



KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab
Sundsmarkvej 12
6400 Sønderborg
Denmark

Telephone +45 73 42 64 00
Fax +45 72 29 30 30
www.kpmg.dk

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AGRAMKOW Fluid Systems A/S

Annual Report 2006



Reg No 12 24 55 99
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Company details and financial highlights

Company details

AGRAMKOW Fluid Systems A/S
Augustenborg Landevej 19
DK-6400 Sønderborg

Telephone +45 74 12 36 36
Fax +45 74 43 36 46

Registration No 12 24 55 99
Established 1988
Registered office Sønderborg

Supervisory Board

Peter Leschly, Chairman
Lars Blavnsfeldt
Christian Cordsen Nielsen

Executive Board

Christian Cordsen Nielsen, CEO

Auditors

KPMG C Jespersen
Statsautoriseret Revisionsinteressentskab
Sundsmarkvej 12
DK-6400 Sønderborg

Bankers

Nordea

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Company details and financial highlights

Financial highlights for the group

DKK million	2006	2005	2004	2003	2002
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Key figures

Revenue	191.1	218.2	200.2	197.0	182.5
Gross margin	64.5	74.7	67.8	68.6	71.0
Operating profit	5.5	3.5	3.3	7.2	9.0
Financial items, net	-1.3	-1.1	-1.2	-0.7	-1.3
Profit for the year	4.2	2.0	-0.6	3.7	6.1

Total assets	104.1	98.0	102.9	92.1	98.9
Share capital	35.0	35.0	35.0	35.0	35.0
Equity	38.8	38.5	33.1	39.4	38.3

Cash flows from operating activities	6.7	12.4	7.2	16.4	4.7
Cash flows from investing activities	4.3	-7.6	-16.5	-6.8	-7.4
Cash flows from financing activities	-13.2	-2.6	9.2	-8.2	1.1
Total cash flows	-2.2	2.2	-0.1	1.4	-1.5

Financial ratios %

Operating margin	2.9	1.6	1.6	3.7	4.9
Return on investment	5.4	3.5	3.4	7.5	8.9
Gross margin	33.8	34.2	34.7	34.8	38.9
Current ratio	143	163	140	183	175
Equity ratio	37.3	39.2	32.3	42.8	38.7
Return on equity	10.9	5.6	-1.7	9.4	16.3

Average number of employees	160	161	159	157	150
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The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities

AGRAMKOW Fluid Systems A/S (www.agramkow.com) is the parent company of the AGRAMKOW Group, which develops, manufactures and markets high-tech processing equipment for the appliance and automotive industries, fluid maintenance equipment for automotive workshops and solutions for environment projects under the Montreal and Kyoto protocols

Equipment and solutions for the appliance manufacturers comprise among other things, integrated vacuum, leak detection and fluid fill systems as well as test and data collection systems for refrigerator, freezer and air conditioning factories worldwide. Fluid fill and data collection systems are also supplied to manufacturers of cars. Equipment for the appliance and automotive industries is developed and manufactured in Sønderborg (DK) and marketed globally through AGRAMKOW partners and the following wholly-owned sales and service companies

- AGRAMKOW Asia Pacific Pte Ltd, Singapore
- AGRAMKOW do Brasil Ltda, Brazil
- GWO Anlagenbau GmbH, Germany

Fluid maintenance equipment for automotive workshops is developed, manufactured and sold in York, PA (USA) by the wholly-owned RTI Technologies Inc (www.rtech.com), who is also the primary supplier of equipment for environmental projects

Development in activities and financial position

In 2006, the group realised revenue of DKK 191 million as against DKK 218 million the year before. Especially within equipment for the automotive industry and environmental projects, revenue did not live up to expectations, and especially the start of the year was characterised by a low level of activities.

The company reported a profit of DKK 4.2 million against DKK 2.0 million in 2005. The property in Sønderborg was sold in 2006 affecting the profit positively, see note 2. Adjusted for the sale of the property, the profit is considered not satisfactory. The company budgets for a profit in 2007.

The company's equity totalled DKK 38.8 million at year end before the distribution of dividends, corresponding to a current ratio of 37.3%. Equity was affected adversely by DKK 1.9 million during the year due to exchange rate adjustments regarding foreign subsidiaries.

The financial year saw an addition of capitalised product development of DKK 5.2 million. A major part of the development relates to a new filling concept. The filling concept will be marketed in 2007 and is expected to improve future competitiveness.

Based on the automotive industry's relocation from the UK, the legal status of the subsidiary AGRAMKOW UK Ltd is being terminated. The activities in the UK will continue as a branch forming an integral part of the parent company.

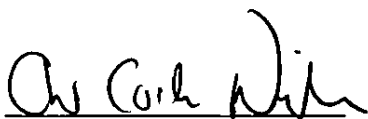
Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of AGRAMKOW Fluid Systems A/S for 2006

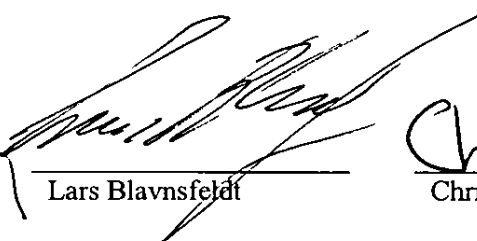
The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the group's and the company's financial position at 31 December 2006 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 1 January - 31 December 2006

We recommend that the annual report be approved at the annual general meeting

Sønderborg, 19 March 2007
Executive Board


Christian Cordsen Nielsen
CEO

Supervisory Board


Peter Leschly
Chairman
Lars Blavnsfeldt
Christian Cordsen Nielsen

Independent auditors' report

To the shareholders of AGRAMKOW Fluid Systems A/S

We have audited the annual report of AGRAMKOW Fluid Systems A/S for the financial year 1 January - 31 December 2006 from which the summarised financial statements were derived, in accordance with Danish Standards on Auditing. In our auditors' report dated 19 March 2007, we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

Basis of opinion

We planned and conducted our audit in accordance with the Danish Standard on Auditing on the auditors' report on special purpose audit engagements to obtain reasonable assurance that the summarised financial statements are consistent with the annual report from which they were derived.

Opinion


In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the annual report from which they were derived.

For a better understanding of the company's financial position and the results of its operations for the period and of the scope of our audit, the summarised financial statements should be read in conjunction with the annual report from which the summarised financial statements were derived and our auditors' report on the annual report.


Sønderborg, 19 March 2007

KPMG C.Jespersen

Statsautoriseret Revisionsinteressentskab



Jørgen S. Jacobsen
State Authorised
Public Accountant



Christian S. Christiansen
State Authorised
Public Accountant

Financial statements 1 January - 31 December

Income statement

DKK'000	Note	Consolidated		Parent company	
		2006	2005	2006	2005
Revenue		191,124	218,198	86,210	118,320
Other operating income		0	0	2,392	1,301
Changes in inventories of work in progress and finished goods		2,865	-3,632	642	-1,616
Total income		193,989	214,566	89,244	118,005
Raw materials and consumables		-106,110	-115,795	-43,213	-61,673
Other external costs		-23,397	-24,111	-9,420	-10,261
Gross margin		64,482	74,660	36,611	46,071
Staff costs	1	-58,063	-57,796	-34,352	-31,138
Depreciation	2	3,904	-9,043	5,618	-7,097
Other operating costs		-4,868	-4,345	-1,108	-1,033
Operating profit		5,455	3,476	6,769	6,803
Profit/loss from subsidiaries		0	0	-1,609	-3,409
Net financing costs	3	-1,284	-1,110	-989	-1,028
Profit from ordinary activities before tax		4,171	2,366	4,171	2,366
Tax on profit for the year	4	55	-332	55	-332
Profit for the year		4,226	2,034	4,226	2,034

Proposed profit appropriation

DKK'000	2006	2005
Proposed dividends	3,831	1,960
Retained earnings	395	74
	<u>4,226</u>	<u>2,034</u>

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	Consolidated		Parent company	
		2006	2005	2006	2005
ASSETS					
Non-current assets					
Intangible assets	5				
Development projects		10,450	10,671	7,603	8,085
		10,450	10,671	7,603	8,085
Property, plant and equipment					
Land and buildings	6	0	12,350	0	12,350
Leasehold improvements		325	309	0	0
Fixtures and fittings, tools, etc		3,460	4,584	1,606	2,678
Leased operating equipment		517	730	0	0
		4,302	17,973	1,606	15,028
Investments					
Investments in subsidiaries	7	0	0	15,713	23,647
		0	0	15,713	23,647
Total non-current assets		14,752	28,644	24,922	46,760
Current assets					
Inventories	8	30,924	27,224	13,030	14,224
Receivables					
Trade receivables		28,765	34,445	16,466	21,630
Amounts owed by subsidiaries	9	0	0	8,783	3,681
Other receivables		26,493	2,441	26,057	1,439
Prepayments		751	698	0	0
		56,009	37,584	51,306	26,750
Cash at bank and in hand		2,395	4,551	36	37
Total current assets		89,328	69,359	64,372	41,011
TOTAL ASSETS		104,080	98,003	89,294	87,771

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	Consolidated		Parent company	
		2006	2005	2006	2005
EQUITY AND LIABILITIES					
Equity	10				
Share capital		35,000	35,000	35,000	35,000
Reserve for net revaluation according to the equity method		0	0	0	0
Retained earnings		0	1,501	0	1,501
Proposed dividends		3,831	1,960	3,831	1,960
Total equity		38,831	38,461	38,831	38,461
Provisions					
Warranty provisions		2,674	3,160	1,825	2,211
Total provisions		2,674	3,160	1,825	2,211
Liabilities other than provisions					
Non-current liabilities	11				
Other banks, etc		113	13,815	0	13,537
		113	13,815	0	13,537
Current liabilities					
Instalment of non-current liabilities falling due in 2007	11	14,283	1,023	14,130	850
Bank loans and overdrafts		15,190	12,687	11,716	11,730
Prepayments received from customers		1,252	577	835	309
Trade payables		15,573	13,744	10,537	9,401
Amounts owed to subsidiaries	12	0	0	44	1,535
Corporation tax payable		0	199	0	0
Other payables		16,164	14,337	11,376	9,737
		62,462	42,567	48,638	33,562
Total liabilities other than provisions		62,575	56,382	48,638	47,099
TOTAL EQUITY AND LIABILITIES		104,080	98,003	89,294	87,771

Financial statements 1 January - 31 December

Notes

Consolidated cash flow statement

DKK'000	2006	2005
Revenue	191,124	218,198
Costs	-176,652	-205,763
Earnings contribution	14,472	12,435
Changes in inventories	-3,700	5,232
Changes in receivables	-18,425	1,092
Changes in trade and other payables	17,392	-8,104
Changes in warranties	-486	524
Exchange rate adjustment of inventories, receivables and trade receivables	-1,369	2,663
Cash flows from operations (operating activities)	7,884	13,842
Net interest received and paid	-1,284	-1,110
Corporation tax for the financial year	55	-332
Cash flows from operating activities	6,655	12,400
Investment in property, plant and equipment	9,558	-2,221
Investment in intangible assets	-5,210	-5,373
Cash flows from investing activities	4,348	-7,594
External financing		
Changes in non-current liabilities	-13,702	-939
Changes in current liabilities	2,503	-1,709
Dividends paid	-1,960	0
Cash flows from financing activities	-13,159	-2,648
Cash flows from operating, investing and financing activities	-2,156	2,158
Cash and cash equivalents at 1 January	4,551	2,393
Cash and cash equivalents at 31 December	2,395	4,551