



FLS Industries A/S
Vigerslev Allé 77
DK-2500 Valby

HALF-YEARLY REPORT

1 January - 30 June 1998

The Board of Directors of FLS Industries A/S has today reviewed and adopted the report and accounts for the first half of 1998 which are outlined on the following pages.

Valby, 27 August 1998

Jens Münter
Chairman of the Board of Directors

Birger Riisager
President & Group Chief Executive Officer

FLS Industries report for the first half of 1998

Satisfactory result meets expectations

The overall result of the FLS Group for the first half of 1998 lived up to expectations and does not call for any revision of the original estimate for the second half. Accordingly, it is still expected that the financial result for the second half of 1998 will be significantly better than that of the first half of 1998 and that of the second half of 1997.

Sales and the consequent pre-tax result (exclusive of non-recurring items) were down in the first half of 1998 compared with the first half of 1997, primarily due to the deferment of income from the first to the second half of 1998.

1998 as a whole is expected to see a continuation of the latter years' upward trend in sales and pre-tax results (exclusive of non-recurring items).

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Generally speaking, the economic climate in the markets served by FLS Group companies has been favourable and similar to that experienced in recent years. One major exception, however, is Southeast Asia in which all countries are suffering strongly from the economic crisis that began in the summer of 1997 and has continued throughout 1998. The slump is mainly affecting the F.L.Smith-Fuller Engineering (FFE) Group which for many years has been very active in this part of the world. As anticipated, the companies in this group have not landed any major orders from Southeast Asia in 1997 and 1998, nor do they expect to do so within the next couple of years.

The FLS Group total sales dropped from DKK 10.5bn in the first half of 1997 to DKK 10.1bn in the first half of 1998. This 4 per cent decline primarily reflects the deferment of income and the mentioned developments in Southeast Asia. FFE sales declined by nearly DKK 1bn, while the rest of the FLS Group boosted its sales by nearly DKK 0.5bn or 8 per cent.

The pre-tax result (exclusive of non-recurring items) fell from DKK 438m in the first half of 1997 to DKK 334m in the first half of 1998, due to lower sales. Including non-recurring items, the result has declined by DKK 257m to DKK 349m.

The consolidated net result fell from DKK 437m for the first half of 1997 to DKK 176m for the first half of 1998.

The very high level of investments in the first half of 1998 somewhat exceeds the level that has prevailed in latter years. Net capital expenditure in existing companies amounted to DKK 639m in the first half of 1998 (1st half 1997: DKK 375m) and new acquisitions, particularly by DanTransport Holding, totalled DKK 507m (1st half 1997: DKK 210m). The level of investments is expected to remain high for the rest of 1998.

The FLS Group sold a few non-strategic undertakings in the first half of 1998, in line with its adopted strategy of focusing on eight key undertakings:

- F.L.Smidth-Fuller Engineering
- FLS miljø
- Aalborg Portland
- Dansk Eternit Holding
- Unicon Beton Holding
- DanTransport Holding
- RM Industrial Group
- FLS Aerospace Holding

The number of employees totalled 16,399 at 30 June 1998, compared with 15,187 at 31 December 1997. The net addition of companies acquired accounts for most of this over 1,000 increase in workforce.

1. Main and Key figures of the FLS Group

PROFIT AND LOSS ACCOUNT	1st half 1998	1st half 1997	The year 1997
(DKKm)	(unaudited)	(unaudited)	
Net sales	10,099	10,522	21,890
Cost of sales	<u>(7,873)</u>	<u>(8,290)</u>	<u>(17,207)</u>
Gross Profit	2,226	2,232	4,683
Sales, administrative, distribution and other operating costs, net	<u>(1,951)</u>	<u>(1,859)</u>	<u>(3,825)</u>
RESULT OF PRIMARY OPERATIONS	275	373	858
Share of associated undertakings results before tax	158	145	303
Profit and loss from disposal of undertakings	15	168	99
Financial items, net	<u>(99)</u>	<u>(80)</u>	<u>(142)</u>
RESULT BEFORE TAX	349	606	1,118
Tax on income for the period	<u>(172)</u>	<u>(169)</u>	<u>(365)</u>
NET RESULT FOR THE PERIOD	176	437	753
Minority shareholders' of net result for the period	<u>91</u>	<u>85</u>	<u>186</u>
FLS Industries' share of the net result for the period	86	352	567

BALANCE SHEET	1st half 1998	1st half 1997	The year 1997
(DKKm)	(unaudited)	(unaudited)	
Fixed assets	9,311	8,292	8,497
Current assets	<u>8,551</u>	<u>8,347</u>	<u>8,634</u>
TOTAL ASSETS	17,862	16,639	17,131
FLS Industries' share of shareholders' equity	3,895	3,836	3,815
Minority shareholders' share of shareholders' equity	<u>1,767</u>	<u>1,808</u>	<u>1,712</u>
TOTAL SHAREHOLDERS' EQUITY	5,662	5,644	5,527
Provisions	1,571	1,301	1,651
Creditors	<u>10,629</u>	<u>9,694</u>	<u>9,953</u>
TOTAL LIABILITIES	17,862	16,639	17,131

CASH FLOW STATEMENT	1st half 1998	1st half 1997	The year 1997
(DKKm)	(unaudited)	(unaudited)	
Operating cash flow	(103)	60	1,144
Cash flow from investments	(1,044)	(211)	(675)
Financing cash flow	<u>967</u>	<u>110</u>	<u>(847)</u>
Net cash flow	(180)	(41)	(378)

OTHER INFORMATION	1st half 1998	1st half 1997	The year 1997
(DKKm)	(unaudited)	(unaudited)	
Capital expenditure, net plus acquisition of undertakings	1,146	585	1,210
Disposal of undertakings	14	397	448
Depreciation	386	358	743
Interest-bearing net creditors	3,549	2,663	2,141
Number of employees, end of period	16,399	14,956	15,187

SHAREHOLDERS' EQUITY	1st half 1998	1st half 1997	The year 1997
	(DKKm)	(unaudited)	(unaudited)
FLS INDUSTRIES' SHARE OF SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY - 1 January	3,815	3,433	3,433
Net result for the period	86	352	567
Dividend	0	0	(184)
Foreign exchange rate adjustment, net	(7)	36	(2)
Other adjustments	1	15	1
SHAREHOLDERS' EQUITY - end of period	3,895	3,836	3,815
MINORITY INTERESTS' SHARE OF SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY - 1 January	1,712	1,730	1,730
Net result for the period	91	85	186
Dividend	(10)	0	(98)
Foreign exchange rate adjustment, net	3	5	5
Value adjustment of Secil	(27)	(14)	(113)
Other adjustments	(2)	2	1
SHAREHOLDERS' EQUITY - end of period	1,767	1,808	1,712
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	5,662	5,644	5,527

KEY FIGURES	1st half 1998	1st half 1997	The year 1997
	(unaudited)	(unaudited)	
INCLUDING MINORITY INTERESTS' SHARE			
Return on shareholders' equity p.a. (%)	6	16	14
Equity to debt ratio (%)	32	34	32
EXCLUDING MINORITY INTERESTS' SHARE			
Return on shareholders' equity p.a. (%)	4	19	16
Equity to debt ratio (%)	22	23	22
Result per share p.a. (DKK) *)	4	15	12
Net worth per share (DKK) *)	84	83	83
Price/earnings ratio, B shares, p.a. *)	94	15	13
Price/net worth, B shares	2	3	2
GENERAL KEY FIGURES			
Market price, end of period, B shares (DKK) *)	176	224	163
Market capitalisation (DKKm)	8,192	10,333	7,521

The accounts for the 1st half of 1998 are drawn up according to the same pri

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

2. Comments on developments during the first half of 1998

The unaudited accounts for the first half of 1998 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 1997.

2.1 Profit and loss account

Sales in the first half of 1998 amounted to DKK 10.1bn as against DKK 10.6bn in the first half of 1997. As mentioned above this development reflects a nearly DKK 1bn decline in FFE Group sales and in excess of DKK 0.5bn or 8 per cent growth in several other key companies. exchange rate variations caused a DKK 150m increase and the net effect of companies acquired was an increase in sales of about DKK 250m.

As mentioned above, sales for the whole of 1998 are estimated to exceed the DKK 21.9bn achieved in 1997.

The gross profit is unchanged compared with 1997, reflecting an increase in profit margin from 21.2 per cent in the first half of 1997 to 22.0 per cent in the first half of 1998.

Sales, administrative and distribution costs and other operating items, net have grown by DKK 90m or 5 per cent since the first half of 1997. The net addition of undertakings has meant an increase of some DKK 100m.

Depreciation, which is up DKK 28m on the first half of 1997, includes DKK 35m worth of written off goodwill in connection with acquisitions (first half 1997: DKK 21m).

Financial items, net cost DKK 99m in the first half of 1998 compared with DKK 80m in the first half of 1997. The higher cost is mainly due to an increase in interest-bearing net debt to DKK 3.5bn at 30 June 1998 from DKK 2.7bn at 30 June 1997. The increase is primarily a result of the considerable investments made in the first half of 1998 (see above).

The share of associated undertaking results before tax, amounting to DKK 158m in the first half of 1998, derives mainly from NKT Holding (35 per cent owned), which contributed DKK 79m, and Secil, Portugal, (22 per cent owned), which contributed DKK 70m.

The result before tax net of non-recurring items amounted to DKK 334m in the first half of 1998 compared with DKK 438m in the first half of 1997. The lower result mainly reflects lower sales. An unchanged level of sales and a gross profit margin of 22 per cent would have led to a nearly DKK 100m higher result.

Tax on the result for the period under review amounted to DKK 172m in the first half of 1998 or nearly 50 per cent of the pre-tax result. This very high level of tax is due to taxes payable abroad and the fact that loss-making undertakings affect the pre-tax consolidated result without lowering the amount of tax payable. For 1998 as a whole a return to a more normal rate of tax is expected.

2.2 Balance sheet total

The **balance sheet total** at 30 June 1998 amounted to DKK 17.9bn compared with DKK 16.6bn at 30 June 1997 and DKK 17.1bn at 31 December 1997. The increase mainly reflects the net addition of new undertakings and substantial investments by existing companies.

Goodwill in connection with acquisitions at 30 June 1998 is posted at DKK 550m, up from DKK 282m at 31 December 1997. This large increase mainly derives from DanTransport Holding's acquisition of InterForward AB.

Consolidated shareholders' equity at 30 June 1998 amounted to DKK 5.7bn (FLS share: DKK 3.9bn) compared with DKK 5.5bn at 31 December 1997 (FLS share: DKK 3.8bn). Developments in 1998 appear from the specification on page 5.

2.3 Cash flow statement

The operating cash flow for the first half of 1998 amounts to DKK -103m as against DKK 60m for the same period of 1997. The negative difference derives from deferment of income from the first to the second half. The cash flow from investments for the first half of 1998 amounts to DKK 1,044m compared with DKK 211m for the first half of 1997. This increase is matched by an increase in the financing cash flow from DKK 110m for the first half of 1997 to DKK 967m for the first half of 1998. The higher cash flow from net investments and financing mainly reflects acquisition of undertakings and increasing investments in existing businesses and the financing of these activities.

2.4 Acquisition and disposal of undertakings

Significant acquisitions that have taken place in 1998 are listed below (date indicates when the company was included in FLS consolidated accounting):

- F.L.Smidth-Fuller Engineering
 - **Pfister Holding**, Germany (1 July 1998)
 - 16.5 per cent of **Fuller India Ltd.** now 96.5 per cent owned.
- FLS miljø
 - **Krüger Waste** (1 February 1998)
- Aalborg Portland
 - 50 per cent of **Cemmiljø** (1 January 1998)
- Unicon Beton Holding
 - 15 per cent of **Unicon Phinma**, the Philippines. Ownership share now amounts to 40 per cent.
 - **Hoots Concrete**, North Carolina (1 June 1998)

- Dansk Eternit Holding
 - 6 per cent of **Cembrit Moravia**, Czech Republic (formerly Ezanova a.s.) now 62 per cent owned.
- DanTransport Holding
 - **InterForward**, Sweden (30 June 1998)
 - The remaining 46 per cent interest in **Tollpost-Globe Holding**, Norway (1 January 1998)
 - 14 per cent interest in **Dubois** of France (1 July 1998)
- FLS Aerospace Holding
 - **FLS Aerospace A/S** established in Copenhagen Airport (16 March 1998)
- FLS Industries A/S
 - 7 per cent interest in **Atlas Cement Corporation**, Philippines, now 27 per cent owned.

1998 has seen the disposal of the following major undertakings:

- FLS miljø
 - **Airpol Inc.**, USA (1 May 1998)
- FLS Industries A/S
 - The activities of **SK Emballage** (1 July 1998, 1 August 1998, respectively)

3. Outlook

In the 1997 Annual Accounts statement dated 24 March 1998, prospects for 1998 were described as follows:

" The prospects for the future are based on the following general assumptions:

- Economic trends: The crisis in Asia will not accelerate further and the countries will slowly revert to a more normal situation during 1998 and 1999. The economic situation in the rest of the world as a whole will continue as in 1996 and 1997.
- Non-recurring items: No major non-recurring income or expenses are anticipated.

Against this background, 1998 is likely to compare with 1997 as follows:

Lower sales in F.L. Smidth-Fuller Engineering and higher or unchanged levels of sales in the other main companies.

Overall, the FLS Group forecasts higher sales, mainly due to the acquisition of undertakings.

- Higher or unchanged earnings from ordinary activities in the main companies apart from F.L.Smidth-Fuller Engineering whose lower level of activity will be reflected in a similar decline in financial result.

For the FLS Group as a whole the financial result (net of non-recurring items) is expected to be better than in 1997.

- Second half earnings are expected to be considerably above those achieved in the first half.

Overall the financial result for 1998 is estimated to exceed that for 1997."

So far, developments in 1998 have given no reason to revise the assumptions nor the estimates described above. If, however, the present situation in Southeast Asia continues and deteriorates, economic developments in other parts of the world may suffer as an indirect consequence of the crisis.

4. Developments in the major companies of the FLS Group

The following pages contain a brief description of developments within the eight key undertakings of the FLS Group as well as the associated undertakings Secil, Portugal, and Atlas in the Philippines.

As in previous years, important financial data on these businesses 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 1998 Annual Accounts statement will also include the figures of the principal subsidiaries of these businesses.

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 Aalborg Portland Holding A/S.

The price at which the FLS Group sold Faxe Kalk in 1996 is still not finally settled. The pending arbitration proceedings are not expected to lead to any major changes in the price agreed.

F.L.Smith-Fuller Engineering (FFE)

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ex. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	3,036	59	85	85	48	5,374	1,306	3,803
1st half 97	3,981	135	172	172	101	6,108	1,257	4,305
1997	8,471	327	423	423	257	6,304	1,285	4,076

The market for cement plants and machinery slumped during 1997 to a level that is 20-25 per cent below that of the previous years. The decline is expected to continue in 1998. This development can mainly be ascribed to the economic crisis in Southeast

Asia, but is partly offset by growing demand in other parts of the world, notably North and South America, the Middle East and North Africa.

During 1998, FFE continued the latter years' acquisition of businesses (see page 7) and during the rest of 1998 the Group expects to be joined by additional undertakings that will strengthen its position in the markets served.

The flow of basic orders during the first half of 1998 has been as estimated whereas the intake of major orders was very modest, similar to the last months of 1997. This development combined with a certain variation in timing has resulted in the 1998 first half sales being nearly DKK 1bn below the first half of 1997 and earnings being consequently lower.

The 1998 second half intake of particularly major orders is expected to be considerably better than that of the first half, and the estimate for the total flow of orders remains on a par with that previously stated and with that achieved in the last two years, although this is only made possible by the acquisitions mentioned above. The FFE companies have several major projects in the pipeline for which letters of intent, etc. have been received and which are expected to become final contracts before the end of 1998.

Non-cement markets are also and increasingly affected by the economic crisis in Southeast Asia which both directly and indirectly is having a negative impact on the level of demand.

Even though FFE continues to hold a large market share, the declining volume of business has made it necessary to adjust capacity accordingly, and the number of staff has been reduced in 1997 and 1998 by about 1,100 including those employed on a contract basis, but net of the workforce of companies acquired. As was the case in 1997, considerable additional costs have been incurred in connection with these adjustments. FFE's major competitors have made similar reductions.

For 1998 as a whole, sales and financial results are likely to be considerably below the level achieved in 1997.

FLS miljø

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ex. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	902	(18)	(16)	(16)	(20)	1,097	136	1,283
1st half 97	780	2	2	2	(2)	620	72	916
1997	1,631	12	11	(4)	(16)	1,024	159	1,312

The financial result for the first half of 1998 was somewhat poorer than anticipated. This is mainly explained by a lower backlog of business at the year start and a slower flow of orders in the first half of 1998 than originally estimated. With the ongoing negotiations on a few significant contracts, however, the estimated order intake for the whole of 1998 is still likely to be on a par with 1997.

The integration of FLS miljø and B&W Energi is now beginning to show the anticipated effects of synergy. Having recently acquired Krüger Waste, FLS miljø is able to offer complete boiler unit and environmental control systems to power stations, biomass facilities, and refuse incineration plants. The acquisition of Krüger Waste will have a negative effect on the financial result for 1998, as anticipated.

The restructure of the American companies including the disposal of activities in California and New Jersey has had the desired effect, and FLS Miljo Inc. therefore expects to post a 1998 result that is close to break-even.

The prospect for the whole of 1998 is a profitable result which will mark a considerable improvement on 1997.

Aalborg Portland

Direct ownership: 50%

DKKm	Net sales	Result, primary operations	Result before tax & ex. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	754	106	98	98	63	1,987	957	745
1st half 97	714	89	72	72	49	2,002	941	773
1997	1,470	250	221	221	146	2,107	893	763

Aalborg Portland A/S improved its result after tax from DKK 49m in the first half of 1997 to DKK 63m. The improvement in activity and results reflects increasing sales to the home market due to the high level of activity in the building sector.

Export sales were at the projected level which was slightly less than in the first half of 1997.

The company anticipates its 1998 result to be at least on a par with that for 1997.

The Competition Council has ruled that the prices charged by Aalborg Portland A/S in the domestic market are unreasonably high compared with the export price of grey cement. The company does not agree with the Council's opinion and has referred its decision to the Competition Appeals Board. This matter is not expected to significantly affect the company's earnings.

Dansk Eternit Holding

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ex. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	367	30	27	27	19	811	298	1,002
1st half 97	364	33	23	23	15	783	280	981
1997	770	51	34	34	27	780	278	1,015

Dansk Eternit Holding A/S achieved a better first half result than anticipated.

The improved result mainly reflects the higher sales of its subsidiaries in Finland and the Czech Republic as well as a general lowering of costs. Dansk Eternit Holding A/S' Czech operations also benefitted from the fact that the Czech rate of exchange has developed more favourably than anticipated by the company.

Dansk Eternit Holding forecasts a satisfactory result for 1998.

Unicon Beton Holding

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	948	83	72	72	45	1,578	383	1,717
1st half 97	881	81	69	69	43	1,329	322	1,581
1997	1,834	149	123	123	75	1,408	340	1,607

Unicon Beton Holding achieved a satisfactory first half year result, slightly above that for the same period of 1997.

This improvement derives from the company's activities both at home and abroad.

Despite the strike during the spring, the Danish operations as a whole posted a satisfactory financial result. Ready-mix concrete, in particular, made a positive contribution, whereas precast concrete products and concrete elements did not quite achieve the estimated result.

Activities abroad saw a growing volume of business. Unicon Concrete, USA posted a slightly lower result than anticipated while Sydsten, Sweden benefitted from the Öresund link scheme. Other international operations experienced a level of activity as forecast.

1998 is expected to see a higher financial result for Unicon Beton Holding than in 1997.

DanTransport Holding

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext. items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	2,648	34	25	25	13	2,219	459	3,842
1st half 97	2,428	35	27	27	16	1,304	257	2,810
1997	4,918	88	72	70	45	1,456	256	2,772

All subsidiaries of the DanTransport Holding Group experienced increasing activity and the Group recorded a financial result on a par with that for the previous year.

Large-scale industrial action affected the companies in Denmark and Norway and was negatively reflected in the financial results as were the preparations for and changes necessitated by the acquisition of Inter Forward AB including its subsidiaries in Sweden, Norway, Finland, UK and France. Final approval of the acquisition by the EU did not take place until mid June, so the profit and loss account is consolidated with effect from 1 July, while the balance sheet is consolidated at 30 June 1998.

The DanTransport Holding Group forecasts a much improved result for 1998 compared with 1997.

No decisive progress has been made in the pending case of the DKK 116m claim by the Customs & Excise authority which the company has refused.

RM Industrial Group

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	500	27	24	24	20	762	356	1,086
1st half 97	414	28	25	28	19	755	321	980
1997	824	52	45	49	35	747	335	969

During the first half of 1998, RMIG continued the previous year's improvement and the company expects to further strengthen its performance during the rest of the year. Having acquired a great number of businesses in recent years, the company has consolidated both its market position in Europe and its internal organisation. It expects to see continuing earnings growth in 1998 and the coming years.

FLS Aerospace Holding

Direct ownership: 100%

DKKm	Net sales	Result, primary operations	Result before tax & ext items	Result before tax	Result, period concerned	Total assets	Shareholders' equity	Employees, end of period
1st half 98	766	(3)	(31)	(31)	(31)	1,953	686	1,851
1st half 97	519	(11)	(25)	(26)	(26)	1,498	595	1,138
1997	1,108	(7)	(41)	(41)	(41)	1,533	595	1,261

During the second quarter of 1998 it was decided - with effect from 1 January 1998 - to consolidate all the FLS Group's interests in the Aerospace sector with FLS Aerospace Holding A/S becoming the parent company of FLS Aerospace Ltd., Danish Aerotech A/S and Copenhagen-based FLS Aerospace A/S which was formed in the first half of the year.

FLS Aerospace Ltd. continued to make progress in the first half of 1998, with sales at DKK 675m being 30 per cent up on the 1997 first half and the net result after interest payments being DKK 22m better at DKK -5m. The improved performance is mainly a result of the focus on and investments in Component Management. At the end of June 1998, long-term component support contracts covering 190 aircraft were effective, 60 of which represent new contracts signed in the first half.

The PMO™ concept (Prime Maintenance Organisation) under which FLS Aerospace undertakes to provide airlines with full support aircraft maintenance is gradually winning acceptance among customers. At the end of June 1998, 87 aircraft were being serviced under Full Support PMO™ contracts, 44 of which based on contracts signed during the first half of 1998.

During the first year half, FLS Aerospace Ltd. received a very satisfactory flow of orders.

In March 1998, FLS Aerospace A/S was formed in connection with the signing of a ten year PMO™ contract with Premiair, the Danish-based charter airline. As anticipated, starting up the company resulted in a net loss of DKK 10m for the first half of 1998.

Danish Aerotech A/S, which with effect from 1 April 1997 acquired the activities of its sister company, Nea-Lindberg A/S, posted a DKK 15m net loss for the first half of 1998, mainly due to timing variations.

For the whole of 1998, FLS Aerospace Ltd. expects continuing progress and a positive net result.

Due to the process of starting up business, FLS Aerospace A/S will achieve a net loss for 1998.

For the FLS Aerospace Holding Group as a whole, the profit earned by FLS Aerospace Ltd. will not be sufficient to outweigh the losses of the other subsidiaries and the consolidated result for 1998 will therefore be negative.

Secil, Portugal

Direct ownership: 22%

DKKm (FLS share)	Result before tax	Result	Shareholders' equity
1st half 1998	70	40	479
1st half 1997	85	49	487
1997	153	92	447

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.

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 slightly below that of the same period the year before.

The whole of 1998 is likewise expected to see a financial result slightly lower than the year before.

Atlas, Philippines

Direct ownership: 27%

DKKm (FLS share)	Result before tax	Result	Shareholders' equity
1st half 1998	(3)	(3)	94
1st half 1997	9	7	107
1997	9	8	74

Atlas Cement Corporation mainly markets cement produced by its subsidiary HI Cement Corporation.

Due to the crisis in Southeast Asia the result for the first half of 1998 was appreciably below that for the first half of 1997, reflecting lower sales, lower prices and higher financing costs.

The 1998 second half result is likely to be better than the first half result.

With effect from 30 June 1998, FLS Industries A/S has acquired an additional 7 per cent shareholding in Atlas Cement Corporation, thus increasing its ownership to 27 per cent.