9**	**130.6**	**123.0**	**112.2**	**96.3**
Specific provisions			−70.0		−21.0*
Operating profit after specific provisions	**88.9**	**130.6**	**53.0**	**112.2**	**75.3**
Financial income	5.5	16.8	13.8	12.8	15.5
Financial expenses	−21.5	−21.3	−19.4	−20.6	−22.1
Profit before taxes	**72.9**	**126.1**	**47.4**	**104.4**	**68.7**
Taxes	−21.1	−35.4	−31.3	−27.7	−27.6
Net profit for the year	**51.8**	**90.7**	**16.1**	**76.7**	**41.1**

* Divestment cost

Consolidated balance sheets 1997–2001

Assets	2001	2000	1999	1998	1997
	m CHF	m CHF	m CHF	m CHF	m CHF
Long-term assets	**716.4**	**778.9**	**866.9**	**828.9**	**770.1**
Tangible assets	576.1	675.0	813.1	781.3	742.3
Intangible assets	23.2	19.4	24.0	20.3	25.3
Deferred taxes	72.7	65.1	27.3	24.8	
Investments in associates and other long-term assets	44.4	19.4	2.5	2.5	2.5
Current assets	**615.2**	**747.7**	**860.5**	**751.4**	**847.9**
Inventories	227.0	260.7	306.2	291.4	295.1
Trade receivables	202.6	243.4	282.1	247.1	259.3
Other receivables	30.1	41.3	31.1	33.4	35.8
Prepaid expenses and deferred charges	29.0	19.2	19.6	18.9	20.6
Marketable securities	33.8	45.5	73.6	71.6	97.3
Cash and cash equivalents	92.7	137.6	147.9	89.0	139.8
Total assets	**1,331.6**	**1,526.6**	**1,727.4**	**1,580.3**	**1,618.0**

Shareholders' equity and liabilities	2001	2000	1999	1998	1997
	m CHF	m CHF	m CHF	m CHF	m CHF
Shareholders' equity	**652.2**	**813.9**	**794.8**	**798.3**	**761.1**
Share capital	75.7	75.7	75.7	75.7	75.7
Treasury shares	−155.2	−8.2	−2.0	−2.0	−2.0
Reserves and retained earnings	731.7	746.4	721.1	724.6	687.4
Long-term liabilities	**252.8**	**275.2**	**458.6**	**372.5**	**416.2**
Deferred taxes	2.1	2.9	4.0	5.2	8.4
Employee benefit obligations	69.8	88.0	91.8	67.1	59.5
Provisions	16.4	39.2	115.5	48.5	62.3
Bond issues	148.4	100.0	175.0	175.0	175.0
Long-term bank loans and mortgages	16.1	45.1	72.3	76.7	111.0
Current liabilities	**426.6**	**437.5**	**474.0**	**409.5**	**440.7**
Trade payables	79.4	90.2	139.6	120.5	119.8
Other payables	55.0	47.9	50.1	42.0	47.9
Accrued expenses	95.0	104.7	105.0	93.4	95.6
Bank loans and overdrafts	197.2	194.7	179.3	153.6	177.4
Total shareholders' equity and liabilities	**1,331.6**	**1,526.6**	**1,727.4**	**1,580.3**	**1,618.0**

Financial statements of Forbo Holding SA

Income statement of Forbo Holding SA

Income

	Notes	2001 CHF	2000 CHF
Income			
from investments in and advances to Group companies	1	64,737,770	65,415,775
from securities and short-term investments	2	258,098	12,136,279
Income from services and other sources		7,008	898,102
Total income		**65,002,876**	**78,450,156**

Expenses

	Notes	2001 CHF	2000 CHF
Administrative expenses	3	4,834,583	2,315,631
Financial expenses	4	5,432,771	4,000,000
Taxes		394,650	705,591
Valuation adjustments	5	24,121,064	36,017,416
Total expenses		**34,783,068**	**43,038,638**
Net profit for the year		**30,219,808**	**35,411,518**

Balance sheet of Forbo Holding SA (before appropriation of available earnings)

Assets

	Notes	31.12.2001 CHF	31.12.2000 CHF
Long-term assets		**390,695,850**	**422,256,519**
Investments in Group companies	6	306,013,834	320,149,662
Advances to Group companies	7	84,682,016	102,106,857
Own shares (from share buy-back program)	8	**146,673,690**	**0**
Current assets		**85,289,489**	**151,288,585**
Other receivables from Group companies		1,899,379	3,796,806
Other receivables from third parties		1,860,637	2,011,672
Prepaid expenses and deferred charges	9	1,597,333	79,882
Marketable securities	10	33,581,555	44,885,533
Cash	11	46,350,585	100,514,692
Total assets		**622,659,029**	**573,545,104**

Shareholders' equity and liabilities

	Notes	31.12.2001 CHF	31.12.2000 CHF
Shareholders' equity		**439,947,414**	**442,142,759**
Share capital	12/13	75,677,500	75,677,500
Statutory reserves			
General reserves		15,600,000	15,600,000
Reserve for own shares	14	155,238,428	8,156,796
Other reserves	15	132,127,488	279,209,121
Available earnings			
Profit carried forward		31,084,190	28,087,824
Net profit for the year		30,219,808	35,411,518
Liabilities		**182,711,615**	**131,402,345**
Long-term provisions	16	28,000,000	28,000,000
Bond issues	17	150,000,000	100,000,000
Other current liabilities to third parties		68,911	68,271
Accrued expenses		4,642,704	3,334,074
Total shareholders' equity and liabilities		**622,659,029**	**573,545,104**

Notes to the financial statements of Forbo Holding SA

Income from investments in and advances to Group companies

1 Income from investments in and advances to Group companies amounted to CHF 64.7 million (previous year: CHF 65.4 million) and consisted exclusively of interest and dividend income.

Income from securities and short-term investments

2 This item includes income from short-term investments of CHF 1.8 million (previous year: CHF 1.8 million) as well as realized losses from securities of CHF 1.5 million (previous year: realized gains on securities of CHF 10.3 million).

Adminstrative expenses

3 Adminstrative expenses amount to CHF 4.8 million and include nonrecurring cost of CHF 2.2 million in connection with the share buy-back.

Financial expenses

4 The amount of CHF 5.4 million shown under 'Financial expenses' relates to the 4% bond issue 1996–2001 of CHF 100.0 million (up to June 11) and the 4 1/8% bond issue 2001–2006 of CHF 150.0 million (from June 8). In addition, it includes the amortization of capitalized costs incurred in connection with the issuance of the 4 1/8% bond issue 2001–2006.

Valuation adjustments

5 Valuation adjustments of CHF 24.1 million (previous year: CHF 36.0 million) resulted primarily from the divestment of the Carpet Business. In addition, they include unrealized valuation losses (net) on securities of CHF 7.7 million.

Investments in Group companies

6 See list of Group companies on pages 42–44. The net decrease compared to the previous year amounts to CHF 14.1 million. This is mainly attributable to the divestment of the Carpet Business, and contrarily due to the foundation of Forbo Spain Holding, S. L.

Advances to Group companies

7 Advances to Group companies are denominated in Swiss Francs and foreign currencies. There was a CHF 17.4 million decrease over the previous year's figure.

Own shares (from share buy-back program)

8 In the context of the share buy-back program, 156,974 registered shares have been repurchased for CHF 146.7 million. A proposal for a respective reduction of the share capital is submitted to the Annual General Meeting of Shareholders 2001.

Prepaid expenses and deferred charges

9 Prepaid expenses and deferred charges include, besides the usual items, capitalized cost of CHF 1.6 million incurred in connection with the issuance of the 4 1/8% bond issue 2001–2006 which are amortized over 5 years.

Marketable securities

10 Marketable securities include marketable bonds and shares, which are valued at market value.

Cash

11 This item consists of cash and cash equivalents with original maturities of three months or less.

Share capital

12 The Company's share capital amounts to CHF 75,677,500 and is divided into 1,513,550 registered shares with a nominal value of CHF 50 each. Of these, 40,134 registered shares without voting and dividend rights are at the disposition of the Board of Directors. In the context of the share buy-back program 156,974 registered shares have been repurchased and are to be eliminated. Accordingly, 1,316,442 registered shares carry dividend rights for the 2001 financial year. The shares are listed on the SWX Swiss Exchange.

Conditional capital increase

13 CHF 8,500,000 of conditional capital reserved for the exercise of shareholder options and warrants in connection with a with-warrants bond issue was created by resolution of the Annual General Meeting of Shareholders held on April 27, 1994. Following the exercise of options and warrants in 1994, 1995 and 1997 the conditional capital at December 31, 2001 was unchanged on the previous year-end total at CHF 8,322,500.

Reserve for own shares

14 The CHF 155.2 million included under 'Reserve for own shares' refer to shares acquired by the Company in the context of the share buy-back program and other own shares held by Group companies valued at cost. Details of own shares are as follows:

Own shares

	Cost CHF	No. of registered shares nom. value CHF 50
Total at 1. 1. 2001	8,156,796	50,540
Change due to share buy-back program	146,673,690	156,974
Other changes	407,942	984
Total at 31. 12. 2001	155,238,428	208,498

Other reserves

15 Other reserves showed a year-on-year decrease of CHF 147.1 million, attributable to a transfer to 'Reserve for own shares'.

Long-term provisions

16 The CHF 28.0 million stated under this heading serve as a precautionary provision against general risks.

Bond issues

17 The $4\frac{1}{8}$% bond issue of CHF 150.0 million is due for redemption on June 8, 2006.

Contingent liabilities

18 No guarantees or letters of support issued to third parties in favour of Group companies existed at year end. (previous year: CHF 4.8 million of which CHF 4.1 million utilized).

Proposal for appropriation of available earnings of Forbo Holding SA

The Board of Directors proposes to the Annual General Meeting of Shareholders that the available earnings, consisting of:

	2001	2000
	CHF	CHF
Net profit for the year	30,219,808	35,411,518
Profit carried forward from the previous year	31,084,190	28,087,824
Total available earnings	**61,303,998**	**63,499,342**

be appropriated as follows: Dividends on shares with dividend right:	2001	2000
	CHF	CHF
1,316,442 registered shares at CHF 22.– (2000: 1,473,416 shares at CHF 22.–)	28,961,724	32,415,152
to be carried forward to the following year	32,342,274	31,084,190
Total	**61,303,998**	**63,499,342**

Upon approval of this proposal the dividend payment per share for the 2001 business year will be as follows:	2001	2000
	CHF	CHF
Gross dividend	**22.00**	**22.00**
less 35 % federal withholding tax	7.70	7.70
Net dividend payment	**14.30**	**14.30**

Report of the Statutory Auditors

PricewaterhouseCoopers

Report of the Statutory Auditors
to the General Meeting of
Forbo Holding SA, Eglisau

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes) on pages 36 to 39 of Forbo Holding SA for the year ended December 31, 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualifications and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, the financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

L. Monn S. Räbsamen

Zurich, March 7, 2002

Group companies (January 2002)

Company	Place	General management		Share capital		Flooring	Industry Specialties	Holding/Services
Australia								
Forbo Floorcoverings PTY. Ltd.	Chester Hill N.S.W.	Derek F. Byrne (a.i.)	D	AUD	1 400 000	S		
Siegling Australia PTY. Ltd.	Auburn N.S.W.	Simon Coates		AUD	1 000 000		S	
Austria								
Forbo Contel Handelsges.m.b.H.	Vienna	Franz Kahr		EUR	73 000	S		
Forbo Industrieprodukte Ges.m.b.H.	Steyr/St. Ulrich	Walter A. Schmid		EUR	73 000		S	
Siegling Austria Ges.m.b.H.	Vienna	Erich Knoll		EUR	327 000		S	
Belgium								
Forbo Krommenie S.A.	Groot-Bijgaarden	Lieven Messiaen		EUR	248 000	S		
N.V. Forbo Novilon S.A.	Brussels	Frank F. Kruisheer		EUR	100 000	S		
Brazil								
Forbo Linoleum Ltda.	Itapevi-SP	Walter Gianfaldoni		BRL	10 000	S		
Siegling Brasil Ltda.	Itapevi-SP	Raul E. A. Gollmann	PN	BRL	306 000		MS	
Canada								
Forbo Linoleum Inc.	Toronto	Denis P. Darragh		CAD	500 000	S		
Siegling Canada Ltd.	Mississauga	Rick Zingel		CAD	501 000		S	
Czech Republic								
Forbo s.r.o.	Brno	Gijsbertus A. Zoons		CZK	500 000	S		
Denmark								
Forbo Linoleum A/S	Glostrup	Jens-Christian Holm Iversen		DKK	500 000	S		
Siegling Danmark A/S	Brøndby	Roger Olsson		DKK	1 000 000		MS	
Finland								
Forbo Linoleum Oy	Helsinki	Anne Takala		EUR	34 000	S		
France								
Forbo Helmitin SA	Surbourg	Pierre Lux		EUR	3 050 000		MS	
Forbo Participations SA	Surbourg	Francis Bischwiller	D	EUR	11 525 000			H
Forbo Sarlino SA	Reims	Alain Réquillart		EUR	6 400 000	S		
Siegling France SA	Lomme	Egbert J. van Heerikhuizen		EUR	819 000		S	
Sté. de Production de Sols Textiles – P.S.T.	Reims	Dominique Carpentier		EUR	3 092 000	MS		
Sté. de Production de Sols Vinyles – P.S.V.	Reims	Alain Réquillart		EUR	3 447 000	MS		
Germany								
Forbo Beteiligungen GmbH	Waldshut-Tiengen	Gerold A. Zenger	D	EUR	15 339 000			H
Forbo Erfurt GmbH	Erfurt	Rüdiger Beez		EUR	2 045 000		MS	
Forbo Helmitin GmbH	Pirmasens	Karl Nohr		EUR	5 113 000		MS	
Forbo Linoleum GmbH	Paderborn	Karl-Heinz Gerlitz		EUR	500 000	S		
Forbo Novilon GmbH	Frankfurt am Main	Hans-Heinrich Kuhn		EUR	1 023 000	S		
Siegling GmbH	Hanover	Dr. Jan Lipton		EUR	10 226 000		MS	

Company	Place	General management		Share capital	Flooring	Industry Specialties	Holding/Services
Hungary							
Siegling Hungária Kft.	Budapest	Miklós Cserkaszky		HUF 3 000 000		S	
Ireland							
Forbo Ireland Ltd.	Dublin	Derek F. Byrne		EUR 127 000	S		
Italy							
Forbo Resilienti S.r.l.	Milano	Dr. Pierluigi Pacini		EUR 51 000	S		
Siegling Italia S.p.a.	Paderno Dugnano	Dr. Marco Tommasi		EUR 104 000		S	
Japan							
Siegling (Japan) Ltd.	Yokohama	Marco A. Crivelli		JPY 330 000 000		MS	
Jersey, C.I.							
Forbo Invest Ltd.	St. Helier	Denise Turpin	D	GBP 25 000			H
Malaysia							
Siegling Malaysia SDN. BHD.	Johor Bahru	Marco A. Crivelli		MYR 2		S	
Mexico							
Siegling Mexico S.A. de C.V.	Tlalnepantla	Antonio Cillero		MXN 13 877 000		MS	
The Netherlands							
Forbo Genderen B.V.	Genderen	Toon A. T. Burghouts		EUR 27 000		S	
Forbo Krommenie B.V.	Krommenie	Jeroen Tak	D	EUR 11 345 000	MS		
Forbo NL Holding B.V.	Krommenie	Drs. Pieter C. Hartog		EUR 13 613 000			H
Forbo Novilon B.V.	Coevorden	Drs. Cornelis van Oostenrijk		EUR 3 630 000	MS		
Eurocol B.V.	Wormerveer	Jos H. den Ronden		EUR 454 000		MS	
Siegling Nederland B.V.	Spankeren-Dieren	Egbert J. van Heerikhuizen		EUR 113 000		S	
Norway							
Forbo Linoleum A/S	Vettre	Morten Aarhus	D	NOK 1 000 000	S		
People's Republic of China							
Forbo Siegling (Shenyang) Belting Co. Ltd.	Shenyang	Marco A. Crivelli		CNY 66 337 000		MS	
Portugal							
Forbo Pergol Revestimentos S.A.	Porto	Henrique M. Santos Jr.		EUR 75 000	S		
Siegling (Portugal) Lda.	Gemunde (Maia)	José A. Pereira de Azevedo		EUR 235 000		S	
Russia							
Siegling (ZAO)	St. Petersburg	Alexander Petrakovski		RUB 204 000		S	

Company	Place	General management		Share capital		Flooring	Industry Specialties	Holding/Services
Spain								
Forbo Carzuh, S. L.	Vigo	José Castillo		EUR	300 019		MS	
Forbo Pavimentos S.A.	Barcelona	Agustin Matamoros		EUR	60 000	S		
Forbo Spain Holding, S. L.	Madrid	Gerold A. Zenger	D	EUR	5 006			H
Siegling Iberica S.A.	Montcada i Reixac	José Flor Garre		EUR	1 533 000		S	
Sweden								
Forbo Linoleum AB	Gothenburg	Lars Ivar Norén		SEK	100 000	S		
Forbo Parquet AB	Tibro	Christer Engelbrektsson		SEK	20 000 000	MS		
Forbo Project Vinyl AB	Gothenburg	Christer Engelbrektsson	D	SEK	50 000 000	MS		
GD-Golvdepån i Sverige AB	Jönköping	Peter Körner		SEK	700 000	S		
Siegling Svenska AB	Kållered	Roger Olsson		SEK	1 000 000		S	
Switzerland								
FJK Carpet Holding AG	Ennenda	Dr. Benjamin J. Fuchs	PN	CHF	3 000 000			H
Forbo CTU AG	Schönenwerd	Dietmar Meyer	D	CHF	10 000 000		MS	
Forbo Finanz AG	Eglisau	Gerold A. Zenger	D	CHF	5 000 000			H
Forbo Giubiasco SA	Giubiasco	Dr. S. Krummenacher/D. Ferretti	D	CHF	10 000 000	MS		
Forbo Immob AG	Eglisau	Andreas P. Lerch		CHF	1 700 000			H
Forbo International SA	Eglisau	Werner Kummer	D	CHF	100 000			H
Forbo Repoxit AG	Winterthur	Jürg D. Wettstein		CHF	100 000		MS	
Immobilien Emmenau AG	Hasle-Rüegsau	Andreas P. Lerch		CHF	1 000 000			H
Siegling (Schweiz) AG	Wallbach	Walter Nehls	D	CHF	500 000		MS	
Swifloor SA	Giubiasco	Daniele Ferretti		CHF	100 000	S		
United Kingdom								
Forbo Nairn Ltd.	Kirkcaldy	B. Paterson/D. Prior		GBP	8 000 000	MS		
Forbo UK Ltd.	Kirkcaldy	Rankin McKee	D	GBP	22 500 000			H
USA								
Forbo America Inc.	Wilmington, DE	Eugene Chace	D	USD	20 000 000			H
Forbo America Services Inc.	Wilmington, DE	Eugene Chace		USD	50 000			H
Forbo Linoleum Inc.	Hazelton, PA	Denis P. Darragh		USD	3 517 000	S		
Siegling America L.L.C.	Huntersville, NC	Wayne Hoffman		USD	16 455 000		MS	

N Not included in the 2001 consolidation
MS Manufacturing and Sales
S Sales
H Holding Services

D Direct participations of Forbo Holding SA
P Participations which are not held at 100%

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