

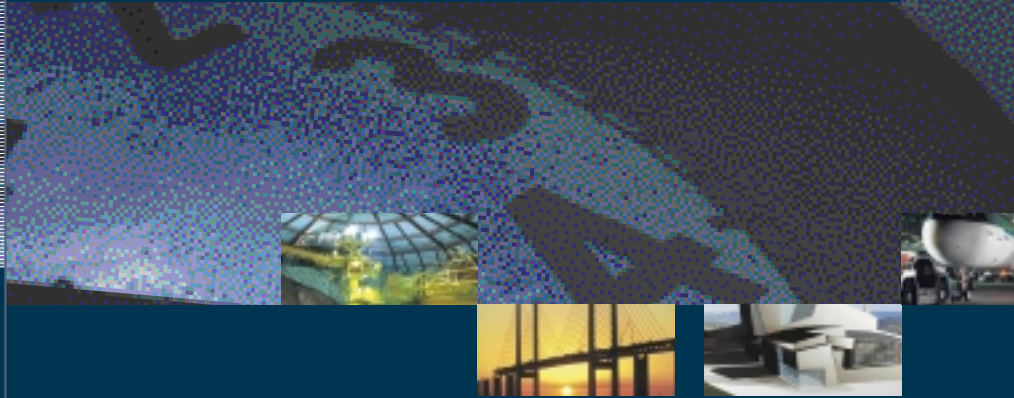
Copenhagen Stock Exchange
Nikolaj Plads 6
1067 Copenhagen K.

MESSAGE TO THE STOCK EXCHANGE NO 13-2001

HALF-YEARLY REPORT 2001

FLS INDUSTRIES A/S

1 January-30 June 2001



FLS

FLS INDUSTRIES



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Financial calendar 2001	
8 March	Annual Accounts 2000
1 May	Annual General Meeting
29 May	1st quarter
28 August	1st half year
20 Nov.	3rd quarter

Unchanged expectations for 2001

FLS Industries expects EBIT of DKK 0.7bn and a pre-tax profit of DKK 0.5bn, based on a turnover of DKK 21bn.

Despite the setback in FLS Building Materials, the backlog and processing of orders in F.L.Smith Group and FLS miljø combined with the profit of FLS Aerospace give reason to expect an unchanged level of results.

This half-yearly report of FLS Industries A/S is an English translation of the original Half-yearly Report in Danish which was adopted by the Board of Directors of FLS Industries A/S. Whereas all possible care has been taken to ensure a true and faithful translation into English, differences between the English and Danish versions may exist in which cases the original Danish version shall prevail.

The F. L. Smith Group's inflow of orders is satisfactory despite declining sales in the USA, where the economic slowdown is now noticeable. The financial results fall short of expectations, but operations are now profitable.

FLS miljø's order book has improved, but is still at a low level. Earnings live up to expectations and reflect the adaptation of the business segment.

FLS Building Materials' volume of exports of grey cement makes up for the decline in Denmark, and the focus placed on keeping the cost of production low compensates for the international pressure on the prices of white cement. The restructuring of the concrete business in the USA is proceeding according to plan, although the current trade cycle is affecting results adversely. Expenses are adapted relative to the declining sales of fibre cement sheets in Denmark. The aggregate results are significantly below the original expectations for the period under review.

As anticipated, FLS Aerospace produced an operating profit for the second quarter due to lower costs and higher efficiency resulting from the ongoing turnaround of the company.

EBIT in the period was DKK 6m (2000: DKK ÷420m). Cash flows from operating activities totalled DKK 662m (DKK ÷621m).

The Group's interest-bearing net debt at 30 June 2001 was DKK 5,743m (DKK 3,883m). Shareholders' equity before minority interests totalled DKK 6,875m (DKK 8,583m). ROCE in the period was 1%.

A meeting to be attended by financial analysts, investors and the press will be held on 28 August at 2.30 pm at the company's premises.

Questions prompted by this announcement may be directed to Peter Assam, Group President and CEO, tel. +45 36 18 18 00 (after 13.30 p.m.). The presentation will be available on [www.flsindustries.com/investor relations](http://www.flsindustries.com/investor%20relations) after the meeting.

The Board of Directors of FLS Industries A/S has today reviewed and adopted the report and accounts for the first half of 2001, which are outlined on the following pages. The report and accounts are unaudited.

Valby, 28 August 2001

Ib Christensen

Chairman of the Board of Directors

Peter Assam

Group President and CEO

KEY FIGURES

DKKm	Q1-Q2 2000 unaudited	The year 2000	Q1-Q2 2001 unaudited
PROFIT AND LOSS ACCOUNT			
Net turnover	9,169	19,205	9,014
Production costs	7,276	14,734	6,727
Gross profit	1,893	4,471	2,287
Gross profit margin	20.6%	23.3%	25.4%
Sales-, distribution-, administrative costs and other operating items	1,880	3,926	1,771
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13	545	516
EBITDA ratio	0.1%	2.8%	5.7%
Depreciation	398	876	437
Amortisation	35	127	73
Earnings before interest and tax (EBIT)	(420)	(458)	6
EBIT ratio	(4.6)%	(2.4)%	0.1%
Share of pre-tax profit of associated undertakings	1,752	1,603	80
Profit and loss on the sale of undertakings	5	60	11
Net financial income and expenses	(131)	(476)	(159)
Earnings before tax (EBT)	1,206	729	(62)
EBT ratio	13.2%	3.8%	(0.7)%
Tax for the period	89	(114)	81
Profit/loss for the period	1,117	843	(143)
Minority interests' share	592	578	14
FLS Industries A/S' share of the profit for the period	525	265	(157)
CASH FLOWS			
Cash flows from operating activities			
Acquisition and disposal of undertakings	(232)	(1,984)	298
Acquisitions of fixed assets	(584)	(1,110)	(456)
Disposals of fixed assets	84	160	51
Other investments	444	434	0
Cash flows from investing activities	(288)	(2,500)	(107)
Cash flows from operations and investments	(909)	(2,526)	555
Cash flows from financing activities	446	2,175	(597)
Change in cash funds	(463)	(351)	(42)
Net interest-bearing debt	3,883	5,661	5,743
BALANCE SHEET			
Intangible fixed assets	174	1,308	1,297
Tangible fixed assets	7,580	8,028	7,855
Fixed asset investments	4,376	4,253	2,570
Current assets	8,859	8,571	8,453
Total assets	20,989	22,160	20,175
Consolidated shareholders' equity	8,583	7,966	6,875
FLS Industries A/S' share of shareholders' equity	6,186	7,553	6,518
Provisions	1,696	1,436	1,107
Long-term and current liabilities	10,710	12,758	12,193
Total liabilities	20,989	22,160	20,175
Return on capital employed			
Adjusted operating profit after tax (NOPAT)	1,267	889	92
Average capital employed	13,945	14,459	15,469
Return on capital employed (ROCE)	9.1%	6.1%	0.6%
FINANCIAL RATIOS			
Including minority interests' share			
Return on equity	13.0%	11%	(2.0)%
Equity ratio	40.9%	36%	34.1%
Number of employees, end of period			
Number of employees in Denmark	4,964	4,776	4,527

DIRECTORS' REPORT

1st Half-year 2001

Financial results in Denmark and in the USA are adversely affected, although somewhat improved through restructuring efforts and new orders

The FLS Group's financial results and, in particular, cash flows from operating activities were unsatisfactory in the first six months of the year. The results were affected by the declining economic growth in the USA (concrete and cement equipment) and the flagging sales of fibre cement sheets, not to mention the general decline in the building activity in Denmark.

The F.L.Smith Group's total order intake was satisfactory in the first half of the year, where the sale of after-market products and services reached DKK 1.1bn. The DKK 1.1bn turnkey order from Buxton Lime was the largest in the European market for many years. Poor activity in the US market and extra project completion expenses in USA and Portugal have had an adverse effect on the F.L.Smith Group's results. This trend has been somewhat set off by better-than-expected project completions elsewhere and more efficient operations following the integration of the sister companies F.L.Smith & Co. and Fuller Company.

FLS miljø's critically low order book at the beginning of the year has improved, and there are signs of increasing demand.

The expected slowdown in building activity in Denmark has set in, resulting in keener competition within all product groups, which is also the case outside Denmark. The sale of fibre cement sheets in Denmark has decreased considerably since DEF 1994's suspension of pay-

ments in January. The integration of the Norwegian concrete facilities and the restructuring of the American concrete activities is proceeding as planned. However, Unicon's earnings in the USA are adversely affected by flagging demand.

The thorough restructuring of FLS Aerospace, markedly enhancing operational efficiency, is the reason for the greatly improved performance compared to 2000.

In May, the merger with Aalborg Portland Holding was carried through as part of FLS' focusing and streamlining strategy.

Disregarding the proceeds on NKT Holding's sale of GIGA and the non-recurring restructuring and strategy implementation costs in 2000, the pre-tax results improved by DKK 110m relative to the first half of 2000.

The Group's ROCE was 1% in the first half of 2001.

Post balance sheet events

FLS miljø wins order for electrostatic precipitators in the US market (Announcement no. 12-2001 to the Copenhagen Stock Exchange).

FLS miljø wins order for desulphurisation equipment in the UK (Announcement no. 11-2001 to the Copenhagen Stock Exchange).

MAAG Gear wins a large order in Spain (Announcement no. 10-2001 to the Copenhagen Stock Exchange).

DIRECTORS' REPORT

Expectations for 2001

FLS still expects EBIT to reach DKK 0.7bn and a pre-tax profit of DKK 0.5bn.

The unchanged profit expectations reflect a change in the sources of earnings compared with the original expectations for the year, the downward adjustment in FLS Building Materials being offset by progress in FLS Aerospace, whose increasing productivity has made it possible to renegotiate orders with better results than anticipated. The above expectations for the Group's results in 2001 are based on the presumption that the economic growth will not be further curbed.

On the basis of its order book by mid-2001 and the market situation in general, the F.L.Smith Group still expects EBIT to be DKK 0.2bn, based on a turnover of more than DKK 8bn. Integration of the companies in the F.L.Smith Group will in the longer perspective reduce the level of costs.

FLS miljø's financial performance is still in keeping with the new management's plans, whereas the poor order book and order intake still represent a factor of uncertainty. The reduced number of business segments in FLS miljø has lowered its capacity costs.

FLS Building Materials reduces its EBIT expectations to just over DKK 350m, based on a turnover of just under DKK 6bn. The downward adjustment of the Group's expectations primarily relates to Unicon USA and Dansk Eternit whose weaker performance is not outweighed by the increased production of white cement and the growth achieved in Densit.

The extensive restructuring of FLS Aerospace is proceeding according to plan with reduced seasonal earnings in Q2 and Q3 due to low capacity utilisation. The company's earnings are expected to normalise and reach industry level by the end of the year.

Business and Financial Review

With the exception of IAS 39, the interim accounts have been 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.

It has been resolved not to present the accounts in accordance with IAS 39 on recognition and measurement of financial instruments. For technical reasons, implementation of the accounting standard in question would mean that the FLS Group would have fewer possibilities of performing efficient financial management of long-term contracts. In addition, IAS 39 does not offer any scope for performing adequate, coordinated management and hedging of financial risks and contracts at group level. After having carefully balanced the utility value for the FLS Group's stakeholders against the commercial management implications for the Group, FLS has resolved not to follow this accounting standard. FLS' long experience in handling financial risks gives proof of a hedging on a financially sound basis under the existing financial policy. FLS is going to regularly evaluate their decision in light of the developments in international accounting conventions.

Profit and Loss Account

Turnover in the period was DKK 9bn, representing a decline of DKK 0.2bn relative to the same period last year. The decline in turnover is mainly due to the sale of RM Industrial Group and to the fact that, in the first half of 2000, the building material division was very positively affected by winter storms. A modest setback in the volume of sales in the building material division was offset by a positive contribution to turnover resulting from exchange-rate fluctuations. The Group's total gross profit margin rose to 25.4%, which is a result of progress in the F.L.Smith Group and in FLS Aerospace.

EBITDA totalled DKK 516m in the period. Depreciation and amortisation of intangible fixed assets rose by DKK 77m on 2000, in which year considerable amounts were invested in building material businesses.

EBIT in the period totalled DKK 6m, reflecting profits in FLS Building Materials and FLS Aerospace and losses in F.L.Smith Group and FLS miljø.

Net financial expenses increased as a result of the Group's increased net interest-bearing debt.

The pre-tax loss reported for the 6-month period ended 30 June 2001 was DKK 62m, and the loss after tax was DKK 143m.



FLS INDUSTRIES

Cash Flow Statement

The consolidated cash flows from operating activities of DKK 662m reflect a positive development in EBITDA, an increase in the funds tied up in working capital, DKK 612m, including prepayments from customers, and dividends from associated companies, totalling DKK 1,077m. Of this amount, DKK 976m relates to NKT Holding and DKK 97m to Secil.

Consolidated cash flows from investing activities, DKK 107m, were positively affected by the sale of RM Industrial Group and the disposal of concrete product activities in the Unicon Group.

During the period under review, net interest-bearing debt went up by DKK 0.1bn. At 30 June 2001, net interest-bearing debt represented DKK 5.7bn.

Balance Sheet

The balance sheet total dropped by DKK 2bn from the end of 2000; mainly as a result of the sale of RM Industrial Group and dividends received from NKT Holding. Add to this the fact that part of the shares in NKT Holding were distributed in the period, reducing the Group's percentage interest in NKT Holding to 26%.

Consolidated shareholders' equity including minority interests totalled DKK 6.9bn in the period, which is DKK 1.1bn less than shareholders' equity at the end of 2000. The decline is primarily due to the distribution of dividends of DKK 885m, including the distribution of NKT Holding shares to former minority shareholders in APH.

Related Party Transactions

In the period since the most recently published Annual Accounts, the companies in the Group have not carried through any significant transactions with important shareholders, members of the Board of Directors or the Management or with companies outside the FLS Group, in which these parties have interests.

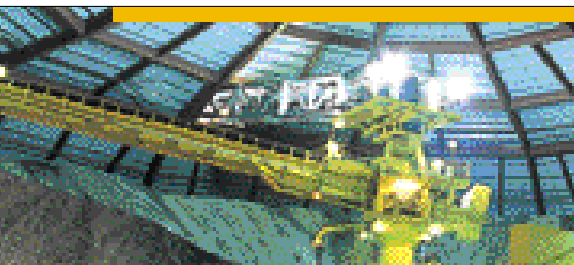
In the first half of 2001 FLS Industries has acquired 306 own shares. Hereafter the holding of shares represents 2.4% of the share capital.

Related parties:

Aktieselskabet Potagua, Kalvebod Brygge 20, DK-1560 Copenhagen V, owns 46% of the shares and holds 63% of the voting rights in FLS Industries A/S.

Aktieselskabet Potagua has a balance with FLS Industries A/S' finance department on normal market terms. At the balance sheet date, the balance was DKK 1m.



F.L.SMIDTH GROUP

www.flsmidth.com

Leading supplier to the cement industry

The F.L.Smidth Group offers service, machines and entire production lines and equipment for the cement and mineral processing industries worldwide. F.L.Smidth's technological platform supports the strategic trend towards sale of service and maintenance, which contributes to ensuring the customers' competitiveness.

DKKm	Q1-Q2 2000 (unaudited)	The year 2000	Q1-Q2 2001 (unaudited)
Turnover	3,555	7,389	3,174
Gross profit	454	1,105	541
EBIT	(195)	(272)	(103)
Loss after tax	(123)	(336)	(80)
Cash flows from operating activities	(270)	(38)	(517)
Cash flows from operating and investing activities	(286)	(107)	(538)
DKKm	Turnover Q1-Q2 2000	Order intake* Q1-Q2 2000	Order book* 30 June 2001
Cement	2,558	2,881	5,504
Mineral processing	415	583	834
Pyroprocessing	94	165	235
Chemical and petrochemical industry	17	9	2
Power generation	71	99	110
Other	18	214	494
In total	3,174	3,881	7,180
*sales prices			

In the second quarter of 2001, the F.L.Smidth Group's inflow of both large orders and basic orders remained satisfactory, despite declining economic trends in USA. The intake of large orders in the first half of the year, exclusive of the DKK 550m building contractor part of the Buxton order amounted to DKK 1.3bn. The financial performance fell below expectations due to, among other factors, additional expenses related to a joint venture project in USA and a project in Portugal. Enhanced efficiency resulting from the integration of the two cement equipment organisations and better-than-expected project completions elsewhere partly compensated for this trend.

The inflow of orders in the important after-market rose to just over DKK 1.1bn in the first six months of the year. The order intake was curbed by insignificant demand from cement producers in the USA. The total inflow of orders in the after-market was close to DKK 2bn in 2000.

The handling of orders in Egypt, which is presently F.L.Smidth's largest single market, processes as planned. The volume of orders in Egypt is DKK 0.8bn

F.F.E Minerals continued to show progress with a handsome inflow of orders in South Africa in particular and a positive development in service agreements. The fact that the company was reorganised in 2000 into three business areas has resulted in a higher growth margin and increased profitability in a reluctant market.

Ventomatic reported rising sales of newly developed packaging machines. In the period under review, Pfister noted a satisfactory inflow of orders for dosage machines for the cement industry.

The F.L.Smidth Group acquired three small businesses after the first half year. The acquisition of the German company Pfaff has strengthened the Group's position within automation of laboratories in the cement and mineral-processing industries. The acquisition of materials handling activities of MVT-Maschinen- und Verfahrenstechnik, Germany, complements the Group's product portfolio for cement plants. The takeover of the Indian engineering business Bhagwati Designs in Mumbai has provided F.L.Smidth with important turnkey know-how within the field of civil engineering.

The three businesses acquired have a total workforce slightly in excess of 200 and are expected to contribute positively to earnings in 2002.

Consolidated cash flows from operating activities totalled DKK -517m, and the Group's ROCE was 0% in the period under review.



FLS MILJØ



Environmental solutions for power plants and process industry

FLS miljø supplies biomass equipment and high-technology boilers for power stations and air filters and desulphurisation solutions for the energy sector and the manufacturing industry.

DKKm	Q1-Q2 2000 unaudited	The year 2000	Q1-Q2 2001 unaudited
Turnover	809	1.533	769
Gross profit	80	179	75
EBIT	(97)	(193)	(66)
Loss after tax	(107)	(207)	(73)
Cash flows from operating activities	(230)	(228)	118
Cash flows from operating and investing activities	(248)	(260)	103
DKKm	Turnover Q1-Q2 2001	Order intake* Q1-Q2 2001	Order book* 30 June 2001
Power stations, biomass	24	33	223
Power stations, fossil fuel	333	365	1,386
Air Pollution Control	412	327	476
In total	769	725	2,085

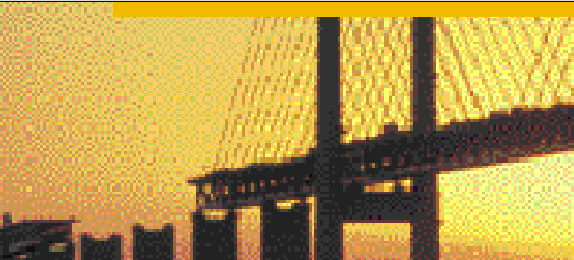
FLS miljø's performance and development are in keeping with the action plan, which groups the business into three global business units: biomass, fossil fuel and APC (Air Pollution Control). The filter area – APC – used to be organised on a regional scale. The activities in China will be discontinued. The company is going to continue its efforts to reduce fixed costs and to find strong, international liaisons to ensure profitable exploitation of FLS miljø's technological platform.

Prospects as to orders are continuously improving, among other factors due to an increase in the demand for solutions to relieve the energy situation in the USA and to the implementation of the Kyoto Agreement. Market conditions in Europe are improving, particularly in the UK and Italy, after a period of very little demand following the privatisation of conventional power stations.

In July 2001, FLS miljø won an important order for desulphurisation equipment in Eggborough in the UK. The order, which totals DKK 600m, is the fourth of the five large orders that are part of the company's full-year expectations. The aggressive growth strategy previously pursued by the company has now been replaced by focus on profitability within fewer business areas.

The autumn will show whether two important projects – Supertræ, where wood is impregnated without using toxics, and the experiment where motorcar tyres are used as fuel in the production of cement – are commercially viable.

Investments in the period totalled DKK 15m. ROCE was -13%.



FLS BUILDING MATERIALS

Active worldwide *building on cement*

FLS Building Materials' products are based on cement. The production and sale of white cement and densit products is global, and the regional activities within the areas of grey cement, concrete and fibre cement are expanded.

DKKm	Q1-Q2 2000 unaudited	The year 2000	Q1-Q2 2001 unaudited
Turnover	2,521	5,621	2,839
Gross profit	1,117	2,377	1,168
EBIT	201	429	111
Profit/loss after tax	1,728	1,638	24
Cash flows from operating activities	170	673	83
Cash flows from operating and investing activities	282	(1,313)	(195)

FLS Building Materials' total EBIT of DKK 111m and cash flows from operating activities of DKK 83m in the period under review were considerably below the results achieved last year due to a general slowdown in the building activity and decreasing sales of asbestos cement products in Denmark. Relative to the same period last year, EBIT was affected adversely in the first half of 2001 by increased amortisation of goodwill following the acquisition of Blue Circle's share of Aalborg Portland at 1 July 2000.

Investments in the period totalled DKK 278m, and ROCE was 2%.

Aalborg Portland and Aalborg Portland White

www.aalborg-portland.dk

Aalborg Portland's sale of grey cement to the Danish market fell by 4% on last year. Increased exports to the USA and Northern Europe ensured the utilisation of capacity, and continuous efficiency-enhancing efforts and sales of white cement in the export markets contributed to keeping up earnings. Aalborg Portland's costs of production, which are low for the industry, had a mitigating effect on the steep increase in the price of electricity. The facility which is to produce white cement in Egypt is expected to commence commercial production at the beginning of September 2001.

The use of alternative fuel is restricted by the Danish environmental and incineration taxes, obstructing energy economies in keeping with those achieved by several European cement producers. Aalborg Portland's strategy remains to increase the use of alternative fuels in excess of the present level with the purpose of reducing fuel costs. Most recently, this end has been attained by using meat and bone meal as alternative fuel.

In the first half of the year, sales of grey and white cement totalled DKK 560m and DKK 250m, respectively.

The co-operation with Siam Cement regarding the sale of white cement in Taiwan will be followed up by similar joint ventures in other markets, in which Aalborg Portland is selling its products together with a local producer.

Investments in the period totalled DKK 104m, and Aalborg Portland's ROCE was 8%.





FLS BUILDING MATERIALS

Unicon Group

www.unicon.dk

The restructuring of the American business proceeds as anticipated, and the utilisation of capacity keeps increasing. In the area of ready-made concrete, the Group has captured market shares in a receding market, squeezing total earnings. The last two of the five concrete product plants are expected to be sold this year, after which time Unicon USA will focus on ready-mix concrete and concrete pumping. The aggregate American concrete product activities, which are more capital-demanding than ready-made concrete, realised full-year sales in 2000 of DKK 170m, while the operating loss came to DKK 21m. Unicon's Scandinavian activities are being affected by the slowdown in building activities. The overall result for Scandinavia is on a par with last year's result as the Norwegian plants are now included in the result. Turnover for Scandinavia in the period under review is just over DKK 750m, with EBIT of DKK 53m. Despite fierce competition in Poland, Unicon managed to keep up its earnings, based on a turnover of DKK 125m.

The Spanish activities, realising total annual sales of DKK 100m, are in the process of being sold as part of Unicon's geographical focus on Scandinavia, the USA and Poland/the Baltic countries. The facilities will be closed down or disposed of.

Unicon's 'One Company Project' proceeds as planned. The project is to enhance efficiency and improve quality in the area of ready-made concrete through standardisation and the transfer of 'best practices' between local facilities and the core markets.

Investments in the period totalled DKK 127m, and Unicon's ROCE was 0%.

Dansk Eternit Holding

www.deh.dk

The company's new cross-frontier organisation, which is based on function, is now in place, ensuring a more efficient utilisation of capacity and allowing for quick integration of new businesses. Despite corporate takeovers, total overheads dropped by DKK 26m on a full-year scale. DEH's unsatisfactory performance is due to the decline in sales in Denmark, mainly as a result of DEF 1994's suspension of payments in January.

Sales of, e.g., slates and level panels in the international markets are affected by declining growth.

Investments in the period totalled DKK 25m, and the company's ROCE was -5%.

Densit

www.densit.dk

Densit's rising turnover and earnings reflect progress particularly within the off-shore markets for which reason the company is expanding its productive capacity. In the area of security and wear, the level of activity is lower and competition is on the increase.

In July 2001, Densit signed an order for 80 sea windmills at Horns rev (reef) to be delivered in 2002.

Investments in the period totalled DKK 9m, and the company's ROCE was 12%.

Other Businesses

The associated company Secil SA, of which FLS Industries A/S indirectly holds 22.3%, performed satisfactorily in the period under review. Reference is made to the company's homepage www.secil.pt.

As Spæncom (34%) is listed, reference is made to the company's most recent announcement of financial results on www.spaencom.com.

FLS BUILDING MATERIALS

Breakdown of the FLS Building Materials Group by core businesses (Q1-Q2 2001)

DKKm	FLS Building Materials*	Aalborg Portland	Unicon Group	Dansk Eternit Holding	Densit
Net turnover	2,839	798	1,562	467	71
Production costs	1,671	402	930	368	35
Gross profit	1,168	396	632	99	36
Contribution margin	41.1%	49.6%	40.5%	21.2%	50.6%
Sales-, distr., adm. costs and other operating items	775	189	451	97	28
Earnings before interest, tax, depr. and amor. (EBITDA)	393	207	181	2	8
EBITDA ratio	13.8%	26.0%	11.6%	0.5%	11.2%
Depreciation	231	65	135	39	1
Amortisation	51	1	28	7	0
Earnings before interest and tax (EBIT)	111	141	18	(44)	7
EBIT ratio	3.9%	17.7%	1.1%	(9.4)%	9.3%
Share of pre-tax profit of associated undertakings	93	14	0	4	0
Profit and loss on disposal of undertakings	(4)	0	(10)	0	0
Net financial income and expenses	(111)	(6)	(73)	(25)	0
Earnings before tax (EBT)	89	149	(65)	(65)	7
EBT ratio	3.1%	18.6%	(4.2)%	(13.8)%	9.5%
Tax for the period	64	46	(18)	6	2
FLS Industries A/S' share of the profit for the period	24	103	(47)	(71)	5
Minority interests' share	7	0	5	1	0
FLS Industries A/S' share	17	103	(52)	(72)	5
CASH FLOWS					
Cash flows from operating activities	83	133	34	(129)	6
Cash flows from investing activities	(278)	(61)	(127)	(25)	(9)
Cash flows from operations and investments	(195)	72	(93)	(154)	(3)
Cash flows from financing activities	59	(45)	30	141	4
Change in cash funds	(136)	27	(63)	(13)	1
Interest-bearing net debt/balances	3,321	119	2,142	727	1
BALANCE SHEET					
Fixed assets	6,340	1,398	2,715	786	24
Current assets	2,030	525	894	491	48
Total assets	8,370	1,923	3,609	1,277	72
The shareholders' equity of the Division	3,572	1,314	836	277	40
Provisions	225	14	104	108	1
Long-term and current liabilities	4,573	595	2,669	892	31
Total liabilities	8,370	1,923	3,609	1,277	72
Return on capital employed					
NOPAT	135	107	10	(48)	5
Average capital employed	7,152	1,382	3,128	1,038	40
ROCE	1.9 %	7.8 %	0.3 %	(4.6)%	12.4 %
Number of employees at end of period	4,098	698	1,987	1,174	88

* As from 1 January 2001 including the shares in Atlas Cement Corporation and FLSHH and exclusive of the share in NKT Holding, these being associated undertakings within FLS Building materials



FLS AEROSPACE

High efficient solutions for the airline industry

FLS Aerospace offers efficient turnkey solutions in aircraft maintenance and technical operation. Lease and repair of aircraft components is an integral part of the company's commercial basis.

At this time, the orderbook for FLS Aerospace stands at 6.5bn DKK, with good prospects for the second half of the year.

Leading cargo operator, FedEx signed a 3 year contract with FLSA in June to provide maintenance for their A310 fleet. The contract also provides for FLSA providing maintenance on other aircraft types. The group is also one of only 3 repair stations in Europe performing blended wing tip modifications on the Boeing 737-800 aircraft. This modification reduces fuel consumption, which is a major cost to airlines. The group has been performing these modifica-

DKKm	Q1-Q2 2000 unaudited	The year 2000	Q1-Q2 2001 unaudited
Turnover	1,669	3,282	1,800
Gross profit	2	301	380
EBIT	(305)	(375)	105
Profit/loss after tax	(401)	(560)	29
Cash flows from operating activities	(257)	(423)	(2)
Cash flows from operating and investing activities	(484)	(764)	(68)

tions for Air Berlin but hope to bring in business from other B737-800 operators.

The Formula 1 programme to deliver world class turntimes, through more efficient processes, is delivering as planned. A similar programme using lean manufacturing techniques has been implemented for the lighter 'A' checks. This programme was introduced in Copenhagen and is now also being implemented in Manchester. By the end of the year, one IT system is expected to be in place across the group enabling best practices to be transferred across facilities.

The investments for the first six months totalled 66m DKK compared to 226m DKK for the same period last year. Overall, FLSA realised a positive result after tax for this period and it is expected that there will be a positive result for the full year. At year end, the revenue is anticipated to be ahead of 2000 and the earnings after tax are significantly ahead of last year's negative result. ROCE was 2% in the first six months of the year.

FLS PORTFOLIO

The present activities in FLS Portfolio realised a turnover of DKK 539m in the first half of the year and EBIT of DKK 13m. FLS Portfolio's assets totalled DKK 530m at the end of June 2001.

OTHER BUSINESSES

As the associated company NKT Holding (FLS' interest is 26%) is listed, reference is made to the most recent announcements of financial results as well as on www.nkt.com.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated profit and loss account

DKKm	Q1-Q2 2000 (unaudited)	The year 2000	Q1-Q2 2001 (unaudited)
Net turnover	9,169	19,205	9,014
Production costs	7,276	14,734	6,727
Gross profit	1,893	4,471	2,287
Sales and distribution costs	738	1,647	780
Administrative expenses and other expenses	1,183	2,411	1,068
Other operating income	41	132	77
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13	545	516
Depreciation and write-downs of tangible fixed assets	398	876	437
Amortisation and write-downs of intangible fixed assets	35	127	73
Earnings before interest and tax (EBIT)	(420)	(458)	6
Share of pre-tax profit of associated undertakings	1,752	1,603	80
Profit and loss on disposal of undertakings	5	60	11
Financial income	820	1,446	645
Financial expenses	951	1,922	804
Earnings before tax (EBT)	1,206	729	(62)
Tax for the period	89	(114)	81
Profit for the period	1,117	843	(143)
Minority interests' share	592	578	14
FLS Industries A/S' share of the profit for the period	525	265	(157)
Earnings per share (EPS)	11.3	5.7	(2.9)
EPS, adjusted for own shares, etc.	11.6	5.8	(3.0)

CASH FLOW STATEMENT

Cash flow statement for the FLS Group

DKKm	Q1-Q2 2000 (unaudited)	The year 2000	Q1-Q2 2001 (unaudited)
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16	545	516
Adjustments for profits and losses on purchase and sale of fixed assets	(3)	(48)	(6)
Adjusted EBITDA	13	497	510
Change in provisions	316	116	(65)
Change in working capital	(1,177)	(68)	(533)
Change in cash flow from work in progress and prepayments	164	(338)	(79)
Cash flows from operating activities before interest and tax	(684)	207	(167)
Dividends received from associated undertakings	260	277	1,077
Financial payments and disbursements	(131)	(340)	(181)
Corporation taxes paid	(66)	(170)	(67)
Cash flows from operating activities	(621)	(26)	662
Cash flows from investing activities			
Acquisition of undertakings and activities	(234)	(1,984)	(30)
Disposal and discontinuance of undertakings and activities	2	0	328
Additions of fixed assets	(584)	(1,110)	(456)
Disposals of fixed assets	84	160	51
Acquisition and disposal of fixed asset investments	(58)	(83)	0
Reduction of share capital of associated undertakings	590	590	0
Bonds and listed shares	0	15	0
Acquisition of own shares	(88)	(88)	0
Cash flows from investing activities	(288)	(2,500)	(107)
Cash flows from operations and investments	(909)	(2,526)	555
Cash flows from financing activities			
Dividends	(500)	(500)	(452)
Capital increases in Group companies attributable to minority interests	0	149	(6)
Interest-bearing debt	946	2,526	(139)
Cash flows from financing activities	446	2,175	(597)
Change in cash funds	(463)	(351)	(42)
Cash funds at 1 January	899	899	548
Cash funds at end of period	436	548	506
The cash flow statement cannot be inferred from the published financial information only.			

CONSOLIDATED BALANCE SHEET

Assets

DKKm	30 June 2000 unaudited	Opening balance 01.01.2001	30 June 2001 unaudited
Fixed assets			
Goodwill	358	1,428	1,397
Negative goodwill	(209)	(198)	(192)
Patents and licenses	2	47	50
Other intangible fixed assets	23	31	42
Intangible fixed assets	174	1,308	1,297
Land and buildings	2,928	3,069	2,939
Plant, machinery and ships	2,385	2,815	2,821
Operating equipment, fixtures and fittings	374	367	338
Aircraft rotables	1,504	1,526	1,530
Assets in course of construction	389	251	227
Tangible fixed assets	7,580	8,028	7,855
Investments in associated undertakings	3,756	3,608	2,164
Other securities and investments	323	160	189
Other fixed asset investments	25	22	21
Amount owing, pension fund contribution	65	69	76
Tax asset	207	425	120
Fixed asset investments	4,376	4,284	2,570
Total fixed assets	12,130	13,620	11,722
Current assets			
Work-in-progress for third parties	1,223	1,227	1,264
Raw materials and consumables	837	879	800
Work-in-progress	100	96	169
Finished goods and goods for resale	563	604	596
Prepayments for goods	197	183	169
Stocks	2,920	2,989	2,998
Trade debtors	3,918	3,605	3,611
Amounts owed by associated undertakings	13	33	35
Other debtors	1,008	774	882
Prepayments	412	519	377
Debtors	5,349	4,931	4,905
Own shares	0	0	0
Bonds and listed shares	154	103	44
Securities	154	103	44
Cash at bank and in hand	436	548	506
Total current assets	8,859	8,571	8,453
TOTAL ASSETS	20,989	22,191	20,175

CONSOLIDATED BALANCE SHEET

Liabilities

DKKm	30 June 2000 unaudited	Opening balance 01.01.2001	30 June 2001 unaudited
Shareholders' equity			
Share capital	930	1,064	1,064
Net revaluation reserves according to the equity method	1,931	2,227	757
Other reserves	3,325	3,340	4,697
FLS Industries A/S' share of shareholders' equity before proposed dividend	6,186	6,631	6,518
Proposed dividend distribution	0	922	0
FLS Industries A/S' share of shareholders' equity	6,186	7,553	6,518
Minority interests' share of shareholders' equity before proposed dividend	2,397	408	357
Proposed dividend distribution	0	5	0
Minority interests' share of shareholders' equity	2,397	413	357
Total consolidated shareholders' equity	8,583	7,966	6,875
Provisions			
Deferred tax	545	436	133
Pensions and similar commitments	67	72	62
Warranty provisions	528	537	522
Restructuring of undertakings acquired	0	13	10
Restructuring of existing undertakings	0	7	3
Other provisions	556	402	377
Total provisions	1,696	1,467	1,107
Long-term and current liabilities			
Mortgage debt	276	273	337
Currency loans and bank debt	2,691	4,907	4,816
Long-term liabilities	2,967	5,180	5,153
Current portion of long-term debt	115	735	736
Currency loans and bank debt	1,495	810	718
Prepayments from customers	1,476	1,084	986
Work-in-progress	813	1,027	1,028
Trade creditors	1,987	2,211	1,989
Bills of exchange	4	5	0
Amounts owed to affiliated undertakings	260	108	23
Amounts owed to associated undertakings	1	1	3
Corporation tax payable	37	69	35
Other creditors	1,057	1,284	1,191
Deferred income	498	244	330
Current liabilities	7,743	7,578	7,040
Total long-term and current liabilities	10,710	12,758	12,193
Total long-term and current liabilities and provisions	12,406	14,225	13,300
TOTAL LIABILITIES	20,989	22,191	20,175

Notes not referred to in the above: Consolidated profit and loss account - specification by quarter
Breakdown of the Group by core businesses in the period
Equity specification

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Specification by quarter

DKKm	1st qrt 2001	2nd qrt 2001
Net turnover	4.195	4.819
Production costs	3.105	3.622
Gross profit	1.090	1.197
Sales and distribution costs	394	386
Administrative expenses and other expenses	553	515
Other operating income	39	38
Earnings before interest, tax, depreciation and amortisation (EBITDA)	182	334
Depreciation and write-downs of tangible fixed assets	222	215
Amortisation and write-downs of intangible fixed assets	36	37
Earnings before interest and tax (EBIT)	(76)	82
Share of pre-tax profit of associated undertakings	35	45
Profit and loss on disposal of undertakings	15	(4)
Financial income	372	273
Financial expenses	463	341
Earnings before tax (EBT)	(117)	55
Tax for the period	8	73
Profit for the period	(125)	(18)
Minority interests' share	1	13
FLS Industries A/S' share of the profit for the period	(126)	(31)

CORE BUSINESSES

Breakdown of the Group by core businesses in the period

DKKm	F.L.Smith Group	FLS Building Materials ³	FLS Aerospace	FLS miljø	FLS Portfolio ¹	Other companies etc. ²	FLS Group
Net turnover	3,174	2,839	1,800	769	539	(107)	9,014
Production costs	2,633	1,671	1,420	694	412	(103)	6,727
Gross profit	541	1,168	380	75	127	(4)	2,287
Contribution margin	17.0 %	41.1 %	21.1 %	9.7 %	23.5 %	3.4%	25.4%
Sales-, distribution-, administrative costs and other operating items	566	775	177	124	87	42	1,771
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(25)	393	203	(49)	40	(46)	516
EBITDA ratio	(0.8)%	13.8 %	11.3 %	(6.4)%	7.5 %	N/A	5.7 %
Depreciation	59	231	98	14	26	9	437
Amortisation	19	51	0	3	1	(1)	73
Earnings before interest and tax (EBIT)	(103)	111	105	(66)	13	(54)	6
EBIT ratio	(3.2)%	3.9 %	5.8 %	(8.5)%	2.4 %	N/A	0.1 %
Share of pre-tax profit of associated undertakings	0	92	0	0	0	(12)	80
Profit and loss on disposal of undertakings	0	(4)	0	0	0	15	11
Net financial income and expenses	38	(111)	(77)	(6)	(12)	9	(159)
Earnings before tax (EBT)	(65)	88	28	(72)	1	(42)	(62)
EBT ratio	(2.0)%	3.1 %	1.6 %	(9.3)%	0.2 %	N/A	(0.7)%
Tax for the period	15	64	(1)	0	1	2	81
FLS Industries A/S' share of the profit for the period	(80)	24	29	(72)	(0)	(44)	(143)
Minority interests' share	6	7	1	0	0	0	14
FLS Industries A/S' share	(86)	17	28	(72)	(0)	(44)	(157)
CASH FLOWS							
Cash flows from operating activities	(517)	83	(2)	118	(6)	986	662
Acquisition and disposal of undertakings	14	8	(3)	0	0	279	298
Additions of fixed assets	(57)	(296)	(72)	(15)	(11)	(5)	(456)
Disposals of fixed assets	8	31	9	1	0	2	51
Other investments	14	(21)	0	(1)	0	8	0
Cash flows from investing activities	(21)	(278)	(66)	(15)	(11)	284	(107)
Cash flows from operations and investments	(538)	(195)	(68)	103	(17)	1,270	555
Cash flows from financing activities	532	59	81	(97)	39	(1,211)	(597)
Change in cash funds	(6)	(136)	13	6	22	59	(42)
Interest-bearing net debt/balances	(36)	3,321	2,303	132	308	(285)	5,743
BALANCE SHEET							
Intangible fixed assets	147	1,272	(192)	49	19	2	1,297
Tangible fixed assets	878	3,800	2,549	62	228	338	7,855
Fixed asset investments	216	1,268	20	17	6	1,043	2,570
Current assets	4,939	2,030	1,642	704	277	(1,139)	8,453
Total assets	6,180	8,370	4,019	832	530	244	20,175
Consolidated shareholders' equity	990	3,572	396	27	96	1,794	6,875
FLS Industries A/S' share	940	3,273	388	27	96	1,794	6,518
Provisions	545	225	262	29	4	42	1,107
Long-term and current liabilities	4,645	4,573	3,361	776	430	(1,592)	12,193
Total liabilities	6,180	8,370	4,019	832	530	244	20,175
Return on capital employed							
NOPAT	(4)	135	75	(60)	11	(65)	92
Average capital employed	3,059	7,152	3,117	467	686	988	15,469
ROCE	(0.1)%	1.9 %	2.4 %	(12.7)%	1.7 %	(6.6)%	0.6 %
Number of employees at end of period	4,033	4,098	3,612	905	699	175	13,522

1) FLS Portfolio consists of companies that in the longer term will leave the FLS Group.

2) Other companies, etc. consist of companies without activities, other undertakings owned by the parent company, and eliminations.

3) As from 1 January 2001 including the shares in Atlas Cement Corporation and FLSHH and exclusive of the share in NKT Holding, these being associated undertakings within FLS Building Materials

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated shareholders' equity

DKKm	Share capital	Reserve acc. to the equity method	Other undistributable reserves	Other reserves	FLS total share	Total minority interests' share	Total
Opening balance, 01.01.2001	1,064	2,227	847	3,415	7,553	413	7,966
Exchange adjustments		2		51	53	11	64
Hedging				(27)	(27)	0	(27)
Profit for the period		(1,027)	(5)	875	(157)	14	(143)
Other adjustments in shareholders' equity		(12)	(4)	(10)	(26)	2	(24)
Total profit for the period	0	(1,037)	(9)	889	(157)	27	(130)
Dividend distributed		(433)		(445)	(878)	(7)	(885)
Additions and disposals of minority interests					0	(76)	(76)
Shareholders' equity, 30.06.2001	1,064	757	838	3,859	6,518	357	6,875
<p>FLS Industries A/S has acquired 306 additional own shares during the period. FLS Industries A/S owns 1,302,811 own B shares with nominal value of DKK 26.1 mill., or 2.4% of the share capital. The shares were acquired to cover the company's option commitments.</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>							



FLS Industries A/S
Vigerslev Allé 77
DK-2500 Valby
www.flsindustries.com
CVR No. 58180912