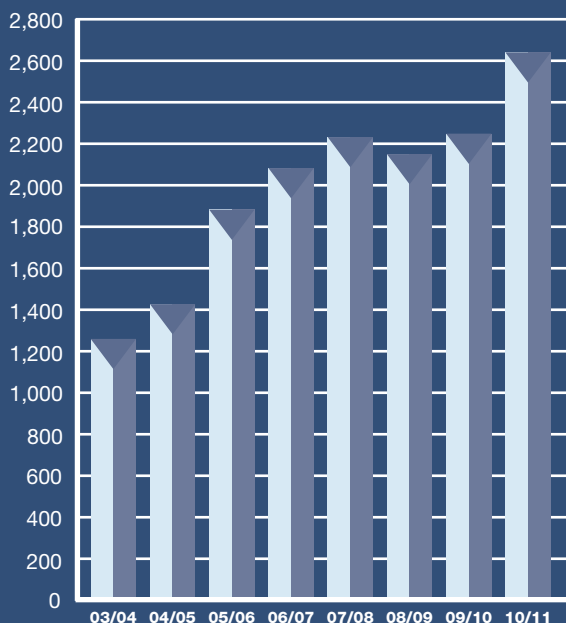
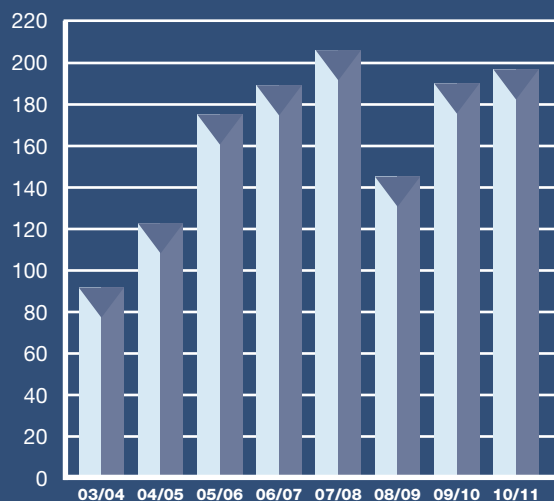


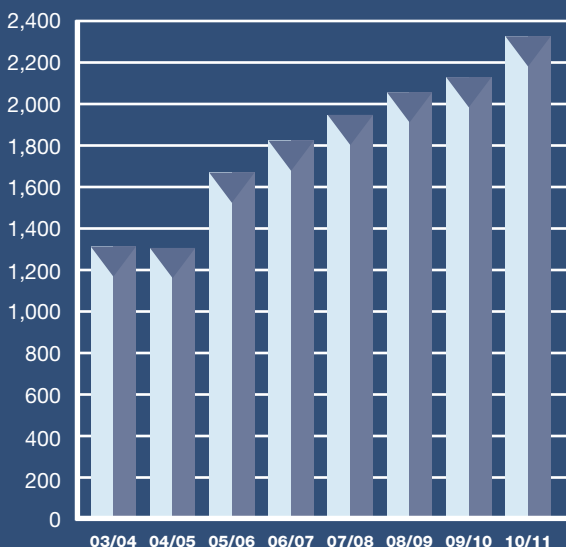
The AVK Group of Companies



Net sales - million DKK



Operating profit - million DKK



Employees in the AVK Group

Main activities

The main activities of the AVK Group are development, production and marketing of valves, hydrants and accessories for the supply of water and gas, sewage treatment and fire fighting.

Production and sale take place via the Group's network of companies in Europe, the Middle East, North and South America, Australia, Asia and Africa.

During 2010/11, AVK has acquired InterApp Armaturen Holding AG in Switzerland with related subsidiaries in Switzerland, Spain, Italy, Austria and Singapore. Furthermore, AVK has acquired 40 per cent of the shares in Shimizu Kogyo Co. Ltd, Japan.

After the closing of the financial year, AVK has acquired 65 per cent of the shares in Orbinox Valves International in San Sebastian, Spain. Orbinox has subsidiaries in Spain, Canada, India, England, China, the United States, Indonesia, Brazil, Germany and France. Orbinox's product portfolio comprises valves, primarily knife gate valves, penstocks and dampers for use within water and waste water treatment, power generation, mining, the paper industry and air separation.

Development of key financial figures

Net sales continued to show a positive development also during the past year. An increase to DKK 2.6 billion was seen, which is a growth of 17 per cent on the previous year. The acquisition of the InterApp Group made a considerable contribution to the growth in 2010/11.

The Group's market position has developed positively, among other things through the sale of new products and expansion in the new markets.

The operating profit amounted to DKK 197.5 million compared to DKK 191.0 million in 2009/10.

The operating margin has in general developed positively for the Group, but the consolidation of the InterApp Group had an initial negative impact as the company at the time of AVK's takeover was in the middle of a turnaround after having lost the distributorship of a traded product.

The most important investment in the year that has passed was the building of a factory for large-size valves in China. This factory will strengthen AVK's position in China and Asia in respect of large valves used for water treatment plants and major water transmission lines. Other investments have been on the same level as the previous year.

Expected Group developments

At the moment there is considerable uncertainty with regard to economic developments – not least in Europe, but also on a global scale. This makes it difficult to predict the market development in the coming year.

In Europe we expect the level of activity to remain at moderate level. The volume of investment in the Middle East is expected to increase in the coming year, and in general a stable to positive development is expected in markets outside Europe.

The Group's presence in the growing markets in Asia and Latin America will be continuously expanded, in the form of sales companies and local production. In these markets, there is a large need for infrastructure investments within the areas of water and waste water, and a growing share of the Group's turnover is expected to come from these markets in the years ahead.

The acquisition of InterApp and now also Orbinox has strengthened AVK's position in the industrial market for water treatment considerably, just as the Group's total product package within water and waste water treatment has been strengthened and will contribute to a general enhancement of the Group's market position in the coming year.

On the whole, a positive development of both the turnover and operating profit is expected in the coming year.



AVK HOLDING A/S
Søndergade 33
DK-8464 Galten, Denmark
Tel.: +45 86 94 38 88
Fax.: +45 86 94 48 33
www.avkvalves.com