



FLS Industries A/S
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HALF-YEARLY REPORT

1 January - 30 June 1999

The Board of Directors of FLS Industries A/S has today reviewed and adopted the report and accounts for the first half of 1999 which are outlined on the following pages.

Valby, 26 August 1999

Jens Münter
Chairman of the Board of Directors

Birger Riisager
President & Group Chief Executive Officer

FLS Industries report for the first half of 1999

The FLS Group posted a consolidated result before tax for the first half of 1999 at DKK 2.5bn as expected. As previously announced, special items in connection with DanTransport Holding and a higher net result in NKT Holding had a positive effect on the result.

The present estimate for 2nd half year results remains unchanged with the exception of FLS Aerospace Holding which anticipates lower earnings than previously estimated. It is currently uncertain whether this decline will be outweighed by successful developments in other companies, the effect of considerable orders received by F.L.Smidth-Fuller Engineering not being visible in operating results until in the coming years.

There is therefore some risk that the result for 1999 as a whole will not fully match the projections previously announced (on 22 March 1999 and 29 June 1999) of the financial result net of the above-mentioned special items being on a par with that for 1998.

The FLS Group maintains its goal of average 10 per cent annual growth in sales and earnings during the period 1999 to 2003.

In presenting the half-yearly report, FLS Industries A/S has adopted the same accounting policies as in the 1998 annual accounts. As from the 1999 annual accounts FLS Industries A/S will as previously announced present its financial results in accordance with International Accounting Standards (IAS).

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The sale of DanTransport Holding will affect the accounts for 1999 in a number of ways briefly outlined in the following. DanTransport Holding is stated in the profit and loss account until 30 June 1999. The company is not included in the balance sheet at 30 June 1999. Consideration for the transaction was paid in cash, however, as agreed between the parties DanTransport Holding's debt to FLS Industries was not paid until in July following the decisions subject to competition law.

In the first few months of 1999, the economic climate in the markets served by the FLS Group companies was highly uncertain. During the second quarter economic prospects, particularly in Europe and Asia, gradually improved. The FLS Group experienced similar trends, reflected most significantly in a gratifying flow of orders to F.L.Smidth-Fuller Engineering (FFE). Although the effect of the increasing order intake will not appear in the profit and loss account until in 2000 and 2001, FFE expects to have a considerably improved order book at the end of 1999 compared with the end of 1998.

Sales during the first year half amounted to DKK 11.4bn, representing a 12.5 per cent growth on last year's turnover for the same period which amounted to DKK 10.1bn. This growth mainly reflects the acquisition of Team Aer Lingus in December 1998, DanTransport Holding's acquisition of InterForward in the second half of 1998 and, to a lesser extent, movements in foreign exchange rates.

Sales for the whole of 1999 are expected to be on a par with 1998, the decline in turnover due to the disposal of DanTransport Holding in mid 1999 being offset by growth in the Group's key business interests.

The pre-tax result increased from DKK 349m in the first half of 1998 to DKK 2,456m in the first half of 1999. When disregarding the above-mentioned special items, the result fell from DKK 255m to DKK 196m. This decline mainly reflects timing variations between the first and second year halves, notably in F.L.Smidth-Fuller Engineering which recorded lower earnings in the first half of 1999 compared with the first half of 1998 due to a DKK 558m drop in sales.

The FLS Group consolidated result after tax rose from DKK 176m in the first half of 1998 to DKK 2,396m in the first half of 1999. When excluding the above-mentioned special items, the result after tax fell from DKK 111m to DKK 91m, thus being DKK 20m below the level of the same period last year.

Cash flow from operating activities at DKK (123m) is on a par with last year. Cash flow from investment activities at DKK 1,323m mainly represents the net effect of the disposal of DanTransport Holding at DKK 1,988m, the acquisition of undertakings at DKK 218m and net capital expenditure in the Group companies at DKK 551m.

Having sold DanTransport Holding, the FLS Group is even more strongly focused and has enhanced its financial capability, thus being better placed to strengthen the remaining key undertakings:

- F.L.Smidth-Fuller Engineering
- FLS miljø
- Aalborg Portland Holding
- FLS Aerospace Holding

The FLS Group is currently working on several activities in this respect that are expected to materialise in 1999 and 2000.

The number of employees at 30 June 1999 totalled 14,178 compared with 18,137 at 31 December 1998. The substantial reduction is mainly due to the disposal of DanTransport Holding.

1.Main and key figures for the FLS Group

PROFIT AND LOSS ACCOUNT	1st half 1999	1st half 1998	The year 1998
(DKKm)	(unaudited)	(unaudited)	
Net sales	11.361	10.099	21.492
Cost of sales	(8.878)	(7.873)	(16.598)
GROSS PROFIT	2.483	2.226	4.894
Sales, administrative, distribution and other operating costs, net	(2.320)	(1.951)	(3.976)
RESULT OF PRIMARY OPERATIONS (EBIT)	163	275	918
Share of associated undertaking results before tax	941	158	326
Profit and loss from disposal of undertakings	1.436	15	47
Financial items, net	(84)	(99)	(149)
RESULT BEFORE TAX	2.456	349	1.142
Tax on income for the period	(61)	(172)	(332)
NET RESULT FOR THE PERIOD	2.396	176	810
Minority shareholders' share of net result for the period	367	91	81
FLS Industries' share of the net result for the period	2.029	86	729

BALANCE SHEET	1st half 1999	1st half 1998	The year 1998
(DKKm)	(unaudited)	(unaudited)	
Fixed assets	10.526	9.311	10.063
Current assets	8.608	8.551	8.375
TOTAL ASSETS	19.134	17.862	18.438
FLS Industries' share of shareholders' equity	6.454	3.895	4.257
Minority shareholders' share of shareholders' equity	1.713	1.767	1.325
Total shareholders' equity	8.167	5.662	5.582
Provisions	1.588	1.571	1.753
Creditors	9.378	10.629	11.103
TOTAL LIABILITIES	19.134	17.862	18.438

CASH FLOW STATEMENT	1st half 1999	1st half 1998	The year 1998
(DKKm)	(unaudited)	(unaudited)	
Cash flow from operating activities	(123)	(103)	601
Cash flow from investment activities	1.323	(1.044)	(2.174)
Cash flow from operating and investment activities	1.200	(1.147)	(1.573)
Cash flow from financing activities	(1.375)	967	1.399
Cash flow, net	(175)	(180)	(174)

OTHER INFORMATION	1st half 1999	1st half 1998	The year 1998
(DKKm)	(unaudited)	(unaudited)	
Capital expenditure, net plus acquisition of undertakings	769	1.146	2.204
Disposal of undertakings	2.001	14	53
Depreciation	451	386	777
Interest-bearing net creditors	2.835	3.549	3.762
Number of employees, end of period	14.178	16.399	18.137

SHAREHOLDERS' EQUITY	1st half 1999	1st half 1998	The year 1998
	(DKKm)	(unaudited)	(unaudited)
FLS INDUSTRIES SHARE OF SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY - 1 January	4.257	3.815	3.815
Net result for the period	2.029	86	729
Dividend	0	0	(232)
Foreign exchange rate adjustment, net	146	(7)	(158)
Other adjustments	22	1	103
SHAREHOLDERS' EQUITY - end of period	6.454	3.895	4.257
MINORITY SHAREHOLDERS SHARE OF SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY - 1 January	1.325	1.712	1.712
Net result for the period	367	91	81
Dividend	16	(10)	(178)
Foreign exchange rate adjustment, net	8	3	(12)
Addition/disposal of minority interests	1	(27)	(216)
Other adjustments	(4)	(2)	(62)
SHAREHOLDERS' EQUITY - end of period	1.713	1.767	1.325
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	8.167	5.662	5.582

KEY FIGURES	1st half 1999	1st half 1998	The year 1998
	(unaudited)	(unaudited)	
INCLUDING MINORITY SHAREHOLDERS SHARE			
Return on shareholders' equity p.a. (%) *	36	6	15
Equity to debt ratio (%)	43	32	30
EXCLUSIVE OF MINORITY SHAREHOLDERS SHARE			
Return on shareholders' equity p.a. (%) *	38	4	18
Equity to debt ratio (%)	34	22	23
Result per share p.a. (DKK) *	43	3	16
Net worth per share (DKK)	140	84	92
Price/earnings ratio, B shares, p.a. *	4	52	8
Price/net worth, B shares	1	2	1
GENERAL KEY FIGURES			
Market price, end of period, B shares (DKK)	187	176	129
Total market capitalisation (DKKm)	8.534	8.192	5.896

The accounts for the 1st half of 1999 are drawn up according to the same principles as the year before.

Key figures are mainly stated in accordance with the guidelines issued by the Danish Financial Analysts' Association.

*) In calculating the key figures, profit and loss account items are considered on an annual basis by multiplying each item by two. Non-recurring items, however, are only stated for the half year under review. These items relate to the profit earned from the sale of DanTransport Holding and from NKT Holding's sale of its share of Lexel and to the loss incurred from the NorNed contract.

2. Comments on developments during the first half of 1999

The unaudited accounts for the first half of 1999 are drawn up in accordance with the Danish Company Accounts Act and the guidelines of the Copenhagen Stock Exchange. The accounting policies are unchanged in relation to 1998.

2.1 Profit and loss account

Sales

Sales in the first half of 1999 amounted to DKK 11.4bn as against DKK 10.1bn in the first half of 1998, representing an increase of 12.5 per cent. This growth was mainly generated by higher sales in DanTransport Holding and in FLS Aerospace Holding due to the acquisitions of InterForward Group and TEAM Aer Lingus, respectively. Exchange rate movements resulted in an increase of about DKK 125m and the net addition of companies increased turnover by some DKK 1.4bn.

As mentioned above, sales for the whole of 1999 are expected to be on a par with sales in 1998 despite the disposal of DanTransport Holding.

Sales, administrative and distribution costs and other operating items, net grew by DKK 369m or 18.9 per cent on the first half of 1998, mainly reflecting the net addition of undertakings.

Depreciation at DKK 451m is up DKK 65m or 17 per cent on the first half of 1998. The higher level of depreciation is mainly due to increasing investments in acquisitions last year, notably TEAM Aer Lingus and InterForward Group. Depreciation also includes amortisation of goodwill in connection with acquisitions at the amount of DKK 58m (1st half 1998: DKK 35m).

The result of primary operations (EBIT) at DKK 163m is somewhat lower than the result for the same period of 1998 which amounted to DKK 275m. This decline is mainly explained by greater imbalance between earnings in the first and second halves of the year.

Financial items, net cost DKK 84m in the first half of 1999 compared with DKK 99m in the first half of 1998. The lower cost is mainly due to lower interest rates while the proceeds from the sale of DanTransport Holding merely affect the period from 19 May 1999.

Profit and loss from disposal of undertakings at DKK 1,436m represents the profit from the sale of DanTransport Holding.

The share of associated undertaking results before tax amounting to DKK 941m is considerably above the DKK 158m posted for the same period of 1998. This variation is explained by the net effect of NKT Holding's disposal of its share of Lexel and lower earnings due partly to the loss of the NorNed contract.

The result before tax at DKK 2,456m, reflecting the above-mentioned special items, is thus markedly above the DKK 349m posted for the first half of 1998. When disregarding

these items, the result amounts to DKK 196m, which is DKK 59m lower than in the same period of 1998.

Tax on the result for the period under review amounted to DKK 61m in the first half of 1999 or 2.5 per cent of the pre-tax result. The relatively low amount of tax is due to the fact that the profits earned from selling DanTransport Holding and from NKT Holding's disposal of Lexel not taxable.

2.2 Balance sheet total

The **balance sheet total** at 30 June 1999 amounted to DKK 19.1bn compared with 17.9bn at 30 June 1998 and DKK 18.4bn at 31 December 1998. The increase on 30 June 1998 mainly reflects the net effect of addition of undertakings in FLS Aerospace Holding (TEAM Aer Lingus) sales of DanTransport Holding and investments by existing companies.

Goodwill in connection with acquisitions at 30 June 1999 is posted at DKK 364m, compared with DKK 550m at 30 June 1998 and DKK 690m at 31 December 1998. This decline is explained by the sale of DanTransport Holding.

Consolidated shareholders' equity at 30 June 1999 amounted to DKK 8.2bn (FLS share: DKK 6.5bn) compared with DKK 5.7bn (FLS share: DKK 3.9bn) at 30 June 1998 and DKK 5.6bn (FLS share: DKK 4.3bn) at 31 December 1998. This considerable increase mainly reflects the disposal of DanTransport Holding and the net improvements in NKT Holding. Movements in 1999 appear from the specification on page 5.

2.3 Cash flow statement

Cash flow from operating activities for the first half of 1999 amounts to DKK (123m) as against DKK (103m) for the same period of 1998. The negative difference is explained by greater imbalance between the first and second year halves.

Net investments contributed DKK 1,323m to cash flow for the first half of 1999 whereas they drained cash flow at DKK 1,044m for the same period the year before. The contribution to cash flow derives from the sale of DanTransport Holding at DKK 1,988m partly offset by investments notably in FLS Aerospace Holding in the range of DKK 300m. The Group has allocated the increase in cash flow to a DKK 1,375m reduction of debt to banks, cash funds being reduced by DKK 175m.

2.4 Acquisition and disposal of undertakings

Significant acquisitions and disposals include the following:

- Aalborg Portland Holding via its subsidiary Aalborg Portland White has acquired 40 per cent of the shares in Sinai White Portland Cement and has also acquired 10 per cent of the shares in Sinai Cement Company. Unicon Group has acquired Noco Betong AS in Norway which has since been renamed Unicon Betong AS.

- FLS Industries has sold DanTransport Holding to DFDS A/S.

3. Year 2000

The FLS Group has examined and upgraded its computer systems, control units and other electronic equipment. The Group has also drawn up emergency plans and is thus prepared for the millennium change.

4. Outlook

Sales for the whole of 1999 are expected to be around the same level as in 1998, the lowering of turnover caused by the sale of DanTransport Holding being offset by growth in the Group's key business areas.

The present estimate for 2nd half year results remains unchanged with the exception of FLS Aerospace Holding which anticipates lower earnings than previously estimated. It is currently uncertain whether this decline will be outweighed by successful developments in other companies, the effect of considerable orders received by F.L.Smidth-Fuller Engineering not being visible in operating results until in the coming years.

There is therefore some risk that the result for 1999 as a whole will not fully match the projections previously announced (on 22 March 1999 and 29 June 1999) of the financial result net of the above-mentioned special items being on a par with that for 1998.

5. Developments in the major companies of the FLS Group

The following pages contain a brief description of developments within the four key undertakings of the FLS Group, RM Industrial Group as well as the associated undertakings Secil, Portugal, and Atlas in the Philippines. A brief commentary is given on developments in DanTransport Holding during the first half year.

As in previous years, financial information on the four key undertakings is included. Considering that six months is but a short period, especially in the case of order producing businesses, only the consolidated figures for each of the major undertakings are stated. Like in previous years, the 1999 Annual Accounts statement will also include the figures of the main activities of these key undertakings.

Being listed companies, the associated undertakings NKT Holding A/S and Spæncom A/S publish their own financial statements to which reference is made. The same applies to the subsidiary company, Aalborg Portland Holding A/S.

F.L.Smidth-Fuller Engineering (FFE)

Direct ownership: 100%

DKKm	Net	Result,	Result	Result,	Total	Share-	Employ-
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	sales	primary operations	before tax & ex. items	period under review	assets	holders' equity	ees, end of period
1st half 99	2,478	(87)	(58)	(59)	5,410	1,338	3,838
1st half 98	3,036	59	85	48	5,374	1,306	3,803
1998	6,415	278	334	227	5,341	1,361	3,930

Overall, the first half of 1999 developed as anticipated.

On a worldwide basis the market for new cement plants and machinery is still considerably smaller than during the record years of 1994 to 1996, but the U.S. and Egyptian markets in particular are extremely active. Total cement consumption in Southeast Asia is beginning to grow again, having slumped in 1998 to a much lower level than in the preceding years. However, it is likely to be some years yet before this region may expect to see orders for new cement plants being placed.

During the first half of 1999, F.L.Smidth & Co. and Fuller signed large contracts with cement industry customers in the USA, Egypt, Nigeria and Argentina. In non-cement markets, FFE Minerals started off the year successfully, winning two major orders from customers in Colombia and Peru.

The flow of basic orders for single machine units, spare parts and services developed satisfactorily during the first half of 1999.

The positive order flow during the first half of 1999 and the signing of several not yet effective contracts and letters of intent for new cement plants give reason to expect an order intake for the whole of 1999 which is appreciably above that of last year.

The number of employees including those employed on a contract basis declined by about 1000 persons from early 1997 to late 1998, when disregarding the addition of staff in connection with acquisitions. This represents a 23 per cent reduction over a two year period. The necessary adjustment of capacity in terms of human resources has now been implemented, and 1999 is expected to see merely a small reduction, as the growing influx of orders in 1999 will require additional resources.

Based on a smaller backlog of orders at the start of 1999 compared with the situation one year earlier, turnover in the first half of 1999 amounted to DKK 2.5bn or about 0.5bn less than in the previous year, reflected in lower earnings. However, the financial result for the period under review reached the forecast level.

Prospects for the whole of 1999 remain a positive financial result on a lower level than in 1998. The volume of orders in hand at the end of 1999 is expected to be somewhat higher than one year earlier, thus paving the way for higher earnings in 2000 compared with 1999.

FLS miljø

Direct ownership: 100%

DKKm	Net sales	Result, primary	Result before	Result, period	Total assets	Shareholders'	Employees, end
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		oper- ations	tax & ex. items	under review		equity	of period
1st half 99	977	(19)	(19)	(22)	940	122	1,370
1st half 98	902	(18)	(16)	(20)	1,097	136	1,283
1998	1,875	16	18	(14)	916	139	1,226

The financial result for the first half of 1999 was as anticipated. The company's new strategy, adding complete refuse incineration plants and power stations including bio-mass-fired units to its scope of business, has resulted in a strong flow of orders and a solid backlog of business.

The volume of orders received in 1999 is therefore expected to reach a record level in FLS miljø's history.

Consolidation of the new companies acquired in 1997 and 1998 as part of the new strategy is progressing according to plan.

New structures and systems are lowering the company's level of costs, increasing its competitiveness and, as a consequence, helping to improve its financial results.

Prospects for the year's net result remain promising, although it will reflect the fact that the benefits of synergy and the recognition of income from new lines of business will not become fully effective in 1999.

Aalborg Portland Holding

Direct ownership: 68%

DKKm	Net sales	Result, primary operations	Result before tax & ex. items	Result, period under review	Total assets	Shareholders' equity	Employees, end of period
1st half 99	2,240	173	984	990	8,024	4,485	3,700
1st half 98	1,145	141	246	162	5,076	3,364	1,819
1998	2,324	325	577	479	7,015	3,514	3,584

The profit and loss account and the balance sheet for the first half of 1999 greatly reflect the consolidation of Unicon Beton and the results of the associated undertaking NKT Holding, the latter being significantly affected by the positive result of the disposal of Lexel and the negative implications of losing the NorNed contract and reduced operating results in general.

The consolidated result before tax for the first six months of 1999 amounted to DKK 984m compared with DKK 246m for the first half of 1998. This amount includes DKK 824m related to NKT Holding (1st half 1998: DKK 80m). Primary operations have increased DKK 32m, primarily reflecting the consolidation of Unicon Beton activities as from 1999.

Depreciation for the first half of 1999 amounted to DKK 210m compared with DKK 103m for the first half of 1998. The increase derives from the consolidation of Unicon Beton A/S and amortisation of goodwill acquired in connection with taking over the 65 per cent

stake in Unicon Beton I/S and from major investments in the Dansk Eternit Holding group.

Aalborg Portland A/S improved its result after tax from DKK 63m in the first half of 1998 to DKK 73m. The improvement in results is due to growing exports of white cement. Sales to the domestic market and exports of grey cement reached the forecast level and were slightly below the volume achieved in the first half of 1998. The home market is declining due to lower building activity and the completion of supplies for the Öresund link project.

Dansk Eternit Holding A/S achieved a lower than anticipated financial result for the first half of 1999. This is mainly due to timing variations in indirect cost of sales in Dansk Eternit A/S. Dansk Eternit Holding A/S' operations in the Czech Republic also suffered from an unrealised Czech currency loss. The company expects a satisfactory financial result for the whole of 1999.

With effect from 1999, Unicon Beton A/S (formerly Færdigbeton Aalborg A/S) is included in the Aalborg Portland Holding consolidated results with all Unicon Beton's operations. As far as domestic activities are concerned, ready-mix concrete in particular contributed significantly to the result while the paving stone business suffered from fierce price competition and stagnant sales prices.

International operations have seen growing activity during the period under review. Unicon Concrete USA achieved a poorer financial result than anticipated while Sydsten Sweden and Unicon Poland exceeded expectations. Other international business units achieved the forecast level of activity.

The overall outlook for the Aalborg Portland Holding Group, as previously announced, is an improvement in the result of primary operations on 1998. However, the ordinary result adjusted for non-recurring items is expected to fall, mainly as a result of the lower estimate for NKT Holding results in 1999.

FLS Aerospace Holding

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext items	Result, period under review	Total assets	Shareholders' equity	Employees, end of period
1st half 99	1,439	52	16	3	3,085	583	3,573
1st half 98	766	(3)	(31)	(31)	1,953	686	1,851
1998	1,545	17	(9)	(110)	2,556	542	3,648

Note: As from 1999 the figures also include FLS Aerospace (IRL) Limited that was acquired late 1998.

Following the acquisition of FLS Aerospace (IRL) Limited (former TEAM Aer Lingus Limited), the FLS Aerospace Group has completed an integration process that included FLS Aerospace (UK) Limited, FLS Aerospace (IRL) Limited and FLS Aerospace (DK) A/S. Halfway through 1999 the Group is now a fully-integrated operation consisting of four business areas:

- Aircraft Overhaul

- Component Management Group
- Component Overhaul, and
- Aircraft Management Group.

During the process a number of integration gains were ascertained that will become fully effective in year 2000.

For the first half of 1999 FLS Aerospace Holding earned a result of primary operations amounting to DKK 52m compared with DKK (3m) for the first half of 1998. The result before tax for the first half of 1999 amounted to DKK 3m, a DKK 34m improvement on the 1998 first half.

Aircraft Overhaul (AOH) showed progress in Ireland as opposed to declining results in the UK. Steps have been taken to improve the situation in the UK. This entails making operations more process oriented by establishing separate production lines for servicing individual aircraft types.

Component Management Group (CMG) is making satisfactory progress and showing profitable results. Including the contracts in hand at FLS Aerospace (IRL), this business area has achieved significant progress in terms of sales and results. At the end of the first half of 1999, the company held long-term component contracts covering 316 aircraft, 38 of which were added in the first half of 1999, partly as a result of the acquisition of FLS Aerospace (IRL).

The results of Component Overhaul (COH) are unchanged and the necessary further development of this business area has been initiated.

The newly established Aircraft Management Group (AMG) business area comprises line maintenance and light maintenance in the UK and Denmark. The results in Denmark are highly unsatisfactory and less successful in the UK. A major restructure of this business area has been initiated.

FLS Aerospace Holding received new orders during the first half of 1999 at a total value of DKK 1.1bn.

The Danish company FLS Aerospace (DK) A/S, whose main task is to serve Danish charter airline, Premiair, unexpectedly posted a major loss for the first half. It is expected that FLS Aerospace (DK) A/S will continue to suffer a loss during the second half, but at a much lower level than in the first half.

Danish Aerotech A/S has been sold. The sale has not affected the results of FLS Aerospace Holding.

Overall, FLS Aerospace Holding Group expects to achieve a small profit before tax for 1999 as a whole, albeit on a somewhat lower level than previously expected, particularly due to the loss suffered by FLS Aerospace (DK) A/S.

The FLS Aerospace Group continues to develop under the adopted Prime Maintenance Organisation (PMO™) strategy.

RM Industrial Group

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext items	Result, period under review	Total assets	Shareholders' equity	Employees, end of period
1st half 99	440	10	9	3	730	345	992
1st half 98	500	27	24	20	762	356	1,086
1998	974	41	34	31	719	322	1,016

The first quarter of 1999 saw a continuation of the unsatisfactory developments that started in late 1998, but the second quarter saw signs of improvement.

The first half of 1999 resulted in a small profit for RM Industrial Group.

The sudden change in results referred to above was due to the drop in steel prices in November/December 1998, leading to write-down of stocks and postponement of orders.

The second year half is expected to see a clear improvement in earnings, although not sufficient to outweigh the unsatisfactory first half results.

The FLS Group still intends to dispose of the company.

Secil, Portugal

Direct ownership: 22%

DKKm (FLS share)	Result before tax	Result	Shareholders' equity
1st half 1999	96	55	503
1st half 1998	70	40	479
1998	142	91	454

Secil - Companhia Geral de Cal e Cimento S.A., Portugal's second-largest cement manufacturer, continues to benefit from the Portuguese building and construction industry being very active. Besides, the ongoing rationalisation process is having a positive effect on results.

This high level of activity is expected to continue for the next couple of years, leading to successful financial results.

The first half result was better than that of the same period the year before.

The whole of 1999 is likewise expected to see a financial result above that achieved the year before.

Atlas, Philippines

Direct ownership: 27%

DKKm (FLS share)	Result before tax	Result	Shareholders' equity
1st half 1999	(2)	(2)	186
1st half 1998	(3)	(3)	94
1998	(26)	(26)	165

Due to the continuing crisis in Southeast Asia the Philippine market for cement remains depressed. The result for the first half of 1999 therefore reflects declining sales, lower prices and higher financing costs.

Prospects for the second half show positive signs of normalisation of cement prices and rising activity compared with the first year half.