



100 % Klinger subsidiary in Russia

Klinger Fluid Control GmbH, Austria

The official opening of KLINGER OOO in St. Petersburg on 26 May 2005 marks a new area of activity for KLINGER in Russia.

Russia has huge market potential in many industrial sectors. For KLINGER products, district heating, oil and gas, and pulp and paper are the most important. So far, KLINGER's Russian business has been developed with great success through a representative office in Moscow which achieved wide acceptance for KLINGER's KHi ball valves, mainly in Moscow's district heating market. With continuous growth year after year, sales turnover for 2004 was close to EUR 13 million.

To expand from that position from both into new geographic areas and industrial sectors, the decision was made to open a second office in the City of St. Petersburg - not as a representative office this time, but as a fully fledged subsidiary under the name of KLINGER OOO (the 'OOO' is the equivalent of a limited

company in Russia). St. Petersburg has the second most important district heating network and is also one of the centres for the pulp and paper and oil and gas industries in Russia. To serve an expanding customer base efficiently, KLINGER OOO is planning to hold significant stock in the St. Petersburg area in the near future, and will eventually begin local production of specific products. The move will be in line with official Government policy: namely, to promote local value creation as much as possible. The grand finale of the KLINGER OOO inauguration was a cruise on the river Newa, during which key customers, representatives from the Town of St. Petersburg and KLINGER personnel joined together to propose a toast to the future success of the company. ■



Günther Hirsch - Initiator and consultant of our Russian operations



**Vladimir Sokolov
Office Manager Moscow**



**Alexander Yurtschenya
Office Manager St. Petersburg**



Ados to increase manufacturing capacity

Klinger Limited, Bradford/UK

The ADOS gasket factory has experienced continuous year-on-year growth since being opened by Dr Thomas Klinger-Lohr in 2001. As a result, ADOS Managing Director Zuhair Shehada has given the go-ahead for the construction of a new purpose-built factory.

Scheduled for completion this year, the new facility will double the size of the present gasket factory and include state-of-the-art manufacturing of spiral wound gaskets, soft gaskets, metal clad gaskets, cam profiles and insulations sets.



L to R: Zuhair Shehada, Thomas Klinger-Lohr, Alan Bates and Musallam Maktoom at the inauguration of the new building.



DSM awards gasket contract to Klinger-Picoff B.V.

Klinger-Picoff B.V., Rotterdam/NL

Wiel Bastiaens explains: "There are around 5500 items featured under gaskets and hoses. We restricted the auction to the 450 bestsellers that make up 80 % of our sales. Ten suppliers were selected first of all, with four being short-listed to take part in the e-auction, including our current supplier. In the end, two new suppliers were selected: KLINGER-PICOFF N.V. in Rotterdam (NL) for gaskets, and Eriks in Alkmaar (NL) for hoses."

Win over

The Business Units wanted a 100% quality guarantee. Wiel Bastiaens says: "To gain their confidence, we joined forces with purchasers and maintenance engineers from the Business Units to work on this project. Mechanical engineers from DSM Technopartners were also involved. The Business Units were thus able to respond to our arguments and make an active contribution to the project. One thing is clear: "everyone is happy with the results achieved."

"The results of a quick scan prompted the CHEMELOT site in Geleen (NL) to launch an e-auction for gaskets and hoses", says Wiel Bastiaens, MRO Purchasing Officer at DSM Purchasing Services. "Although, initially, the Business Units showed little interest due to other commitments, they eventually came to see the importance of the auction. The results speak for themselves: we've achieved savings of 33 %."

Up to date

The two new suppliers began their deliveries to DSM on 1 July 2004. From week 36 onwards, it has also been possible to place automatic orders with them via EDI (Electronic Data Interchange). Working with new suppliers means that all speci-

fications have to be rechecked. "And that's a lot of work!" says Wiel Bastiaens. "But the great advantage is that the specs will all be up to date again. Meanwhile, our relationship with the former supplier has been managed with the utmost care, and phasing out has now begun in close consultation with them."

The future

Contracts have been tailored to the Chemelot site (DSM and SABIC). However, they can also be applied at other DSM sites in the Netherlands and Belgium, and DSM Purchasing Services will be taking this matter up with suppliers.

Wiel Bastiaens: "To gain their confidence, we joined forces with the Business Units to work on the project." ■

Commitment to Excellence



IRP 30 million expansion at Uni Klinger India

Uni Klinger Limited, Pune/India



L to R: A.R. Tipnis, D.M. Monro and T. Klinger-Lohr examining plans for the factory extension.

After a detailed inspection of the UNI KLINGER LIMITED (UKL) sealing products factory and inauguration of the new industrial gasket cutting facility, Dr Klinger-Lohr expressed his satisfaction with both the organisation of the factory and the quality of its products. Decisions on future development, he added, should take this into account, and also the company's very strong financial performance.

Dr Klinger-Lohr then met with Mr D.M. Neterwalla, the Chairman of the Neterwala Group, Mr F.D. Neterwala, Executive Director of UNI KLINGER LTD, Mr D.M. Monro, the director representing KLINGER, and UNI KLINGER CEO Mr A.R. Tipnis. Representations were also made by the senior management group.

Thomas Klinger-Lohr (R) cutting first gasket in the new gasket plant.



Dr Thomas Klinger-Lohr's recent trip to India was centred on discussions about the future development of UNI KLINGER, our joint venture with the NETERWALA GROUP.

The UKL Board of Directors has now agreed and endorsed a forward programme - a combination of new developments and important projects already in the realisation phase - that comprises the following elements:

■ Expansion of gasket sheeting production by 50 % (a 6 x 2 m calendar has already been imported from the UK, and building works to extend the factory are proceeding. The new calendar is expected to be in production before the end of August. The plant is currently running 3 shifts on six days a week, so the additional capacity is urgently needed).



Inspecting new calendar controls.

- Substantial upgrade of existing Tröster calendars, inclusive of new control systems, variable speed drive, and computer monitoring of critical parameters (as a result, calendars will be highly suitable for production of a full range of non-asbestos gasket sheeting materials).
- Installation of new mixers together with all ancillary services to support expanded calendar capacity.
- Expansion of production capacity for the new forged-steel piston valves and bellows sealed valves (these products are under consideration for marketing by KLINGER companies worldwide).
- Establishment of a dedicated team of steam industry specialists in order to provide a core R & D unit for a substantial expansion of Fluid Control Division products and thus offer a complete steam cycle of fluid control products.

Phase 1 of the new industrial gasket cutting plant, opened by Dr Klinger-Lohr and Mr F.D. Neterwala, is currently housed in the existing factory. However, a new building extension of 600 m² is under construction and when complete will house phase 1 and 2.

Building extension gasket factory.



A substantial part of this very ambitious programme is already up and running, and consistent with the objective of the Board of Directors: namely, to double the company's turnover in the next five years. ■



One step ahead KLINGERballostar® KHE

Product launch of new KLINGERballostar® KHE ball valve - The KLINGERballostar®KHE split body ball valve, the latest innovation from KLINGER FLUID CONTROL GmbH for the processing industry, was successfully launched at the West European Sales Meeting on 20 April 2005 in Gumpoldskirchen.

Taking part in this first-ever presentation event were 22 West European KLINGER Group members and trading partners who heard Mr Erwin Cichra, head of the sales department, outline the product ranges, sales approach and marketing strategies.



Finally, a tour of the KLINGER Fluid Control production area gave the international guests an insight into the production and assembly of the new KHE ball valve.



Mr Helmut Loidl, head of the development department, then ran through the specifications, approvals and technical details of the new KLINGERballostar® KHE ball valve.

Mr Anton Matejka, who is in charge of product management, underlined the valve's competitive advantages over key competitors like BAC, Pekos, and Kitz-ISO.



The presentations were received with great interest, and we are now looking forward to a high level of customer feedback.

Introducing our new Process Ball Valve: the KLINGERballostar® KHE



Klinger UK in joint venture with Bon Accord Supplies

Klinger Limited, Bradford/UK

KLINGER Limited, Bradford, is pleased to announce a joint venture with BON ACCORD SUPPLIES, Baku.

BON ACCORD has recently established a production facility for KLINGER® Maxiflex gaskets that incorporates two spiral-winding machines designed and manufactured by KLINGER Limited. As a result, BON ACCORD can now refurbish and manufacture spiral wound gaskets for the petrochemical and

chemical industries across Baku. The partnership is the latest in a long line of successful KLINGER lead ventures with gaskets suppliers and manufacturers from around the world.

BON ACCORD supplies a range of KLINGER products that include the KLINGERSIL® and KLINGER® top-chem

ranges of sheeting gaskets, as well as KLINGER® Maxiflex and Maxiprofile semi-metallic gaskets.

Since BON ACCORD was founded in 1997, the company has continued to expand and will be relocating to a new, purpose-built warehouse in the coming months that will house increased stock levels. ■

stop press....stop press...stop press...

Klinger Fluid Control GmbH, Austria

Both ball valves also share other features such as the labyrinth stuffing box operating stem and modular design.



There will be three KHE ball valve types:

KHE-FK

Nominal sizes: DN 15 - 200
Pressure range: PN 40 (PN 16)
Materials: VIII, Xc
Flange connection: EN 1092-1
Face-to-face dimens.: EN 558-1, b.s. 27

- Soft sealed, optional metal sealed.
- Spring-loaded labyrinth stuffing box, optional stem sealing with O-rings.
- Modular system with variable components.

KHE-FL

Nominal sizes: DN 15 - 200
Pressure range: PN 40 (PN 16)
Materials: VIII, Xc
Flange connection: EN 1092-1
Face-to-face dimens.: EN 558-1, b.s. 1

- High temperature range (-60 up to +300°C).
- Suitable for automation with actuators.
- Top flange connection acc. to EN ISO 5211.

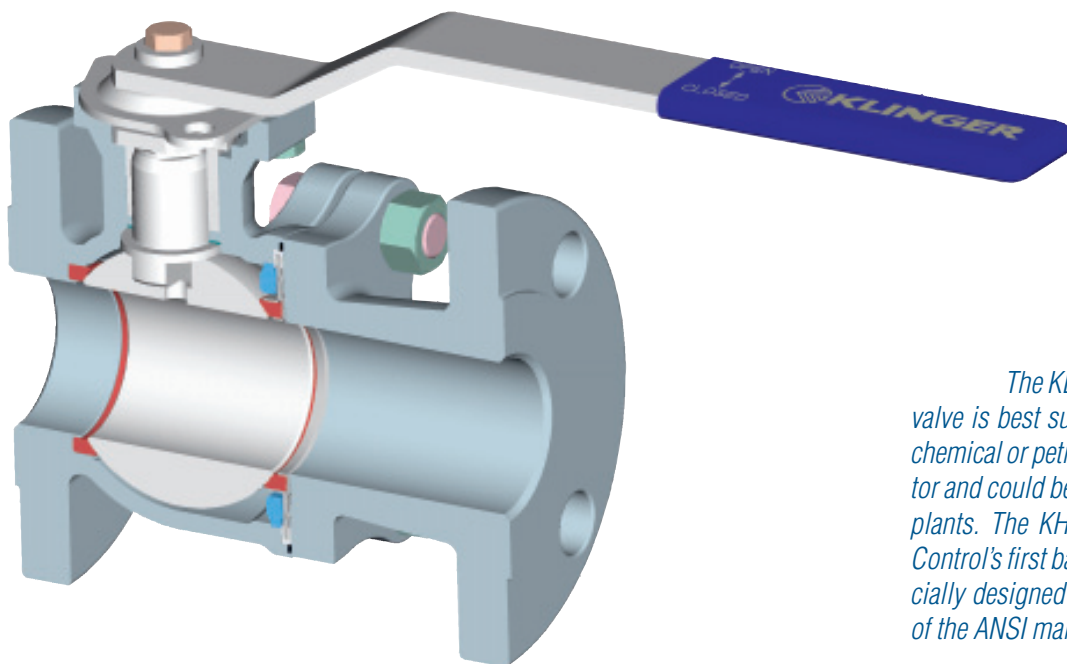
KHE-CL

Nominal sizes: NPS 1/2" - 8"
Pressure range: Class 150, Class 300
Materials: VIII, Xc
Flange connection: ANSI B16.5
Face-to-face dimens.: ANSI B16.10

- Antistatic-design.
- Maintenance-free.
- CE-marking.
- Fulfills the requirements for limiting emissions to prevent air pollution.

The KHE ball valve is a full-bore, split-body ball valve with a floating ball and a unique sealing system.

The ball, together with the two sealing elements, forms a completely leak-tight sealing chamber, whether there is fluid pressure or not. This elastic sealing system has already been proven in the KLINGERballostar® KHA.



The KLINGERballostar® KHE ball valve is best suited for application in the chemical or petro-chemical industrial sector and could be used in process-industry plants. The KHE is also KLINGER Fluid Control's first ball valve that has been specially designed to fulfill the requirements of the ANSI market segment. ■



Processing tobacco with Klinger temperature control valves

Klinger do Brasil

Classification of the raw tobacco before passing through the conditioning cylinder, picking, re-conditioning, destalking, stalk-drying, leaf-drying, pressing, baling and dispatch – these are the basic stages of tobacco processing.

At the start of the process the tobacco is dry, so disintegration is always possible. To ensure problem-free handling, it is treated with dry steam and atomised water to make it pliable. The tobacco is then sorted manually, and the leaf is separated from the stalk without breakage. After all, it is the size of the leaf that determines the tobacco's commercial value.

Successful tobacco processing is dependent on the water and steam used in the conditioning and re-conditioning cylinders and the leaf-drier. The stalk-drier, on the other hand, does not use water. The tobacco is humidified in the leaf-drier. As a result, it remains intact and can also be stored for extended periods. The stalks are then sterilised - also for long-term storage. Finally, the leaves and stalks are compacted for bundling.

The dry, saturated steam used in the process is passed through a humidity separation (steam separator) and pressure reduction system (reducing valve). The process requires accurate temperature control of the heated air, dictating the use of a completely impermeable valve with Class VI seal - possible only with the KLINGER Control Valve.

In this phase of the process, maintenance of the correct temperature (90 °C) is essential so that the water atomiser can achieve optimal humidification (40 %).

The drying sector is divided into compartments with separate drying stages where KLINGER control valves are used to achieve strictly controlled air temperatures: for example, 70 °C, 90 °C, 110 °C, 130 °C, 120 °C, 90 °C and 80 °C.

To prepare for humidification, the temperature is lowered to 40 °C in the cooling zone by introducing ambient air. The humidification zone brings the to-

bacco to 12 % humidity by heating the ambient air and injecting pressurised water to form a mist.

Thanks to extremely versatile automatic valves with precision temperature control, this project has been rated as a complete success by the customer and also serves as a model for other tobacco-producing firms in Brazil. These valves are equipped with the Class VI seal and come with the advantage of a blocking function with no need to engage the shaft - neither with automatic nor manual valves (complete impermeability).

According to the customer, the KLINGER control valves and manual piston valves provide the best seal on the market (Class VI). This system is also ideal for use in temperature-control systems due to its excellent resistance and performance in environments that require a large number of separate operations.

This project involved the specification and supply of 23 control valves and 45 manual piston valves. It was drawn up by RICHARD KLINGER IND E COM LTDA. and the company's distributor MEGA STEAM, located in Rio Grande de Sul, Brazil, in collaboration with a multinational tobacco company located in Venâncio Aires, Rio Grande do Sul. ■

KLINGER control valves and KLINGER manual piston valves in each control stage.





Indian cultural values - a Western perspective

Uni Klinger Limited, Pune/India

Over a number of years, I have been privileged to live and work in many countries - mainly Asia and Africa - and for the past eight years I have been involved in our Indian operations. Working closely with the local people, I have travelled the subcontinent more extensively than many of my Indian colleagues.

As a consequence of this comprehensive exposure, I have formed the view that, of all the countries I have seen, India has had the greatest success in preserving its traditional values - a rich cultural and religious mosaic involving customs and practices that change from city to city, even from village to village. One example is industrial law. Certain rights are preserved that we would not even consider in Western countries. In Indian culture, a person's birthplace and cultural or religious community play a very significant role. So industrial law provides that a worker has the right to special leave for pilgrimage or for travel to his birthplace on important religious, cultural or family occasions. This was first brought home to me during the construction of the UNI KLINGER sealing product factory. Three specialist technicians were involved in a time-critical task: the installation of a sound suppression lining in the generator house. One day, a group of about 200 pilgrims came walking down the road past the factory on their way to a distant shrine. They were members of the same religious sect as our technicians. So the three men downed tools and joined them. They did not return until four weeks later. Although their departure was the cause of considerable inconvenience and frustration, the project management did not question their right to express their religious commitment, and their jobs were held for them until they returned.

Mr and Mrs J.B. Tajane in traditional wedding costume as they greeted some 300 wedding guests.



From a Western perspective, the one concept that illustrates the differences in Indian cultural and religious traditions most strongly is the all-important step of marriage.

I have been to several weddings in India, and met the couples involved. At first I was astonished to find that all of these marriages were what the Western world would refer to as 'arranged'. Imagine the outrage of Western 'women's liberation' movements!

By Western standards, all couples involved were sophisticated and well educated. Yet they regarded the process in which their parents selected their marriage partner not only as quite normal, but an advantage that they really appreciated. The girls, in particular, expressed the view that they were far too young and inexperienced to make a decision as important as choosing a suitable husband and father for their children. They were only too happy to delegate that responsibility and had complete confidence in their parents' ability to make the right choice. A comparison of divorce rates in India and the Western world clearly demonstrates the success of the system.

I was a guest at the wedding of our production superintendent Mr J.B. Tajane, a mechanical engineer, and his new wife, who holds an MBA. Afterwards, I attended a dinner with the newlyweds, where we discussed some of these traditions.

For these two intelligent people, an arranged marriage was a matter of free choice. Nevertheless, the parents do not exercise their responsibility without help: regardless of religious affiliation, they will seek guidance from priests, holy men and elders when choosing the right marriage partner for their son or daughter. When the couple are first introduced, they will have a chance to get to know each other better through closely chaperoned meetings. In most cases, the girl will have three opportunities to reject the suitor selected by her parents. After that, her right of refusal will end.

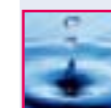
The wedding itself is a major festival, sometimes involving hundreds of people in order to ensure contact between the extended families of both partners. As the new Mr and Mrs Tajane explained, the traditions do not stop there: following the wedding, tradition normally requires the new couple to live with the husband's parents for 12 months. That gives his mother an opportunity to instruct the new bride in the traditions and customs of her husband's family and religious community. Naturally, it would have been much more convenient



Mr D.M. Monro, Director representing KLINGER at UNI KLINGER INDIA dressed as a wedding guest.

for the couple to live close to the UKL factory. But as they explained, to do so in that first 12-month period would be seen as disrespectful to Mr Tajane's parents. Respect is strongly reflected in the attitude of young people towards their elders, and reciprocated by parents, grandparents and others in the time and effort they take to counsel, encourage and advise the younger generation.

For the visitor, the Indian people's strong commitment to hospitality and friendliness, when added to such traditions, makes India a very warm and friendly place to be. Certainly, for a Westerner, the country can be very frustrating - until you realise that the manner and pace at which things proceed in India are dictated by a multitude of cultures and traditions. Nothing will ever change this fact, no matter how much you may disagree, and regardless of the influence of Western television. The people of India, the second most populated country in the world, are immensely proud of their history, and intent on preserving their values. ■



Knowledge: It's a question of communication

Tecnoflow Argentina S.A., Buenos Aires

To offer our customers optimal solutions, we have to get to know them. We have to understand the exact nature of their business, how they make their money, and their strengths and their weaknesses. For TECNOFLOW ARGENTINA S.A., participation in EXPOAGUA 2005, the sixth International Exhibition of Technology, Treatment and Environmental Cleaning, held between 10 and 13 May 2005 at the Costa Salguero Centre in Buenos Aires, was the perfect opportunity.

The products, equipment and services provided by TECNOFLOW ARGENTINA S.A. represent a real competitive advantage and thus contribute to our customers' success. And because EXPOAGUA 2005 attracted major firms like Aguas Argentinas, Aguas Cordobesas, EPAS, and Aguas de los Andes, we were able to show them that we are always eager to exchange ideas, discuss expectations and fears, and determine criteria for efficiency - in other words, that we are very much involved and ready to communicate. Only then we work with our customers to define and achieve common objectives.

With our knowledge of those objectives, we can help our customers along the road to even greater success. And the most important competitive tool we can offer? TECNOFLOW ARGENTINA S.A. itself, with its wide range of products and services - whether control valves, air valves, sluice valves, fittings, measurement, the calculation of networks, or the calculation of losses in networks.

Personnel from a number of firms (Aguas Cordobesas, EPAS, Aguas de Salta, SAMSA, Aguas de Rioja, etc.) join the TECNOFLOW team for a photo call in the gardens at our plant.



During the show we invited our principal customers together with their technical and commercial staff to visit TECNOFLOW ARGENTINA S.A.'s facilities in Buenos Aires. That way, they were able to get to know our plant, and the services and products that we provide.

The main aim of our business concept and long-term entrepreneurial strategy is to offer products that satisfy the requirements of our customers and help them make their business more successful. We seek to create the basis for a balanced relationship to the benefit of our activities and our communication with customers. That way, the customers win - and we win, too. ■



KLINGER®expert 5.1 -The next evolutionary step

Rich. Klinger Dichtungstechnik GmbH & Co. KG, Austria

The KLINGER®expert 5.1 gasket design program is a versatile piece of software to assist users in the selection of non-metallic gasket materials. It employs European industry standard calculations to generate all information needed for the selection of suitable materials.

The KLINGER®expert 5.1 range of functions include:

- Identification of best gasket material for specific applications.
- Gasket assembly design.
- Chemical and temperature suitability checks.
- Bolt torque calculations.



KLINGER®expert 5.1 Powerful Sealing Calculation

The KLINGER®expert 5.1 leaflet comes with a detailed description of the new functionality of this powerful sealing calculation.

The new features at a glance:

- No need for release code.
- KLINGER®top-sil ML1 included in calculation.
- Easy, self-explanatory flange selection.
- Media search facility, also according to chemical formula.
- Graphical analysis of gasket stresses.
- New Quick-Help function.
- Glossary of technical terms with tool-tips (keep mouse cursor on technical term to bring up the tooltip).
- Sealing material product documentation also included on the CD.
- Access to www.klinger.co.at from KLINGER®expert 5.1, too.



Successful implementation of International Financial Reporting Standards (IFRS)

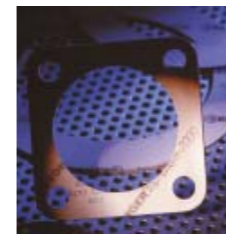
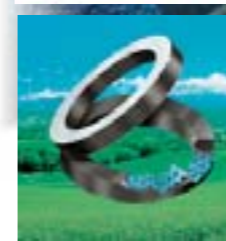
The consolidated financial statements for the year ended 31 December 2004 cover all independent KLINGER companies (Group) and the Group's associated interests. This is the first time that the statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB).

The accounting policies applied to the consolidated financial statements are for the year ended 31 December 2004, the comparative information presented in these financial statements relates to the year ended 31 December 2003, while the consolidated opening IFRS balance sheet dates from 1 January 2003 (the Group's date of transition). In preparing its consolidated opening IFRS balance sheet, the Group has adjusted the amounts previously reported in its consolidated financial statements, which were prepared in accordance with the old accounting basis (Dutch accounting standards). The consolidated statements give a true and fair view of the financial

position, results of operations and cash flows in accordance with IFRS. Introduction of IFRS began in late 2002 and ended with the consolidated annual accounts as per the consolidated annual accounts as per 31 December 2004. The CFO in charge of the independent KLINGER companies Mr Daniel Schibli is very proud that the project was brought to a successful conclusion in such a short time. Celebrations took place at the International Controllers' Meeting in Gumpoldskirchen, Austria on 19 and 20 May 2005. A sincere thanks go to all KLINGER Group controllers and their teams, as well as to KPMG Zurich and throughout the world for their huge effort and support. ■



Connect with Quality



The Global Partner for Global Players

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