

Copenhagen Stock Exchange
Nikolaj Plads 6
1067 Copenhagen K

MESSAGE TO THE STOCK EXCHANGE NO 38-2000

3rd QUARTER REPORT

1 January – 30 September 2000

The Board of Directors of FLS Industries A/S has today reviewed and adopted the report and accounts for the 1st to 3rd quarters of 2000 as outlined on the following pages. The report and accounts are unaudited.

Valby, 21 November 2000

Ib Christensen
Chairman of the Board of Directors

Peter Assam
Group President and CEO

3rd QUARTER REPORT

1 January – 30 September 2000

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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

Lower estimate for 2000

FLS Industries expects Earnings Before Interest and Tax at DKK -450m and Earnings Before Tax at DKK 0.9bn based on a turnover of DKK 19bn.

The lower estimate reflects higher costs for American turnkey projects, write-downs of plant and machinery at FFE and the ongoing restructuring process at FLS Aerospace.

FLS Industries posted a highly unsatisfactory result for the first nine months of 2000.

F.L.Smidth–Fuller Engineering generally recorded a satisfactory flow of orders, particularly in the after market which offers the greatest potential for growth.

The Group's building material activities organised within APH are making good progress in Scandinavia and achieved the estimated level of earnings.

Comprehensive rationalisation efforts and efficiency improvements at FLS Aerospace will ensure a profit as from the 4th quarter.

FLS miljø's order intake has improved, but remains unsatisfactorily low and is straining profitability.

EBIT totalled DKK -569m (1999: DKK 383m). Cash flow from operating activities amounted to DKK -243m (1999: DKK 490m).

The Group's net interest-bearing debt at 30 September 2000 amounted to DKK 5,599m (DKK 2,604m). Shareholders' equity totalled DKK 8,010m (DKK 8,147m).

Return on Capital Employed at 7% mainly reflects the income deriving from NKT's sale of GIGA.

A meeting for analysts, investors and the press will be held on 21 November at 14.30 hours at the company's address.

Please address any questions regarding this announcement to Mr Peter Assam, Group President and CEO, telephone +45 36 18 18 00, from 13.30 hours today. The 3rd Quarter Report will be available at www.flsindustries.com/investor relations after the meeting.

KEY FIGURES

FLS Industries A/S • 3rd quarter report 2000

(DKKm)	1-3 qrt 1999 (unaudited)	The year 1999	1-3 qrt 2000 (unaudited)
PROFIT AND LOSS ACCOUNT			
Net turnover	15.504	20.993	13.980
Production costs	11.919	16.180	10.924
Gross profit	3.585	4.813	3.056
<i>Gross profit margin</i>	23,1%	22,9%	21,9%
Capacity costs	2.622	3.419	2.907
EBITDA	963	1.394	149
<i>EBITDA ratio</i>	6,2%	6,6%	1,1%
Depreciation	532	801	631
Amortisation	49	118	88
EBIT	383	475	(569)
<i>EBIT ratio</i>	2,5%	2,3%	-4,1%
Share of pre-tax profit of associated undertakings	1.017	1.053	1.759
Profit and loss on the sale of businesses	1.432	1.350	4
Net financial income and expenses	(139)	(122)	(238)
Earnings before tax (EBT)	2.692	2.756	956
<i>EBT ratio</i>	17,4%	13,1%	6,8%
Tax for the period	153	216	148
Profit for the period	2.539	2.540	808
Minority interests' share	397	452	607
FLS Industries A/S' share	2.141	2.088	201
Cash flows			
Cash flows from operating activities	490	794	(243)
Acquisition and disposal of undertakings	1.810	1.780	(2.024)
Acquisitions of fixed assets	(1.083)	(1.692)	(875)
Disposals of fixed assets	145	165	71
Other investments	(6)	68	537
Cash flows from investing activities	866	321	(2.291)
Cash flows from operating and investing activities	1.356	1.115	(2.534)
Cash flows from financing activities	(1.399)	(948)	2.331
Change in cash funds	(43)	167	(203)
Interest-bearing debt (net)	2.604	2.500	5.599
BALANCE SHEET			
Intangible fixed assets	111	151	1.286
Tangible fixed assets	6.918	7.337	8.153
Fixed asset investments	2.733	2.878	4.465
Current assets	8.991	9.028	8.289
Total assets	18.753	19.394	22.194
Consolidated shareholders' equity	8.147	8.083	8.010
FLS Industries A/S' share of shareholders' equity	6.221	6.098	5.924
Provisions	1.205	1.373	1.671
Long-term and current liabilities	9.401	9.938	12.513
Total liabilities	18.753	19.394	22.194
Return on capital employed			
Adjusted operating profit after tax (NOPAT)	1.940	2.814	999
Average capital employed	12.300	13.326	14.004
Return on capital employed (ROCE)	15,8%	21,1%	7,1%
FINANCIAL RATIOS			
Including minority interests' share			
Return on equity	36%	37%	10%
Equity ratio	43%	42%	36%
Number of employees, end of period	14.262	14.140	14.709
Number of employees in Denmark	5.100	4.968	4.926

Management report for 1st to 3rd quarter

Higher losses due to turnkey projects, FFE write-downs and ongoing restructuring of FLS Aerospace

The FLS Group recorded a highly unsatisfactory financial result and cash flow from operating activities during the first nine months of 2000. Non-recurring items and restructuring costs have contributed significantly to the overall result.

F.L.Smidth-Fuller Engineering (FFE) recorded a satisfactory flow of orders in the third quarter. Sales of after-market products and services rose to more than DKK 1.5bn in the first nine months. FFE earnings have been impacted by inadequate control and more costly order processing by one of its partners in connection with two American turnkey projects, one of which still remains to be completed. The merging of the two sister organisations, F.L.Smidth & Co. and Fuller Company, is on schedule, and the new organisation is to be operational by 1 January 2001. The first nine months of the year saw continued high growth and earnings by the Aalborg Portland Holding companies as a whole. FLS Aerospace's comprehensive reconstruction process is advancing according to plan, although write-down of stocks and provision for losses on contracts has increased. FLS miljø's very low order intake during the first half of the year has improved during the third quarter. Due to the refocusing of FLS miljø's activities its "Waste to Energy" business has been phased out.

Consolidated economic value added (EVA[®]) – including the profit gained from NKT Holding's disposal of GIGA – amounted to DKK 61m during the first nine months of 2000. However, exclusive of NKT Holding's divestment of GIGA, consolidated EVA[®] is reduced to DKK –1,650m.

Events after the balance sheet date

Aalborg Portland A/S signs 10 year extension of white cement supply contract for the American market (Stock Exchange message No. 35-2000).

FFE wins two contracts in Egypt which is currently its largest market (Stock Exchange messages Nos. 36-2000 and 37-2000).

Estimated results for 2000

Earnings Before Interest and Tax (EBIT) are now likely to approach DKK –450m and Earnings Before Tax (EBT) are estimated at DKK 0.9bn based on a turnover of DKK 19bn. Compared with the half-year report (Stock Exchange message No. 34-2000) the current estimate reflects a lower operating profit due among other factors to rising completion costs for American turnkey projects and write-downs by FFE, and the ongoing restructuring process at FLS Aerospace. In addition, the slow flow of orders to FLS miljø strains the financial result.

The latest follow-up on the Texas turnkey project in which FFE is involved in building a 5400 tonnes per day cement making plant for TXI has increased the loss by DKK 130m. This year's losses on the turnkey projects are now estimated at DKK 330m. FFE has written down the value of plant and machinery by DKK 60m. The DKK 50m deterioration of the FLS Aerospace result is due to a number of minor write-downs on stocks and provisions for contracts, items that are not included in the year's estimated restructuring costs for FLS Aerospace. The unsatisfactory volume of orders received by FLS miljø has further reduced its financial result by DKK 20m.

The effects of the restructuring of FLS Aerospace and of adjustments to the new Group strategy on the consolidated profit for 2000 will amount to DKK 570m as opposed to the previously announced DKK 600m. This is due to the fact that the restructuring of FFE is now expected to cost DKK 70m compared with the DKK 100m previously estimated. DKK 50m is expected to be defrayed in 2001. The major components of the Group's restructuring costs are outlined in the following:

Restructuring costs affected FLS Aerospace earnings in the first half by DKK 330m as opposed to DKK 50m in the second half. FFE reorganising costs amount to DKK 70m. FLS miljø's adjustment of its business portfolio and capacity is costing DKK 65m in the second half. During the first nine months of 2000, more than DKK 500m has been spent on restructuring.

The earnings before tax are reduced by DKK 130m due to the write-down to market value of investments in cement shares in the Far East.

Financial report

The unaudited accounts for the 1st to 3rd quarter of 2000 are drawn up in accordance with the international accounting standards (IAS), the Danish Company Accounts Act including relevant executive orders and the guidelines of the Copenhagen Stock Exchange for the annual accounts of listed companies including Danish accounting standards. The accounting policies are unchanged from the 1999 annual accounts. The comparative figures for the 1st to 3rd quarter of 1999 have been adjusted in accordance with the IAS which were implemented in the 1999 annual accounts.

Profit and loss account

The **turnover** for the period under review amounted to DKK 14bn, a DKK 1.5bn decline compared with the same period the year before. The turnover positively reflects rising sales mainly within FFE. When adjusting for the sale of DanTransport Holding in the first half of 1999, turnover has increased DKK 2.3bn.

FFE's losses on two turnkey projects have contributed to the consolidated **contribution ratio** being reduced to 21.9%.

Costs related to the Group's strategy plan have affected **EBITDA** by more than DKK 500m. The first nine months of 2000 have seen recognition of negative goodwill at FLS Aerospace amounting to DKK 10m as against DKK 103m during the first nine months of 1999. Depreciation and amortisation of intangible fixed assets match the level of the same period in 1999.

EBIT amount to DKK -569m.

Earnings from **associated undertakings** have contributed DKK 1.7bn, the bulk of which derives from NKT Holding's disposal of GIGA.

Financial items have risen due to the Group's higher net interest-bearing debt.

Earnings before tax for the first nine months amounted to DKK 955m, the net profit accounting for DKK 808m including DKK 607m accruing to the Group's minority interests.

Cash flow statement

The Group's **cash flows from operating activities** amount to DKK –243m. This amount mainly reflects the negative development of EBITDA and the increase in tied-up working capital amounting to DKK 534m. Dividends from associated undertakings have risen to DKK 261m. They include DKK 150m received from NKT Holding and DKK 97m from Se-cil.

Cash flows from investing activities amount to DKK 2.3bn representing gross investments at DKK 2.9bn less NKT Holding's repurchase of own shares. The DKK 590m buy-back has had a cash flow effect from February 2000. Investments consist of APH's 50% acquisition of Aalborg Portland A/S, Unicon Beton acquisitions in Norway and the USA, and FLS Aerospace aircraft components. They also include Aalborg Portland White's investments in Malaysia.

The above investments have been financed through increasing utilisation of financial facilities, amounting to DKK 2.3bn, and by reducing the Group's cash reserves by DKK 203m. As a result, interest-bearing debt has increased by DKK 2.8bn raising net interest bearing debt to DKK 5,6bn at 30 September 2000. Dividends amount to DKK 500m, of which DKK 339m is payable to FLS Industries A/S shareholders and the rest to minority shareholders.

Balance sheet

The balance sheet total has risen by DKK 2.8bn since the end of 1999. This increase mainly reflects the realised value of NKT Holding's disposal of GIGA and higher goodwill deriving from the acquisition of half of Aalborg Portland A/S. Besides, aircraft component stocks included in **fixed assets** and the amount tied up in **working capital** have increased.

The consolidated shareholders' equity at DKK 8bn is on a par with the level at 31 Dec. 1999. The shareholders' equity is affected by the reduction of minority interests in Aalborg Portland A/S and the net profit for the period under review less distributed dividend.

Transactions with connected parties

During the period since the last annual accounts the companies in the Group have not carried out any significant deals with major shareholders or members of the Board or Management or with companies outside the FLS Group in which those concerned have interests.

Connected parties:

Aktieselskabet Potagua, Kalvebod Brygge 20, DK-1560 Copenhagen V controls 52% of the shares in FLS Industries A/S.

Aktieselskabet Potagua has deposited an amount with the FLS Industries A/S Finance Department on normal market terms. At the balance sheet date the deposit amounted to DKK 194m. Aktieselskabet Potagua has also deposited DKK 20m with FFE Invest, a member of the FLS Industries Group.

Developments in the Group's key companies

F.L.Smidth-Fuller Engineering A/S

www.ffegroup.com

F.L.Smidth-Fuller Engineering is a supplier of services, machinery and complete production lines and facilities mainly to the cement and mineral processing industries worldwide. FFE's technological platform supports the strategic development towards services and maintenance that enable customers to maintain their competitive strength.

Again in the third quarter FFE received a gratifying flow of both major and basic orders. During the first nine months of 2000 major orders (sales value exceeding DKK 50m or contribution exceeding DKK 10m) totalling DKK 2.4bn have been received.

The intake of orders from the strategically important after market exceeded DKK 1.5bn during the first nine months. This is a continuation of the encouraging trend in orders received which amounted to DKK 1.6bn in 1998 and DKK 1.7bn in 1999. After-market orders are typically processed within six months and do not entail the same degree of risk as lengthy major projects. The new FFE organisation entails stronger focus on this type of business.

FFE earnings year to date are impacted by the losses on two American turnkey projects which total DKK 300m. FFE has written down the value of machinery and plant by a total of DKK 60m.

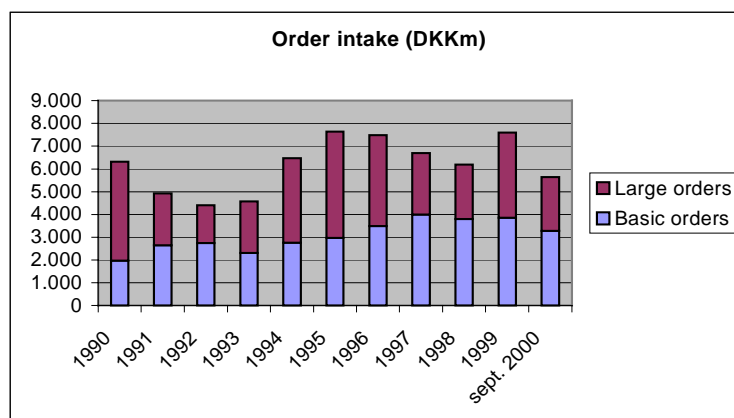
FFE's Egyptian orders totalling DKK 1.5bn are processed according to plans.

During the first nine months FFE cash flow from operating activities amounted to DKK -133m with ROCE representing -6%.

DKKm	1 st - 3 rd qrt. 1999	The year 1999	1 st - 3 rd qrt. 2000
Net turnover	4,062	6,671	5,381
Gross profit	897	1,365	702
EBIT	(35)	83	(301)
Net profit	3	57	(245)
Cash flows from operating activities	151	512	(133)
Cash flows from operating and investing activities	72	408	(137)

DKKm	Turnover 1 st - 3 rd qrt. 2000	Order intake* 1 st - 3 rd qrt. 2000	Orders received* 30.09.2000
Cement industry	4,078	4,321	5,943
Mineral processing	597	675	454
Pyro processing	180	122	98
Chemical and petrochemical industry	138	135	47
Power generation	141	102	107
Other	246	293	305
Total	5,381	5,649	6,954

*sales prices



Aalborg Portland Holding A/S - APH

www.aph.dk

APH building materials are cement-based. APH produces and markets white cement and Densit products worldwide, and is expanding its regional activities in grey cement, ready-mix concrete and fibre cement.

DKKm	1 st – 3 rd qrt. 1999	The year 1999	1 st to 3 rd qrt. 2000
Net turnover	3,477	4,621	4,136
Gross profit	1,516	2,044	1,823
EBIT	319	461	353
Net profit	1,033	1,119	1,754
Cash flows from operating activities	467	741	551
Cash flows from operating and investing activities	(66)	42	(1,313)

APH achieved the anticipated level of Earnings Before Interest and Tax, while cash flows from operating activities amounted to DKK 551m. The profit for the first nine months reflects continued improvement in the Scandinavian markets and losses deriving from concrete operations in the USA. The APH Group is strengthening the teamwork among its companies including a more intensive joint R&D effort.

Investments during the period under review totalled DKK 1.9bn and Return On Capital Employed amounted to 24%.

APH maintains its estimate for 2000 with EBIT likely to be on a par with 1999. Total earnings before tax are estimated at DKK 1.9bn based on a turnover in excess of DKK 5bn.

Aalborg Portland A/S and Aalborg Portland White A/S

www.aalborg-portland.dk

Aalborg Portland A/S's sales of grey cement to the Danish market remained at a high level during the third quarter. The anticipated slowdown in Danish construction activity has not yet materialised, so domestic sales in 2000 are expected to exceed the level of 1999 by nearly 5%, measured in tonnes. Measured in tonnes this year's exports of white and grey cement are likely to increase slightly on 1999. Total turnover during the first nine months of 2000 amounted to DKK 1,267m compared to DKK 1,171m in 1999.

Higher energy prices are curbing earnings, particularly towards the end of the year.

The modernisation and expansion programme for the Malaysian white cement production line is on schedule for completion by mid 2002. Construction of a new facility in Sinai, Egypt, is also progressing according to plan. Aalborg Portland will double its white cement capacity to 1.5m tonnes by mid 2002. The company's international presence brings it closer to the customers and guarantees access to strategically important raw materials.

The total investments undertaken by the two companies amounted to DKK 210m, and Aalborg Portland A/S' ROCE represented 13%.

Unicon Beton A/S

www.unicon-beton.dk

Unicon Beton's Scandinavian activities are benefiting from the continuing high level of building activity. Total sales in the Scandinavian markets during the first nine months at DKK 978m generated Earnings Before Interest and Tax at DKK 122m. Unicon Denmark's new product, Vibreton, has been well received and now accounts for 5-10% of its sales in the Danish market. Vibreton is a self-levelling concrete that saves handling costs on the building site. In this way, Unicon is actively contributing to higher productivity in the building trade. The use of WAP technology in order to optimise logistics in ready-mixed concrete distribution will enable customers to improve their competitiveness.

The new management of the US operation is now streamlining the business which in the first nine months of 2000 posted negative EBIT at DKK -9m based on a turnover of DKK 0.9bn. The loss is due to increased production costs, write-downs and other non-recurring costs.

In keeping with its strategy for ready-mix concrete Unicon Beton has wound up its operation in the Philippines.

Investments during the period under review amounted to DKK 693m and a 3% ROCE was attained.

Dansk Eternit Holding A/S

www.deh.dk

Contrary to expectations the sharp increase in turnover experienced during the winter and spring months continued in the third quarter. The profit for the first nine months of 2000, however, did not match the growth in turnover due to higher costs for shift work, rising energy costs and a few major non-recurring expenses.

The DKK 170m modernisation programme carried out over the past two years is now finished in Denmark and has enabled reducing the 120 strong salaried staff by nearly a third. Slate capacity in the Czech Republic has doubled to 75,000 tonnes.

Investments during the period under review amount to DKK 105m, and the company's ROCE represents 5%.

Densit A/S

www.densit.dk

Densit's turnover and earnings are affected by lower activity in the security and wear protection markets. However, the company has won its first contract in the windpower industry and is effecting an order for Densit-lined power station piping placed by the French Alstom group.

A 10% ROCE was attained.

NKT Holding A/S and Spæncom A/S

The associated undertakings NKT Holding and Spæncom are both listed companies, and reference is made to their latest financial announcements available at www.nkt.com and www.spaencom.com.

FLS Aerospace Holding A/S

www.flsaerospace.com

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

DKKm	1 st - 3 rd qrt. 1999	The year 1999	1 st - 3 rd qrt. 2000
Net turnover	2,128	2,962	2,403
Gross profit	286	375	65
EBIT	65	(146)	(427)
Net profit	6	(212)	(567)
Cash flows from operating activities	(387)	(216)	(264)
Cash flows from operating and investing activities	(704)	(826)	(577)

The total value of contracts at 30 September 2000 amounted to DKK 8.3bn.

New efficient business procedures being introduced under the title of "Formula One" have considerably reduced the turnaround time for major overhauls. Once the new processes are fully supported by the IT infrastructure, this will enable FLS Aerospace to greatly increase utilisation of hangar capacity and enhance profitability. Airline will be able to better fit in major service overhauls during the busy summer months. Formula One has reduced working hours by between 20 and 40% depending on the aircraft type. Shorter turnaround time combined with efficient invoicing of customers is improving FLS Aerospace's cash flow. These improvements, which began in July, will be extended to the entire aircraft maintenance operation during 2001.

Despite its comprehensive reorganisation effort FLS Aerospace was also able to attract new business and strengthen the relations with existing customers. Britannia Airways has signed a five-year extension of its Auxiliary Power Unit lease and maintenance contract. FLS Aerospace is responsible for the heavy maintenance on Virgin Atlantic's fleet of B747s until the end of 2003. Boeing and FLS Aerospace have agreed on a modernisation project for SAA's eight B747-400s. This is the first time FLS Aerospace signs such a contract with an aircraft producer.

As part of the effort to streamline activities, heavy maintenance will cease at the Gatwick base, which in future will concentrate on light overhauls. The staff at Gatwick will therefore be reduced by 20 persons.

Component Management Group continues to maintain a high level of activity and, consequently, a high level of investment. Purchases of aircraft components totalled DKK 262m during the first nine months of 2000, which saw total Earnings Before Interest and Tax at DKK 140m and a Return On Capital Employed at 13% (on a yearly basis).

The efficiency programme launched by the new company management has entailed additional write-downs on stocks and provision for losses on contracts, so the year's total earnings before tax are estimated at DKK -540m as opposed to the previously announced DKK -490m.

The overall FLS Aerospace operation expects to be profitable in terms of EBIT as from 4th quarter of 2000. ROCE for the period under review amounts to -19%.

FLS miljø a/s

www.flsmiljo.com

FLS miljø is a supplier of biomass systems and high-technology boilers for power stations and of flue gas cleaning and desulphurisation systems within the energy sector and for power stations and other industrial sectors.

As expected, the flow of orders for flue gas cleaning systems improved, but is still highly unsatisfactory. The company expects to win a few major contracts in the coming months. These prospective orders, however, will not be reflected in the level of earnings for 2000. As part of the ongoing comprehensive rationalisation of the FLS Industries Group, FLS miljø bulk handling activities (dust conveying systems) with a total turnover during the 1st to 3rd quarters of DKK 90m will be transferred to FFE at the beginning of 2001.

DKKm	1 st - 3 rd qrt. 1999	The year 1999	1 st - 3 rd qrt. 2000
Net turnover	1,349	1,959	1,134
Gross profit	205	367	128
EBIT	(22)	15	(157)
Net profit	(25)	15	(172)
Cash flows from operating activities	6	(119)	(104)
Cash flows from operating and investing activities	8	(164)	(127)

DKKm	Turnover 1 st - 3 rd qrt. 2000	Order intake* 1 st - 3 rd qrt. 2000	Order backlog* 30.09.2000
Power stations, biomass	166	20	167
Power stations, fossil fuel	466	293	1,298
Waste incineration	15	16	16
Industrial	391	339	336
Operation and maintenance	95	97	407
Total	1,134	765	2,225

The Waste-to-Energy business has been phased out .

FLS miljø is adapting its cost structure to the narrower range of business, and part of the production will be outsourced, possibly to FFE's offices in India.

The continuing sluggish flow of orders will have an additional DKK 20m negative impact on the year's earnings. ROCE for the period under review amounted to -30%.

Other undertakings

RM Industrial Group, Pedershaab and Dansk Træemballage achieved total Earnings Before Interest and Tax at DKK 28m based on a turnover of DKK 1047m.

The associated undertaking Secil SA in which FLS Industries A/S has an indirect 22.3% interest, posted satisfactory earnings. Reference is made to the company's website www.secil.pt.

Consolidated profit and loss account

(DKKm)	1-3 qrt 1999 (unaudited)	The year 1999	1-3 qrt 2000 (unaudited)
Net turnover	15.504	20.993	13.980
Production costs	<u>11.919</u>	<u>16.180</u>	<u>10.924</u>
Gross profit	3.585	4.813	3.056
Sales and distribution costs	957	1.303	1.193
Administrative expenses and other expenses	1.732	2.324	1.787
Other operating income	<u>67</u>	<u>208</u>	<u>73</u>
EBITDA	963	1.394	149
Depreciation and write-downs of tangible fixed assets	532	801	631
Amortisation and write-downs of intangible fixed assets	<u>49</u>	<u>118</u>	<u>88</u>
EBIT	383	475	(569)
Share of pre-tax profit of associated undertakings	1.017	1.053	1.759
Profit and loss on disposal of undertakings	1.432	1.350	4
Financial income	815	1.068	1.047
Financial expenses	<u>954</u>	<u>1.190</u>	<u>1.285</u>
Earnings before tax (EBT)	2.692	2.756	956
Tax for the period	<u>153</u>	<u>216</u>	<u>148</u>
Profit for the period	2.539	2.540	808
Minority interests' share	<u>397</u>	<u>452</u>	<u>607</u>
FLS Industries A/S' share	2.142	2.088	201
Earnings per share (EPS)	46,1	44,9	4,3
EPS, adjusted for own shares, etc.	46,8	45,6	4,4

Cash flow statement for the FLS Group

(DKKm)	1-3 qrt 1999 (unaudited)	The year 1999	1-3 qrt 2000 (unaudited)
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	963	1.394	149
Adjustments	(80)	(254)	273
Change in working capital	(582)	(373)	(534)
Cash flows from operating activities before prepayments and interest	301	767	(112)
Change in prepayments from customers	577	456	(58)
Cash flows from operating activities before interest	878	1.223	(170)
Dividends received from associated undertakings	78	78	261
Financial payments and disbursements	(336)	(304)	(258)
Corporation taxed paid	(130)	(203)	(76)
Cash flows from operating activities	490	794	(243)
Cash flows from investing activities			
Acquisition of undertakings and activities	(131)	(161)	(2.024)
Disposal and discontinuance of undertakings and activities	1.941	1.941	0
Additions of fixed assets	(1.083)	(1.692)	(875)
Disposals of fixed assets	145	165	71
Other investments	(6)	68	537
Cash flows from investing activities	866	321	(2.291)
Cash flows from operating and investing activities	1.356	1.115	(2.534)
Cash flows from financing activities			
Dividends	(382)	(382)	(500)
Interest-bearing debt	(1.017)	(566)	2.831
Cash flows from financing activities	(1.399)	(948)	2.331
Change in cash funds	(43)	167	(203)
Cash funds at 1 January	732	732	899
Cash funds at end of period	689	899	696
	(43)	167	(203)

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

Consolidated balance sheet

Assets (DKK m)	1-3 qrt 1999 (unaudited)	The year 1999	1-3 qrt 2000 (unaudited)
Fixed assets			
Goodwill	369	338	1.425
Badwill	(272)	(212)	(203)
Other intangible fixed assets	14	25	65
Intangible fixed assets	111	151	1.286
Land and buildings	2.824	2.925	3.008
Plant, machinery and vessels	2.246	2.378	2.736
Operating equipment, fixtures and fittings	287	396	362
Aircraft components	1.226	1.374	1.596
Assets in course of construction	336	264	451
Tangible fixed assets	6.918	7.337	8.153
Investments in associated undertakings	2.411	2.319	3.824
Other securities and investments	117	325	324
Other fixed asset investments	20	21	27
Amount owing, pension fund contribution	66	66	70
Tax asset	118	147	219
Fixed asset investments	2.733	2.878	4.465
Total fixed assets	9.762	10.366	13.904
Current assets			
Work-in-progress for third parties	1.439	1.471	1.128
Raw materials and consumables	747	670	888
Work-in-progress	146	130	94
Finished goods and goods for resale	487	466	543
Prepayments for goods	113	131	171
Stocks	2.931	2.868	2.824
Trade debtors	3.545	3.291	3.549
Amounts owed by associated undertakings	600	601	48
Other debtors	828	877	682
Prepayments	181	342	370
Debtors	5.155	5.111	4.648
Own shares	0	0	0
Bonds and listed shares	215	150	121
Securities	215	150	121
Cash at bank and in hand	689	899	696
Total current assets	8.991	9.028	8.289
TOTAL ASSETS	18.753	19.394	22.194

Consolidated balance sheet

Liabilities (DKK m)	1-3 qrt 1999 (unaudited)	The year 1999	1-3 qrt 2000 (unaudited)
Shareholders' equity			
Share capital	930	930	930
Net revaluation reserves according to the equity method	899	925	1.891
Other reserves	4.392	3.894	3.103
FLS Industries A/S' share of shareholders' equity before proposed dividend	<u>6.221</u>	<u>5.749</u>	<u>5.924</u>
Proposed dividend distribution	0	349	0
FLS Industries A/S' share of shareholders' equity	<u>6.221</u>	<u>6.098</u>	<u>5.924</u>
Minority interests' share of shareholders' equity before proposed dividend	1.926	1.838	2.086
Proposed dividend distribution	0	147	0
Minority interests' share of shareholders' equity	<u>1.926</u>	<u>1.985</u>	<u>2.086</u>
Total consolidated shareholders' equity	<u>8.147</u>	<u>8.083</u>	<u>8.010</u>
Provisions			
Deferred tax	456	533	532
Pensions and similar commitments	58	112	77
Warranty provisions	465	443	509
Other provisions	<u>226</u>	<u>285</u>	<u>552</u>
Total provisions	<u>1.205</u>	<u>1.373</u>	<u>1.671</u>
Long-term and current liabilities			
Mortgage debt	399	369	313
Currency loans and bank debt	<u>2.096</u>	<u>2.063</u>	<u>4.023</u>
Long-term liabilities	<u>2.495</u>	<u>2.432</u>	<u>4.336</u>
Current portion of long-term debt	329	218	26
Currency loans and bank debt	964	1.087	1.218
Prepayments from customers	1.390	1.343	862
Work-in-progress	788	766	1.073
Trade creditors	1.833	2.093	1.868
Amounts owed to affiliated undertakings	151	82	219
Amounts owed to associated undertakings	3	3	1
Corporation tax payable	32	33	78
Other creditors	1.070	1.347	2.390
Deferred income	<u>346</u>	<u>534</u>	<u>442</u>
Current liabilities	<u>6.906</u>	<u>7.506</u>	<u>8.177</u>
Total long-term and current liabilities	<u>9.401</u>	<u>9.938</u>	<u>12.513</u>
Total long-term and current liabilities and provisions	<u>10.606</u>	<u>11.311</u>	<u>14.184</u>
TOTAL LIABILITIES	<u>18.753</u>	<u>19.394</u>	<u>22.194</u>

Notes not referred to in the above

Breakdown of the Group by core businesses in the period
Equity specification
Specification of the profit and loss account on quarters

**Consolidated profit and loss account
specified on each quarter**

(DKKm)	1st quarter 2000 <small>(unaudited)</small>	2nd quarter 2000 <small>(unaudited)</small>	3rd quarter 2000 <small>(unaudited)</small>
Net turnover	4.295	4.874	4.811
Production costs	<u>3.275</u>	<u>4.001</u>	<u>3.648</u>
Gross profit	1.020	873	1.163
Sales and distribution costs	339	399	455
Administrative expenses and other expenses	565	618	604
Other operating income	<u>25</u>	<u>16</u>	<u>32</u>
EBITDA	141	(128)	136
Depreciation and write-downs of tangible fixed assets	208	190	233
Amortisation and write-downs of intangible fixed assets	<u>13</u>	<u>22</u>	<u>53</u>
EBIT	(80)	(340)	(149)
Share of pre-tax profit of associated undertakings	1.655	97	7
Profit and loss on disposal of undertakings	2	3	(1)
Financial income	450	370	227
Financial expenses	<u>481</u>	<u>470</u>	<u>334</u>
Earnings before tax (EBT)	1.546	(340)	(250)
Tax for the period	<u>18</u>	<u>71</u>	<u>59</u>
Profit for the period	1.528	(411)	(309)
Minority interests' share	528	64	16
FLS Industries A/S' share	1.000	(474)	(325)

Breakdown of the Group by core businesses in the period

DKKkm	FFE	APH	FLS Aerospace	FLS miljø	Other business ¹	Parent & elm. ²	FLS Group
Net turnover	5.381	4.136	2.403	1.134	1.143	(217)	13.980
Production costs	4.680	2.314	2.337	1.005	854	(265)	10.924
Gross profit	702	1.823	65	129	288	49	3.056
Contribution margin	13,0%	44,1%	2,7%	11,4%	25,2%		21,9%
Capacity costs	864	1.084	348	251	209	152	2.907
EBITDA	(162)	738	(282)	(121)	79	(103)	149
EBITDA ratio	-3,0%	17,9%	-11,7%	-10,7%	7,0%		1,1%
Depreciation	111	321	145	22	62	(31)	631
Amortisation	27	64	0	14	3	(21)	88
EBIT	(301)	353	(427)	(157)	14	(51)	(569)
EBIT ratio	-5,6%	8,5%	-17,8%	-13,9%	1,2%		-4,1%
Share of pre-tax profit of associated undertakings	0	1.636	0	0	0	124	1.759
Profit and loss on disposal of undertakings	3	(15)	0	0	0	16	4
Net financial income and expenses	24	(110)	(141)	(13)	(19)	21	(238)
EBT (earnings before tax)	(274)	1.864	(569)	(170)	(5)	111	956
EBT ratio	-5,1%	45,1%	-23,7%	-15,0%	-0,5%		6,8%
Tax for the period	29	(110)	2	(2)	(9)	(58)	(148)
Profit/loss for the period	(245)	1.754	(567)	(172)	-14	53	808
Minority interests' share	6	599	1	0	2	0	607
FLS Industries A/S' share	(250)	1.155	(568)	(172)	(16)	53	201
Cash flows							
Cash flows from operating activities	(133)	551	(264)	(104)			(243)
Acquisition and disposal of undertakings	(3)	(2.014)	0	0			(2.024)
Additions of fixed assets	(54)	(440)	(313)	(7)			(875)
Disposals of fixed assets	0	44	0	0			71
Other investments	53	546	0	(16)			537
Cash flows from investing activities	(4)	(1.864)	(313)	(23)			(2.291)
Cash flows from operations and investments	(137)	(1.313)	(577)	(127)			(2.534)
Cash flows from financing activities	(77)	1.948	489	107			2.331
Change in cash funds	(214)	635	(88)	(20)			(203)
Interest-bearing net debt/balances	(680)	2.855	2.511	143	412	358	5.599
BALANCE SHEET							
Intangible fixed assets	164	1.804	(202)	43	26	(549)	1.286
Tangible fixed assets	953	3.716	2.603	79	771	31	8.153
Fixed asset investments	260	3.167	20	15	46	956	4.465
Current assets	4.920	3.114	1.302	804	735	(2.587)	8.289
Total assets	6.297	11.801	3.723	941	1.579	(2.148)	22.194
Consolidated shareholders' equity	1.187	5.724	52	136	588	323	8.010
FLS Industries A/S' share	1.143	3.756	48	136	518	323	5.924
Provisions	511	617	354	74	67	47	1.671
Long-term and current liabilities	4.599	5.460	3.318	731	924	(2.518)	12.513
Total liabilities	6.297	11.801	3.723	941	1.579	(2.148)	22.194
Return on capital employed							
NOPAT	(175)	1.881	(473)	(143)			999
Average capital employed	3.033	7.963	2.565	474			14.004
ROCE	-5,8%	23,6%	-18,5%	-30,2%			7,1%
Number of employees at end of period	3.998	4.233	3.601	1.127	1.692	58	14.709

¹ Other businesses comprise non core businesses directly owned by FLS Industries A/S

² Parent and elm. includes the parent company FLS Industries A/S and intercompany eliminations.

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
Shareholders' equity, 01.01.2000	930	925	75	4.168	6.098	1.985	8.083
Exchange adjustments		14		29	43	7	50
Hedging				(3)	(3)	(1)	(4)
Profit for the period		952		(751)	201	607	808
Dividend distributed				(339)	(339)	(161)	(500)
Other adjustments in shareholders' equity				(76)	(76)	2	(74)
Additions and disposals of minority interests					0	(353)	(353)
Transfer between reserves					0		0
Shareholders' equity, 30.09.2000	930	1.891	75	3.028	5.924	2.086	8.010

FLS Industries A/S has acquired additional 613.356 own shares during 2000 to cover the company's option commitments.
 FLS Industries A/S now owns 1.340.660 own class B shares. The nominal value is DKK 26,8 million, or 2,9% of the share capital.

The share capital consists of shares in the following denominations:

A shares: 7.200.000 shares of DKK 20 each
 B shares: 39.286.885 shares of DKK 20 each

No additional shares has been issued in 2000.

