

Half-yearly report
1 January - 30 June 2000

The board of directors of FLS Industries A/S has today reviewed and adopted the accounts for the first half of 2000, which are outlined on the following pages.

Valby, 29 August 2000

Ib Christensen
Chairman of the Board of Directors

Peter Assam
President and CEO

HALF-YEARLY REPORT

1 January - 30 June 2000

- The FLS Group earned a total profit after tax of DKK 1,117m. Earnings before interest and tax (EBIT) amounted to DKK -420m.
- The FLS Group's financial result positively reflects the profit gained from NKT Holding's divestment of GIGA. The FLS Group share of the profit amounts to DKK 1.7bn.
- Cash flows from operating activities during the first half amounted to DKK -621m. Meanwhile the Group maintained a high level of investments, cash flows from operating and investing activities totalling DKK -909m.
- New strategy for FLS Group under implementation:
 - FFE's new cement organisation to be implemented by 1 January 2001
 - FLS miljø's capacity is aligned to the focusing on the profitable business areas
 - FLS Aerospace is expected to show a profit in the 4th quarter of 2000
 - APH's purchase of Blue Circle's share of Aalborg Portland A/S strenghtens the white cement strategy
- Group economic value added (EVA[®]) amounted to DKK 653m, and the return on capital employed (ROCE) was 9% for the first six months of 2000. When disregarding NKT Holding's disposal of GIGA, EVA[®] amounts to DKK -862m.
- As stated in the Message to the Copenhagen Stock Exchange No. 29 dated 21 July 2000, EBIT for the whole of 2000 is estimated at DKK -200m and profit before tax at nearly DKK 1.4bn. Total turnover is estimated at DKK 19bn.

The charts shown during the investor presentation will after the meeting be available at www.flsindustries.com under Investor relations. Questions regarding this announcement should be directed to CEO Peter Assam, telephone +45 36 18 18 00.

KEY FIGURES

(DKKm)	1st half 1999 (unaudited)	The year 1999	1st half 2000 (unaudited)
PROFIT AND LOSS ACCOUNT			
Net turnover	11,490	20,993	9,169
Production costs	8,975	16,180	7,276
Gross profit	2,515	4,813	1,893
<i>Contribution margin</i>	21.9%	22.9%	20.6%
Capacity costs	1,863	3,419	1,880
EBITDA	652	1,394	13
<i>EBITDA ratio</i>	5.7%	6.6%	0.1%
Depreciation	380	801	398
Amortisation	70	118	35
EBIT	202	475	(420)
<i>EBIT ratio</i>	1.8%	2.3%	-4.6%
Share of pre-tax profit of associated undertakings	941	1,053	1,752
Profit and loss on the sale of businesses	1,436	1,350	5
Net financial income and expenses	(72)	(122)	(131)
Earnings before tax (EBT)	2,508	2,756	1,206
<i>EBT ratio</i>	21.8%	13.1%	13.2%
Tax for the period	71	216	89
Profit for the period	2,438	2,540	1,117
Minority interests' share	368	452	592
FLS Industries A/S' share	2,070	2,088	526
Cash flows			
Cash flows from operating activities	(123)	794	(621)
Acquisition and disposal of undertakings	1,700	1,780	(232)
Acquisitions of fixed assets	(740)	(1,692)	(584)
Disposals of fixed assets	56	165	84
Other investments	307	68	444
Cash flows from investing activities	1,323	321	(288)
Cash flows from operating and investing activities	1,200	1,115	(909)
Cash flows from financing activities	(1,375)	(948)	446
Change in cash funds	(175)	167	(463)
Interest-bearing debt (net)	2,835	2,500	3,883
BALANCE SHEET			
Intangible fixed assets	69	151	174
Tangible fixed assets	6,875	7,337	7,580
Fixed asset investments	3,297	2,878	4,376
Current assets	8,840	9,028	8,859
Total assets	19,081	19,394	20,989
Consolidated shareholders' equity	8,031	8,083	8,583
FLS Industries A/S' share of shareholders' equity	6,318	6,098	6,186
Provisions	1,289	1,373	1,696
Long-term and current liabilities	9,761	9,938	10,710
Total liabilities	19,081	19,394	20,989
Return on capital employed			
Adjusted operating profit after tax (NOPAT)	999	2,814	1,267
Average capital employed	13,726	13,326	13,945
Return on capital employed (ROCE)	7.3%	21.1%	9.1%
FINANCIAL RATIOS			
Including minority interests' share			
Return on equity	35%	37%	13%
Equity ratio	42%	42%	41%
Number of employees, end of period	14,178	14,140	14,468
Number of employees in Denmark	5,217	4,968	4,964

Management report for the first half

The FLS Group's financial result and cash flows from operating activities in the first half of 2000 were highly unsatisfactory. Non-recurring expenses and restructuring costs had a marked impact on the net result.

After a disappointing first quarter, the flow of orders to F.L.Smidth-Fuller Engineering (FFE) rose to a satisfactory level. Sales of after-market products and services accounted for DKK 1bn. FFE's financial result is suffering from the declining profits on two American turnkey projects. The first six months of 2000 saw a continuation of the rapid growth and high level of earnings among the Aalborg Portland Holding companies as a whole. In January, FLS Aerospace embarked upon a drastic turnaround process. The very disappointing order intake at FLS miljø underlines the urgency of the major restructure currently taking place.

In January, the associated company, NKT Holding A/S, sold its subsidiary GIGA with a profit of DKK 4.9bn of which DKK 1.7bn has accrued to the FLS Group. On 24 August, NKT Holding A/S announced a buy-back program of own shares and an extraordinary dividend payment in 2001. The FLS Group intends to maintain its present ownership at 35 per cent by selling shares.

In the spring a strategic review of the Group's activity base was undertaken. As a result, the Group is now sharpening the focus of its business portfolio and targeting the activities of several operating units. In the longer term, growth will be generated by F.L.Smidth Fuller Engineering products and services for the cement and mineral processing industries and by Aalborg Portland Holding cement-based building materials. In the short term, the aim for FLS Aerospace is to become a profitable operation and to adjust the FLS miljø business platform. Non-strategic activities will be developed with a view to subsequent sale. There is no intention of spinning off the investment in NKT Holding. The strategic plan necessitates a number of restructuring costs and provisions that are included in the projected financial result for 2000.

The new strategy will improve cash flow generation and increase profitability, enabling the Group to largely finance growth from operating income and to provide a competitive return on the shareholders' investment. The considerable negative cash flows from operating activities during the first half highlight the need for firmer control of the Group.

The Group's economic value added (EVA[®]) including the profit gained by NKT Holding A/S's sale of GIGA amounted to DKK 653m for the first half of 2000.

When disregarding NKT Holding's sale of GIGA, however, the Group's EVA[®] is reduced to DKK -862m.

DEF 1994 has appealed the Danish High Court decision in the case of faulty non-asbestos roofing sheets to the Supreme Court. The company expects to win the case and has therefore made no provisions.

Events after the balance sheet date

The Board of Directors has appointed Peter Assam Group President and Chief Executive Officer and Birgitte Nielsen new Group Chief Financial Officer (Stock Exchange message No. 29).

The FLS Group announces its new strategy and estimated earnings for 2000 (Stock Exchange Message No. 29).

The FLS Group has acquired Blue Circle's 50 per cent holding in Aalborg Portland A/S at a price close to DKK 1.5bn. The company is now again a wholly-owned FLS Group subsidiary (Stock Exchange message No. 32).

Dansk Eternit Holding acquires an over 50 per cent stake in the Polish fibre cement producer IZOPOL (Stock Exchange message No. 31).

Unicon Beton has taken over a competing American concrete pumping business (Stock Exchange Message No. 26).

Prospects for 2000

Earnings before interest and tax (EBIT) are expected to amount to DKK –200m and earnings before tax nearly DKK 1.4bn based on a turnover of DKK 19bn.

The consolidated profit for 2000 will reflect non-recurring items in the range of DKK 600m, mainly due to the restructuring of FLS Aerospace and adjustments made in accordance with the Group's new strategy. The main items are as follows:

Restructuring costs reduced FLS Aerospace earnings in the first half by DKK 330m compared with DKK 50m in the second half. The total amount, DKK -380m, includes the DKK 180m already stated in the earnings forecast in Stock Exchange Message No. 11. The restructuring of FFE will commence in the second half and will cost approximately DKK 100m. Revision of the FLS miljø business portfolio and capacity adjustments will impact earnings at the amount of DKK 65m in the second half.

Financial report

The unaudited accounts for the first half 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 current Danish accounting standards. The accounting policies are unchanged in relation to the 1999 annual accounts. The comparative figures for the first half 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 first six months amounts to DKK 9.2bn, a DKK 2.3bn decline on the same period the year before. When adjusted for the disposal of DanTransport Holding in 1999 turnover has risen by DKK 1.5bn including some DKK 360m attributable to higher exchange rates. The growth in turnover derives primarily from FFE.

Declining profits on two FFE turnkey projects will reduce the total consolidated **contribution ratio** to 20.6%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) include DKK 330m in costs generated by the Group's strategy plan. In the first half of 2000 DKK 7m worth of negative goodwill in FLS Aerospace was taken to income compared with DKK 50m in the first half of 1999. Depreciation and amortisation of intangible fixed assets are around the same level as in the same period of 1999.

EBIT for the first six months amounts to DKK -420m. EBIT for the whole of 2000 is estimated at DKK -200m.

Income from **associated undertakings** accounts for DKK 1.7bn; most of this amount is attributable to NKT Holding's divestment of GIGA.

The **financial items** have risen due to the Group's increased net interest-bearing debt.

Earnings before tax for the first six months amount to DKK 1.2bn and the net profit amounts to DKK 1.1bn including DKK 592m accruing to minority shareholders.

Cash flow statement

The Group's **cash flow from operating activities** amounts to DKK -621m. This amount mainly reflects the negative development of EBITDA and the DKK 1.2bn increase in tied-up working capital. Advance payments from FFE customers continue to rise, thus contributing positively to cash flow by the sum of DKK 164m. Dividends from associated undertakings have risen to DKK 260m. This amount includes DKK 150m from NKT Holding and DKK 97m from Secil.

Cash flow from investing activities amounts to DKK 288m representing gross investments at DKK 878m less NKT Holding's repurchase of own shares. The repurchase, amounting to DKK 590m, had a cash flow effect as from February 2000. Investments undertaken by Unicon Beton in Norway and Poland and aircraft components purchased by FLS Aerospace represent the bulk of this expenditure which also includes Aalborg Portland White's investment in Malaysia.

This amount is financed by **cash flow from financing activities** at DKK 446m and a reduction of consolidated cash funds of DKK 463m. Interest-bearing debt has therefore increased by DKK 946m. DKK 500m of this amount accounts for dividend, DKK 339m being distributed to the shareholders of FLS Industries A/S and the rest to minority shareholders.

Balance sheet

The balance sheet total has risen by DKK 1.6bn since 31 December 1999; this increase is mainly due to the proceeds from NKT Holding's sale of GIGA. Besides, the consolidated **fixed assets** reflect an increase in the stock of aircraft components, and the capital tied up in **working capital** has increased. **The provisions** made by the Group have increased as a consequence of the strategy plan, primarily with regard to FLS Aerospace.

Consolidated shareholders' equity amounts to DKK 8.5bn, an increase of DKK 500m since the end of 1999. The latter amount covers NKT Holding's divestment of GIGA less dividend distributed.

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 shareholder 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, 1560 Copenhagen V controls 52% of the shares in FLS Industries A/S

Aktieselskabet Potagua has a deposit with the FLS Industries A/S Finance Department at ordinary market terms. At the balance sheet date this deposit amounted to DKK 238m. In addition, Aktieselskabet Potagua has a deposit with FFE Invest, a member of the FLS Industries Group. This deposit amounts to DKK 22m.

Developments in the FLS Group key undertakings

F.L.Smith-Fuller Engineering

www.ffegroup.com

DKKm	1 st half 1999	The year1999	1 st half 2000
Net turnover	2,594	6,671	3,555
Gross profit	610	1,365	454
EBIT	(10)	83	(194)
Profit for the period	17	57	(123)
Cash flows from operating activities	(131)	512	(270)
Cash flows from operating an investing activities	(198)	408	(286)

DKKm	Turnover 1 st half 2000	Order intake* 1 st half 2000	Order Back- log* 30.06.2000
Cement	2,695	3,189	6,099
Mineral processing	292	456	418
Pyroprocessing	33	74	104
Chemical and petrochemical	98	96	61
Power generation	25	66	107
Other	412	176	288
Total	3,555	4,057	7,077
*sales prices			

In the second quarter FFE posted a considerably larger volume of orders than in the two preceding quarters especially from the cement industry. Contracts at a total value of DKK 1.8bn were signed for greenfield and upgrading projects for cement customers in Vietnam, Brazil and Mexico.

Higher raw material prices in the mineral processing industry are likely to pave the way for growing businesses for FFE Minerals.

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For the first time orders in the strategically important after-market exceeded DKK 1bn during a six months period.

FFE's profit for the first half was lowered by reduced profits in connection with two turnkey projects in the USA at a total amount of DKK 200m.

The FFE cash flow from operating activities amounted to DKK –270m with ROCE representing –3% on half year basis.

FFEs new cement organisation

F.L.Smidth-Fuller Engineering is reorganising its global cement business to provide its customers with a better service. The two sister companies, Danish-based F.L.Smidth & Co. and American-based Fuller Company, with a total of 2000 employees will be integrated into one unit. In this way a far more focused approach to customers and more efficient use of resources is achieved. The merger will entail the elimination of overlapping functions to save costs. Annual synergies of not less than DKK 100m are expected. Reorganisation has begun and the new structure will be operational by 1 January 2001.

The new organisation will pave the way for FFE strategy which entails that sales of turnkey, spare parts, regular maintenance and other service contracts are expected to increase significantly. The markets for equipment, spare parts and service to the cement industry exceed DKK 100bn yearly. FFE's platform for an intensified effort in this field is its knowledge of the existing production capacity, totalling 1½ billion tonnes per year, more than a third of which is installed by FFE. Historically, FFE's market is to build new and upgrade existing plants. This is a market of a total annual value of DKK 5-10bn, characterised by great regional fluctuations and a long-term global growth rate of 2-3%.

An intensified effort in the after-market, combined with greater organisational efficiency, will restore the profitability of the FFE Group and even out the fluctuations in earnings.

The FFE Group companies that are not part of the new cement and minerals organisation, viz. FLS Automation, Ventomatic, MAAG Gear, Pfister and FFE Bulk Handling, will in future take active part in a co-ordinated effort focused on the cement and minerals industry which directly and indirectly contributes the bulk of these companies' revenue. Activities not serving the cement and mineral processing industries will be spun off and developed outside the FFE organisation. The entire process will be finished by the end of the year.

Aalborg Portland Holding

www.apd.dk

DKKm	1 st half 1999	The year1999	1 st half 2000
Net turnover	2,240	4,621	2,521
Gross profit	973	2,059	1,117
EBIT	174	461	201
Profit for the period	997	1,119	1,728
Cash flows from operating activities	218	741	170
Cash flows from operating and investing activities	(117)	42	282

Overall, the companies' operating profit remained unchanged with EBIT amounting to DKK 201m. The Group's cash flow remained at a high level, amounting to DKK 170m from operating activities based on a turnover of DKK 2.5bn.

APH benefited substantially from NKT Holding's sale of GIGA which contributed DKK 1.7bn to APH earnings.

For the whole of 2000 EBIT is expected to reach the level of 1999 and the net profit is estimated at nearly DKK 2bn. Turnover is forecast at DKK 5bn.

An appeal has been lodged against the judgement of the EU Court of First Instance in the case regarding alleged participation in a market sharing arrangement in the mid 1980s. The DKK 24m fine was paid during the first half of 2000.

The continuing high level of building activity in Denmark and the mild winter contributed to Aalborg Portland achieving EBIT at DKK 133m based on a turnover of DKK 811m. Growing international competition and higher energy prices will curb earnings during the remaining part of 2000 which is likely to see a decline in building activity in Denmark.

APH is expanding its white cement business by investing in a new production line in Malaysia. Over the next 18 months, the company will double its production capacity to 1.5m tonnes. Global white cement production capacity is nearly 10 million tonnes. After the closing of the accounts for the first half, APH acquired Blue Circle's 50 per cent share of Aalborg Portland which will facilitate the process of implementing the "white strategy" by enhancing flexibility in production.

Return on capital employed (ROCE) amounted to 9% for the first half.

The difficult market for ready-mix concrete in North and South Carolina in the USA was reflected in a DKK 50m first half EBIT for Unicon Beton whose production was also hampered by bad weather conditions. Favourable trends in the Scandinavian construction sector have contributed to satisfactory earnings in these markets despite growing competition.

Unicon Beton has formed a joint Norwegian operating company incorporating a number of major domestic manufacturers in order to strengthen its position in Scandinavia.

In the Carolinas, USA, Unicon Beton in early July acquired its main competitor in the concrete pumping industry which is playing an increasingly important part of contracts for supplies of ready-mix concrete. Expansion in Poland continued with the acquisition of the remaining shares in Bauma Unicon.

The first half year saw total investments at DKK 303m and ROCE at 2 per cent.

The heavy winter storms in Denmark and France led to higher sales and earnings for Dansk Eternit Holding compared with the first half of 1999. EBIT rose to DKK 43m compared with DKK 16m in 1999. The whole of 2000 is not likely to see a continuation of the high level of activity experienced during the first half whose total turnover came close to the DKK 600m mark.

Dansk Eternit Holding's comprehensive programme of investments to automate several of its production processes is finishing in 2000. Future investments will focus on building a stronger position in European markets by improving channels of distribution and acquiring existing production facilities. Meanwhile efforts are being made to expand the company's portfolio of fibre cement products to replace other building materials.

After the end of the first half Dansk Eternit acquired a 53.1 per cent stake in the Polish fibre cement producer IZOPOL. This investment will support sales to the important East European markets and contribute to the consolidation of the industry.

The first half saw total investments amounting to DKK 83m and a ROCE at 4 per cent.

Densit continued to grow during the first half of 2000. The order book, now at DKK 40m, has doubled in size since the end of 1999. The improvement in sales is due to stronger focus on international markets. The first half saw a ROCE at 1 per cent.

NKT Holding and Spæncom

The associated undertakings NKT Holding and Spæncom are both listed companies, and reference is made to their respective half-yearly reports.

FLS Aerospace

www.flsaerospace.com

DKKm	1 st half 1999	The year 1999	1 st half 2000
Net turnover	1,439	2,962	1,669
Gross profit	291	750	2
EBIT	50	(146)	(305)
Profit for the period	0	(212)	(401)
Cash flows from operating activities	70	(216)	(257)
Cash flows from operating and investing activities	(240)	(826)	(484)

The total order backlog as per 30 June 2000 is DKK 7.8bn.

In the first half the drastic turnaround process at FLS Aerospace led to a number of redundancies. The total number of employees by the end of 2000 is expected to be 350 lower than at the end of 1999. Redundancy payments combined with other restructuring initiatives and non-recurring items have reduced earnings by DKK 330m.

The turnaround plan includes introducing an integrated organisation structure with common IT systems and business procedures throughout FLS Aerospace. To keep the restructuring process on track, company management has been strengthened at several levels by recruiting individuals with knowledge of the industry.

New efficient operational procedures introduced under the so-called Formula 1 project have reduced the turntime significantly. With the IT infrastructure of the FLS Aerospace organisation fully in place to support these processes, utilisation of hangar capacity will greatly increase and profitability will improve.

Notwithstanding the major reorganisation FLS Aerospace has also managed to attract new business, while strengthening relations with existing customers.

Component Management Group (CMG) continues to be very active, resulting in a high level of investment. So far this year, aircraft components at a total value of DKK 160m have been purchased and the remaining part of 2000 is expected to see investments to a similar level.

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Overall, FLS Aerospace is expected to generate an EBIT surplus in the fourth quarter of 2000, while the financial result for the year as a whole is forecast to be a deficit of about DKK 490m.

FLS miljø

www.flsmiljo.com

DKKm	1 st half 1999	The year 1999	1 st half 2000
Net turnover	990	1,959	809
Gross profit	165	367	80
EBIT	(6)	15	(97)
Profit for the period	(9)	15	(107)
Cash flows from operating activities	23	(119)	(230)
Cash flows from operating and investing activities	3	(164)	(248)

DKKm	Turnover 1 st half 2000	Order intake* 1 st half 2000	Order Back- log* 30.06.2000
Power stations, biomass	184	1	185
Power stations, fossil fuel	302	163	1,279
Waste incineration	13	15	49
Industrial	267	178	257
Operation and maintenance	43	61	418
Total	809	418	2,187
*sales prices			

Several years of unsatisfactory earnings at FLS miljø resulted in the appointment, during the spring, of a new chief executive officer. Since 1 June former FLS Industries Board member Jens Stephensen has been in charge of adjusting FLS miljø's portfolio of activities and cost level. The company is concentrating on the profitable areas within Flue Gas Desulpharisation, biomass plants, air pollution control and advanced boiler technology. The restructuring will decrease the number employees to less than 900 during the coming six months.

The deregulation and privatisation of the utility industry have caused a noticeable halt in the flow of orders. Prospects are positive for the company's niche products and in the longer term, outsourcing of various activities within the energy sector will provide significant business opportunities for FLS miljø. Sales to the non-energy industrial sectors have also been slow. However, there were signs of some improvement at the start of the third quarter. All together FLS miljø expects a major improvement in the order intake during the remaining part of the year.

The financial result for the first half is highly unsatisfactory. Turnover is down due to the low order intake, while capacity costs remain unchanged. Cash flow from operating activities is therefore DKK -230m and ROCE for the period under review is -16%.

Other undertakings

RM Industrial Group, Pedershaab and Dansk Træemballage achieved a total EBIT of DKK 22m based on a turnover of DKK 768m. The associated undertaking Secil SA, of which FLS Industries A/S indirectly controls 22.3%, achieved an EBIT of DKK 430m based on sales amounting to DKK 1.2bn.

Consolidated profit and loss account

(DKKm)	1st half 1999 (unaudited)	The year 1999	1st half 2000 (unaudited)
Net turnover	11,490	20,993	9,169
Production costs	<u>8,975</u>	<u>16,180</u>	<u>7,276</u>
Gross profit	2,515	4,813	1,893
Sales and distribution costs	680	1,303	738
Administrative expenses and other expenses	1,279	2,324	1,183
Other operating income	<u>96</u>	<u>208</u>	<u>41</u>
EBITDA	652	1,394	13
Depreciation and write-downs of tangible fixed assets	380	801	398
Amortisation and write-downs of intangible fixed assets	<u>70</u>	<u>118</u>	<u>35</u>
EBIT	202	475	(420)
Share of pre-tax profit of associated undertakings	941	1,053	1,752
Profit and loss on disposal of undertakings	1,436	1,350	5
Financial income	649	1,068	820
Financial expenses	<u>720</u>	<u>1,190</u>	<u>951</u>
Earnings before tax (EBT)	2,508	2,756	1,206
Tax for the period	<u>71</u>	<u>216</u>	<u>89</u>
Profit for the period	2,438	2,540	1,117
Minority interests' share	<u>368</u>	<u>452</u>	<u>592</u>
FLS Industries A/S' share	2,070	2,088	526
Earnings per share (EPS)	44.5	44.9	11.3
EPS, adjusted for own shares, etc.	45.2	45.6	11.6

Cash flow statement for the FLS Group

(DKKm)	1st half 1999 (unaudited)	The year 1999	1st half 2000 (unaudited)
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	652	1,394	13
Adjustments	(33)	(254)	316
Change in working capital	(904)	(373)	(1,177)
Cash flows from operating activities before prepayments and interest	(285)	767	(848)
Change in prepayments from customers	260	456	164
Cash flows from operating activities before interest	(25)	1,223	(684)
Dividends received from associated undertakings	26	78	260
Financial payments and disbursements	(72)	(304)	(131)
Corporation taxed paid	(52)	(203)	(66)
Cash flows from operating activities	(123)	794	(621)
Cash flows from investing activities			
Acquisition of undertakings and activities	(244)	(161)	(234)
Disposal and discontinuance of undertakings and activities	1,944	1,941	2
Additions of fixed assets	(740)	(1,692)	(584)
Disposals of fixed assets	56	165	84
Other investments	307	68	444
Cash flows from investing activities	1,323	321	(288)
Cash flows from operating and investing activities	1,200	1,115	(909)
Cash flows from financing activities			
Dividends	(401)	(382)	(500)
Interest-bearing debt	(974)	(566)	946
Cash flows from financing activities	(1,375)	(948)	446
Change in cash funds	(175)	167	(463)
Cash funds at 1 January	732	732	899
Cash funds at end of period	557	899	436
	(175)	167	(463)

The Group's cash funds consist primarily in bank balances.

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

Consolidated balance sheet
ASSETS

(DKKm)

Fixed assets

	1st half 1999 <small>(unaudited)</small>	The year 1999	1st half 2000 <small>(unaudited)</small>
Goodwill	368	338	358
Badwill	(312)	(212)	(209)
Other intangible fixed assets	13	25	25

Intangible fixed assets

Land and buildings	2,863	2,925	2,928
Plant, machinery and vessels	2,278	2,378	2,385
Operating equipment, fixtures and fittings	366	396	374
Aircraft components	1,077	1,374	1,504
Assets in course of construction	290	264	389

Tangible fixed assets

Investments in associated undertakings	2,872	2,319	3,756
Other securities and investments	315	325	323
Other fixed asset investments	37	21	25
Amount owing, pension fund contribution	32	66	65
Tax asset	40	147	207

Fixed asset investments

Total fixed assets	10,240	10,366	12,130
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Current assets

Work-in-progress for third parties	1,002	1,471	1,223
Raw materials and consumables	695	670	837
Work-in-progress	112	130	100
Finished goods and goods for resale	519	466	563
Prepayments for goods	108	131	197

Stocks

Trade debtors	3,756	3,291	3,918
Amounts owed by associated undertakings	18	601	13
Other debtors	1,674	877	1,008
Prepayments	266	342	412

Debtors

Own shares	0	0	0
Bonds and listed shares	133	150	154

Securities

Cash at bank and in hand	557	899	436
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Total current assets	8,840	9,028	8,859
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TOTAL ASSETS	19,081	19,394	20,989
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Consolidated balance sheet

LIABILITIES

(DKK m)

	1st half 1999 <small>(unaudited)</small>	The year 1999	1st half 2000 <small>(unaudited)</small>
Shareholders' equity			
Share capital	930	930	930
Net revaluation reserves according to the equity method	1,524	925	1,931
Other reserves	3,864	3,894	3,325
FLS Industries A/S' share of shareholders' equity before proposed dividend	<u>6,318</u>	<u>5,749</u>	<u>6,186</u>
Proposed dividend distribution	0	349	0
FLS Industries A/S' share of shareholders' equity	<u>6,318</u>	<u>6,098</u>	<u>6,186</u>
Minority interests' share of shareholders' equity before proposed dividend	1,713	1,838	2,397
Proposed dividend distribution	0	147	0
Minority interests' share of shareholders' equity	<u>1,713</u>	<u>1,985</u>	<u>2,397</u>
Total consolidated shareholders' equity	<u>8,031</u>	<u>8,083</u>	<u>8,583</u>
Provisions			
Deferred tax	394	533	545
Pensions and similar commitments	35	112	67
Warranty provisions	531	443	528
Other provisions	<u>329</u>	<u>285</u>	<u>556</u>
Total provisions	<u>1,289</u>	<u>1,373</u>	<u>1,696</u>
Long-term and current liabilities			
Mortgage debt	402	369	276
Currency loans and bank debt	<u>2,613</u>	<u>2,063</u>	<u>2,691</u>
Long-term liabilities	<u>3,015</u>	<u>2,432</u>	<u>2,967</u>
Current portion of long-term debt	125	218	115
Currency loans and bank debt	1,344	1,087	1,495
Prepayments from customers	1,151	1,343	1,476
Work-in-progress	576	766	813
Trade creditors	1,872	2,093	1,991
Amounts owed to affiliated undertakings	191	82	260
Amounts owed to associated undertakings	0	3	1
Corporation tax payable	36	33	37
Other creditors	1,178	1,347	1,057
Deferred income	<u>273</u>	<u>534</u>	<u>498</u>
Current liabilities	<u>6,746</u>	<u>7,506</u>	<u>7,743</u>
Total long-term and current liabilities	<u>9,761</u>	<u>9,938</u>	<u>10,710</u>
Total long-term and current liabilities and provisions	<u>11,050</u>	<u>11,311</u>	<u>12,406</u>
TOTAL LIABILITIES	<u>19,081</u>	<u>19,394</u>	<u>20,989</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>
Net turnover	4,295	4,874
Production costs	<u>2,791</u>	<u>4,485</u>
Gross profit	1,504	389
Sales and distribution costs	483	255
Administrative expenses and other expenses	904	279
Other operating income	<u>24</u>	<u>17</u>
EBITDA	141	(128)
Depreciation and write-downs of tangible fixed assets	208	190
Amortisation and write-downs of intangible fixed assets	<u>13</u>	<u>22</u>
EBIT	(80)	(340)
Share of pre-tax profit of associated undertakings	1,655	97
Profit and loss on disposal of undertakings	2	3
Financial income	450	370
Financial expenses	<u>481</u>	<u>470</u>
Earnings before tax (EBT)	1,546	(340)
Tax for the period	<u>18</u>	<u>71</u>
Profit for the period	1,528	(411)
Minority interests' share	528	64
FLS Industries A/S' share	1,000	(474)

Breakdown of the Group by core businesses in the period

DKKm	FFE	APH	FLS Aerospace	FLS miljø	Other business ¹	Parent & elm. ²	FLS Group
Net turnover	3,555	2,521	1,669	809	768	(153)	9,169
Production costs	3,102	1,403	1,667	729	562	(187)	7,276
Gross profit	454	1,117	2	80	206	34	1,893
<i>Contribution margin</i>	12.8%	44.6%	0.1%	9.9%	26.8%		20.6%
Capacity costs	566	679	218	150	144	123	1,879
EBITDA	(112)	438	(216)	(70)	62	(89)	13
<i>EBITDA ratio</i>	-3.2%	17.4%	-12.9%	-8.6%	8.1%		0.1%
Depreciation	66	208	89	15	39	(19)	398
Amortisation	16	29	0	12	2	(23)	36
EBIT	(194)	201	(305)	(97)	22	(46)	(420)
<i>EBIT ratio</i>	-5.5%	10.0%	-18.3%	-12.0%	2.8%		-4.6%
Share of pre-tax profit of associated undertakings	0	1,648	0	0	0	104	1,752
Profit and loss on disposal of undertakings	3	0	0	0	0	2	5
Net financial income and expenses	23	(53)	(97)	(8)	(12)	16	(131)
EBT (earnings before tax)	(168)	1,797	(402)	(106)	10	75	1,206
<i>EBT ratio</i>	-4.7%	26.5%	-24.1%	-13.0%	1.3%		13.2%
Tax for the period	45	(68)	1	(2)	(8)	(58)	(89)
Profit/loss for the period	(123)	1,728	(401)	(107)	2	17	1,117
Minority interests' share	3	586	1	0	1	0	592
FLS Industries A/S' share	(127)	1,142	(401)	(107)	1	17	525
Cash flows							
Cash flows from operating activities	(270)	170	(257)	(230)			(621)
Acquisition and disposal of undertakings	0	(223)	0	0			(232)
Additions of fixed assets	(30)	(251)	(243)	(5)			(584)
Disposals of fixed assets	17	16	16	0			84
Other investments	(3)	570	0	(13)			444
Cash flows from investing activities	(16)	112	(227)	(18)			(288)
Cash flows from operations and investments	(286)	282	(484)	(248)			(909)
Cash flows from financing activities	(19)	145	466	214			446
Change in cash funds	(305)	427	(18)	(34)			(463)
Interest-bearing net debt/balances	(639)	1,241	2,302	395	429	(155)	3,883
BALANCE SHEET							
Intangible fixed assets	159	704	(205)	44	27	(555)	174
Tangible fixed assets	920	3,293	2,487	83	769	28	7,580
Fixed asset investments	257	3,103	20	15	48	934	4,376
Current assets	4,802	2,981	1,513	979	781	(2,195)	8,859
Total assets	6,138	10,080	3,814	1,122	1,625	(1,789)	20,989
Consolidated shareholders' equity	1,301	5,989	208	49	600	437	8,583
FLS Industries A/S' share	1,259	3,706	206	49	530	437	6,186
Provisions	535	608	369	68	60	56	1,696
Long-term and current liabilities	4,302	3,483	3,238	1,005	965	(2,282)	10,710
Total liabilities	6,138	10,080	3,814	1,122	1,625	(1,789)	20,989
Return on capital employed							
NOPAT	(101)	1,806	(344)	(86)			1,267
Average capital employed	3,247	7,452	2,914	535			13,945
ROCE	-3.1%	24.2%	-11.8%	-16.0%			9.1%
Number of employees at end of periode	4,033	3,852	3,662	1,175	1,691	55	14,468

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		11		15	26	6	32
Hedging				(5)	(5)	(2)	(7)
Profit for the period		952		(428)	524	591	1,115
Dividend distributed				(339)	(339)	(161)	(500)
Other adjustments in shareholders' equity		(30)		(88)	(118)	(13)	(131)
Additions and disposals of minority interests					0	(9)	(9)
Transfer between reserves		(2)		2	0		0
Shareholders' equity, 30.06.2000	930	1,856	75	3,325	6,186	2,397	8,583

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

No additional shares were issued in 2000.