

The President's Statement

- Under the present circumstances, a growth rate of 7.3% is very satisfactory

To begin with, I would like to point out that I am content with our results for the past year in spite of the fact that the Grundfos Group did not meet its overall sales budget. 2001 was a very turbulent year. It went off to a good start, but was overshadowed by the tragic events on September 11 in the United States.

Group Management and the Board estimate that a growth of 7.3% above the previous year is very satisfactory under the circumstances. Moreover, Grundfos has once again won market shares from prominent competitors. In particular, new markets such as China, Russia, India and Brazil have experienced a strong increase in sales.

The September 11 tragedy has prompted Grundfos to adhere to an even greater extent to a business model in the coming year that is in keeping with the principles of sustainable development. And I mean sustainable development in both a financial, social and environmental context. Grundfos' Danish organisation has always felt a great social responsibility towards its employees and the local communities in which we operate. These are values, which we will make a specific effort to spread to all Grundfos companies.

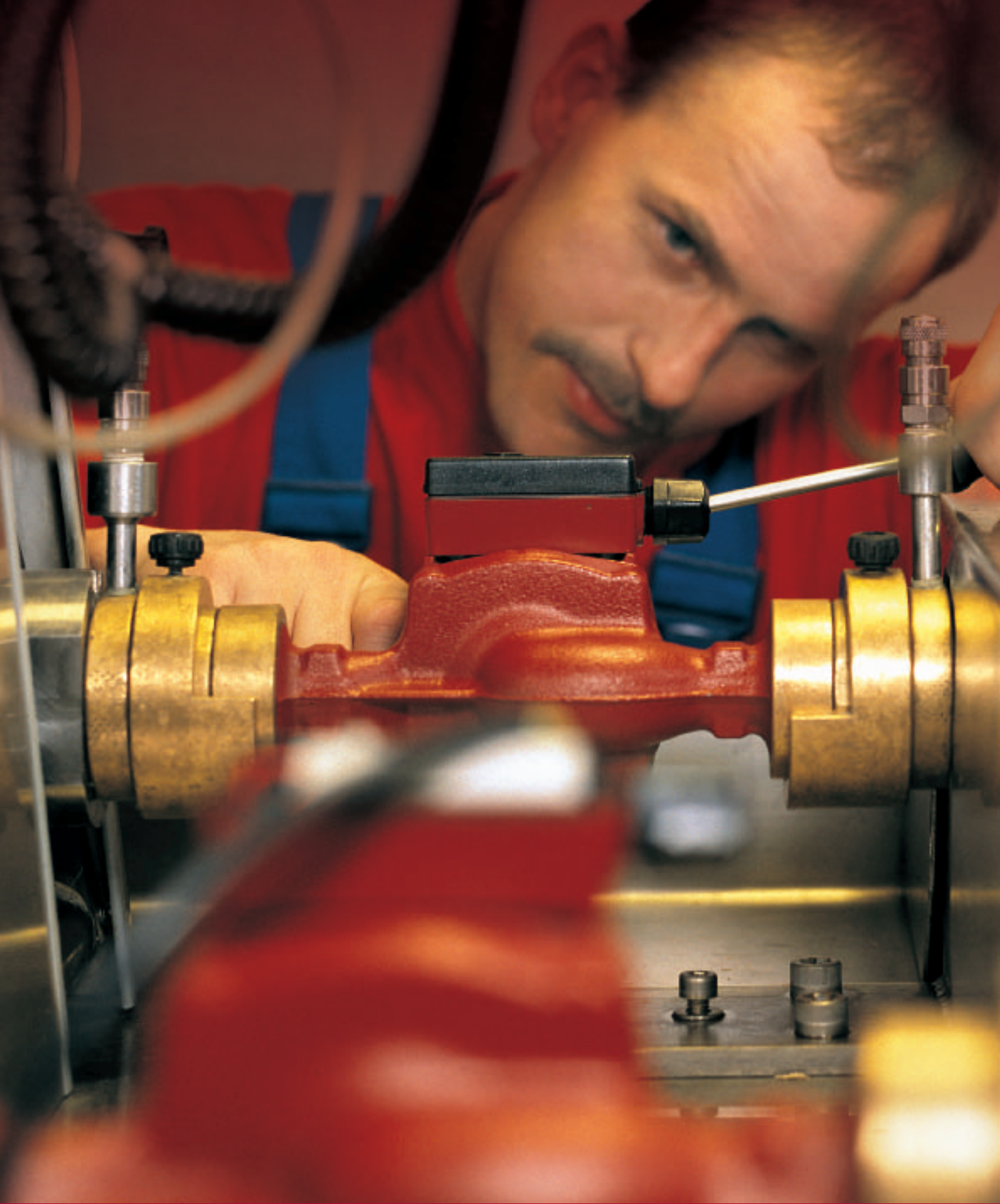
The Grundfos Group operates on a high ethical level for human rights and recently joined the Global Compact initiatives under the auspices of the UN. At present, we are working enthusiastically to implement the Group's corporate values which have been communicated to all our employees. These values are also expressed through our branding concept with the slogan Be – Think – Innovate.

In the past year, we have continued a number of strategically important projects. These will be continued in the coming year. One is our ambitious training programme for the Group's sales and marketing people at the Poul Due Jensen Academy. Another is our strategically significant eBusiness project that has laid the foundation for a closer and more direct dialogue with customers and suppliers alike. Finally, we will continue our branding project as a means to promoting Grundfos' reputation for supplying excellent quality and a value-based business concept.

The Grundfos Group maintains its target of an average annual increase in sales of 10%. This ambitious target forms the basis for the necessary financing of large investments in trend-setting product development, in cutting-edge production technologies, and increased efforts to penetrate new markets. We are committed to meeting that target in close partnership with our many loyal customers and some 11,000 dedicated employees world-wide. I would like to thank all those customers and employees who have helped us come successfully out of a difficult year.



Niels Due Jensen
President



BE > THINK > INNOVATE >



➤ The Year in Words
and Figures

Group Management's Report

➤ In the light of a difficult and unstable year, pre-tax profits of DKK 618 million are considered satisfactory. The Group will maintain its target of double digit growth and increased earnings

Annual sales of DKK 10 billion ➤ represent a major milestone in Grundfos' history.

In 2001, the world economy and general market conditions saw the most dramatic change for many years. At the beginning of the year, the outlook on global economic trends was still positive, and Group Management had high hopes for the pump market and of a double digit growth for the Grundfos Group. Our expectations were met at the beginning of the year. In the first quarter, we realised a growth of 15%, but in the following months growth in turnover slumped. In the last quarter, following the shocking September 11 tragedy, the situation became even worse.



The Group's net turnover reached DKK 10,214 million against DKK 9,522 million in 2000, corresponding to a growth above 7%. This was the first time, the Group's annual turnover exceeded DKK 10 billion - an important milestone in company history. Profit before tax landed at DKK 618 million, down 16% compared to the DKK 739 million of record-breaking 2000. In the light of a difficult and unstable year, Group Management views the growth in turnover and the pre-tax result as satisfactory.

Sales growth exceeding 7% stems from organic growth alone as the Group only acquired a minor Italian pump manufacturer during 2001. The Danish krone saw a marginal strengthening compared to the other currencies in which the Group deals. Calculated at the same exchange rate level as in 2000, this corresponds to a growth in turnover of 8%. The actual organic growth of 2001 was 8%, compared to 11% in 2000 and 6% in 1999.

Without a doubt, the Group's increased focus on effective marketing and branding and its increased activities in those fields - on both established and new markets - are part of the reason why we, again in 2001, can boast a higher growth in turnover than our main competitors. In other words, Grundfos has once again succeeded in conquering market shares.

All the Group's market segments have realised higher turnover. Building Services (Market Segment HVAC) represents the smallest growth with 3%. The Industry segment increased sales by 7%, and the Water Supply and Waste Water segment realised a growth in turnover of 12%.

Although Group Management had to face rapidly declining sales growth in mid-year, it decided to maintain the level of activity and ambition for the Group's strategic and long-term projects. These were: key product development projects, the establishment of Grundfos in new geographical areas, the ambitious branding project, the eBusiness projects and, finally, the newly established Poul Due Jensen Academy.



Grundfos adopts a comprehensive definition of sustainable development - financially, socially, and environmentally.

All the Group's market segments ➤ have seen growing sales.

We believe that these projects are crucial for the company's long-term performance, and consequently we have to accept their negative influence on the earnings level in difficult years such as 2001. Bearing that in mind, Group Management is content with a pre-tax result of DKK 618 million - corresponding to 6.1% of turnover - although it is down from the 7.8% of 2000 and a step backwards when we consider our long-term targets of a pre-tax result of 10%.

Investments in new buildings, land, production equipment, etc. amounted to DKK 900 million. This is the highest level of investment in Grundfos' history and a big step up from the DKK 731 million of 2000. This all-time high investment level was maintained in spite of the difficult market situation in 2001, which meant it could not be fully financed through the company's cash-flow.

One of the crucial elements of Grundfos' long-term strategy is our ability to maintain a position as the world's most innovative pump manufacturer, constantly launching new, trend-setting products. But as still more and more competitors are trying to copy Grundfos' products, it is essential that the Group maintains a high level of activity in R&D. For 2001, DKK 458 million was earmarked for R&D which corresponds to 4.5% of turnover, up from last year's DKK 380 million. The result for 2001 was, once again, the introduction of a number of trend-setting new products.

Developments in the Sales Regions

Normally, a slumping global economy does not hit all Grundfos' markets at the same time, but 2001 proved unusual in that respect. The Group had to face the fact that both the US, Japan and Western Europe were simultaneously hit hard by the economic downturn. It is therefore difficult to form a general picture of how the Group's sales regions fared in terms of development in turnover.

The North European region - consisting of the Nordic countries, the UK, Ireland, the Netherlands and the Baltic states - realised satisfactory double digit growth resulting from fine growth rates in the Industry segment and the new Waste Water segment, among other things.

The very important German market was once again in something of a deadlock, and in 2001 the total market for pumps in Germany was even shrinking. We are therefore pleased to see that Grundfos' sales to the wholesale market showed a growth of 5%, which is considerably better than the general trend in this market.

Other Western European markets in which Grundfos has relatively high market shares were also hit by the general economic setback. With that in mind, an average growth in turnover in these markets of some 5% is considered satisfactory.

The American region (USA, Canada and Mexico) was hit especially hard by the economic slump. At the same time, 2001 was the year when Grundfos' American sales company made a far-sighted and important decision to move our U.S. headquarters from Fresno, California, to Kansas City, Missouri. Certainly, the moving process was one of the reasons why the American company saw a somewhat flat, yet positive growth during 2001. However, an average growth of 15% in Canada and Mexico counted towards a total North American sales growth of close to 5%.



The Group has increased its concentration on effective marketing and branding. This helped us win new market shares in 2001.

In recent years, Grundfos' international sales and marketing strategy has focused intensely on generating growth in new geographical market areas. This strategy has borne fruit in 2001 and is the main reason why the Group's total growth for 2001 passed the 7% mark. Approximately a third of the Group's growth in sales of DKK 692 million stems from these new and, to Grundfos, very important markets.

Russia and China were the most rapidly growing markets with 60% and 50% respectively, placing them at the top of the Grundfos list of important geographic markets - and as markets with great future potential.

Other new markets such as Eastern Europe, India and Brazil also contributed with strong growth rates. This confirms our belief that future investments in these markets are important if the Grundfos Group is to maintain a high sales growth.

Trends in the Far East (exclusive of China) have been somewhat mixed. The most negative development was noted in a Japanese market hit by economic crisis where sales showed a small decline. In return, other markets such as Korea, Malaysia and Indonesia were boasting growth rates of over 20%. In total, sales in the Asia/Pacific region went up by some 17%, not including Japan, Australia and New Zealand.

Management and Organisation

Having successfully implemented Business Excellence in some of the Group's production companies, notable was Danish Grundfos A/S which in 2001 made it to the finals of The European Quality Award, the Group decided to launch pilot projects in two sales companies. In September 2001, Group Management saw both the Italian and Danish sales company had made impressive results as a consequence of the Business Excellence process and decided to implement the concept in all of the Group's companies within the next three years.

There are immediate results of implementing Business Excellence across countries and cultures: increased employee involvement, increased customer focus, a better overall understanding of the company and its business, and - not least - increased collaboration and exchange of experience across borders in keeping with the Group's values and branding initiatives.

*In 2001, Grundfos entered
IMD's "Dynamic Learning Network"
as a Business Associate.*

In 2001, Grundfos entered IMD's "Dynamic Learning Network" as a Business Associate. Expectations are high for our partnership with one of the world's leading Business Schools when it comes to training present and up and coming top leaders.

In 2001, we introduced the programme "Grundfos Talents" with the aim of further inspiring creativity, enterprise, and experimental thinking. The purpose is to encourage our talented employees to launch valuable projects that offer opportunities for self-development and allow them to play an active and visible part in Grundfos' development.



2001 was the year when all the Group's employees were offered employee shares in Grundfos Holding AG, Switzerland, at a favourable rate. Both Management and the Board were pleased to see that the interest for buying far exceeded the number of shares offered for sale. Consequently, we now have more than 3600 employee shareholders in Grundfos Holding AG.

Production

The strong growth from 2000 continued at the beginning of 2001, and the Group's factories were extremely busy. In mid-spring, however, things slowed down and the production management shifted its focus from increasing capacity to tightening cost control, including warehouse and capacity adjustments.

In the course of 2001, the Group moved its production of motors from Denmark to the newly established factory in Tatabánya, Hungary, which employed a total of 325 people at year-end. 20 of these employees are hired on special terms, working in a protected workshop where they - in spite of their reduced working capacity of up to 70% - completely fulfil their role in production. This is one of nine protected workshops in the Grundfos Group and the first to be established outside Denmark. The Group aims at making at least 3% of its jobs available to employees with reduced working capacity. In 2001, the second factory building in Tatabánya was completed and inaugurated. Like factory 1, it covers an area of 15,000 sq.m, and pump production is scheduled for start-up in early 2002.

In July, the Group's Danish production company, Grundfos A/S, won the Danish Logistics Award 2001. The jury's motivation for choosing Grundfos was the company's vision to provide world-class service to both external and internal customers.

Several years of research have gone into the production of micro pressure sensors which the Group decided to establish in 2001 in Farum, Denmark. Using its innovative, patented technologies, Grundfos wants to manufacture silicon wafers from which small sensors are cut out, and to surface the sensors to make them extremely durable when in contact with water. Actual production is expected to start at the turn of the year 2002-2003.

Environmental Issues

As the first company in the pump industry, the Grundfos Group began certification of all its production companies under the international environmental standard ISO 14001 in 1996. All production companies that have been in operation for three years or more now hold environmental certification, and our new Hungarian company is scheduled for 2003.

Using a joint standard for environmental management opens up an important exchange of knowledge between companies. At cross-organisational experience group meetings and through the Group's teams of auditors the companies seek to disseminate the principle of Best Practice. The result is a number of impressive improvements in 2001, which are presented in detail in our Group Environmental Report. In 2001, this report together with Grundfos A/S' first Social Report and Integrated Accounts was awarded "Best non-financial report" in Denmark.



In 2001, the Group's production of motors shifted from Denmark to the brand-new Tatabánya factory in Hungary.

IT

In 2001, the Group once again launched a number of new IT solutions, supporting Group companies in a wide range of areas. The year saw a more pronounced central management as a consequence of the generally increasing complexity of IT solutions.



The corporate SAP system was rolled out even further.

Grundfos' eBusiness activities are still aimed at streamlining and strengthening our partnership with customers and suppliers. The eBusiness department has developed a number of new online services, many of which provide product data and documentation to our customers via the Internet. Electronic commerce via EDI now also includes the use of XML technologies.

The SAP system was further developed. At the end of 2001, 26 companies were sharing a joint system for the benefit of our internal and external communication, whether it be about customer sales or production. As a natural consequence of the increased centralisation, the SAP organisation was changed accordingly. A SAP Competence Centre was established at Grundfos Management where all SAP developers were gathered in one global organisation.

Financial

The financial management undertaken by the Group's finance company includes central management and co-ordination of financial affairs. In 2001 the company mainly focused on covering the Group's currency risks, borrowing requirements, securities portfolio, cash management and insurance matters.

It is Group policy to maintain sufficient financial resources to absorb major fluctuations in its ingoing and outgoing cash flow. In the wake of the falling share prices, we found it necessary to add to our holding of shares during the year. Our portfolio is primarily made up of international shares.

Major currency risks in connection with the Group's purchase and sale of foreign exchange are hedged for a period of at least 12 months in keeping with Group policy.

The Future

The process of planning and budgeting 2002 was, as almost everything else in 2001, unusual. It is extremely difficult to predict global economic trends. And probably never before did we feel such an overwhelming need to make flexible plans and budgets. When, at the end of 2000, we were preparing our plans and budgets for 2001, all forecasters agreed that the world economy in general would take a positive course. They did not prove correct.

When making plans for 2002, we found ourselves in a completely different situation. Most forecasters had negative expectations for 2002, and only the most optimistic of them dared predict a small upturn in the world economy during the second half of 2002.

In situations like this, it is necessary to make extremely cautious and flexible plans and budgets. The Grundfos Group budget for 2002 is based on a moderate increase in expenses and a growth in turnover on a par with 2001.

Predicting global economic trends has probably never been harder. ➤



All companies have incorporated a set of alternative activities into their plans for 2002, which can be launched if the growth in turnover turns out to be less than predicted. In return, they also operate with alternative plans to be launched if the world economy and Grundfos' turnover should take a more positive turn than expected.

With our plans for 2002, we have committed ourselves to focusing on and strengthening Grundfos' position within new geographic areas where the total pump market is expanding and where Grundfos' market share is relatively small but increasing rapidly. We therefore expect an essential part of the Group's total growth in turnover for 2002 to come from new markets such as Russia, China, Eastern Europe, India and Brazil.

The beginning of 2002 will continue to be dominated by significant uncertainty about the general economic development in our main markets, and therefore we will maintain a clear focus on efficiency measures and effective cost control.

In the longer term, the Group will adhere to its target for double digit growth rates and increasing profits before tax. Growing our profits is crucial for the Group's ability to self-finance its ambitious plans for investing in trend-setting product development and aggressive marketing.

Management and Board of Directors of Grundfos Management A/S. (Front row, left to right) Niels Due Jensen, President; Poul Vesterbæk, Vice Group President; Jens Jørgen Madsen, Executive Vice President; Carsten Bjerg, Executive Vice President. (Back row, left to right, Board Members) Thomas Lund; Hans Chr. Hyldelund; Professor Niels Chr. Nielsen; Lars Kolind, Chairman.



Key Figures for the Grundfos Group

Amounts in DKK million

	2001	2000	1999	1998	1997
Consolidated Profit and Loss Statement					
Net Turnover	10,214	9,522	8,145	7,520	7,212
Operating Profit	814	886	606	578	568
Profit before Tax	618	739	476	495	472
Consolidated Profit after Tax	388	522	291	315	258
Consolidated Balance Sheet					
Assets					
Intangible Fixed Asset	496	431	397	285	189
Tangible Fixed Assets	3,711	3,406	3,188	2,993	3,084
Financial Fixed Assets	518	641	633	651	591
Current Assets	5,351	5,196	4,577	4,113	3,926
Total Assets	10,076	9,674	8,795	8,042	7,790
Liabilities					
Equity Capital and Minority					
Interests	4,510	4,170	3,599	3,214	2,937
Provisions	535	484	534	531	537
Long-Term Liabilities	1,772	1,495	1,691	1,374	1,637
Short-Term Liabilities	3,259	3,525	2,971	2,923	2,679
Total Liabilities	10,076	9,674	8,795	8,042	7,790
Number of Employees					
at Year-End	10,985	10,773	9,591	9,305	9,548
Capital Investments	900	731	707	553	698
R&D Costs	458	380	336	324	307
Interest-Bearing Debt	1,995	1,603	1,337	1,425	1,517
Result before Tax in per cent of Net Turnover	6.1%	7.8%	5.8%	6.6%	6.5%
Return on Equity	8.9%	13.4%	8.5%	10.2%	9.1%
Equity Ratio	44.8%	43.1%	40.9%	40.0%	37.7%

The effect of the changed accounting policy regarding deferred tax assets for the years 1997 - 1999 has not been included as it is considered insignificant.

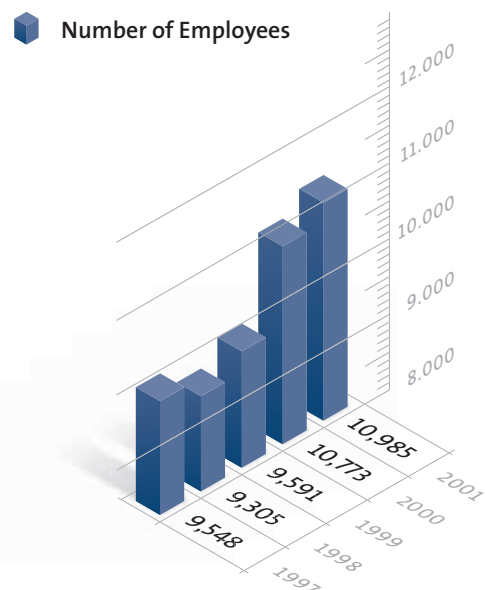
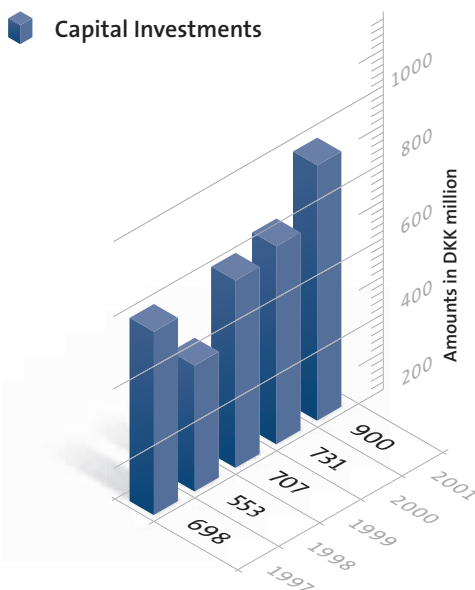
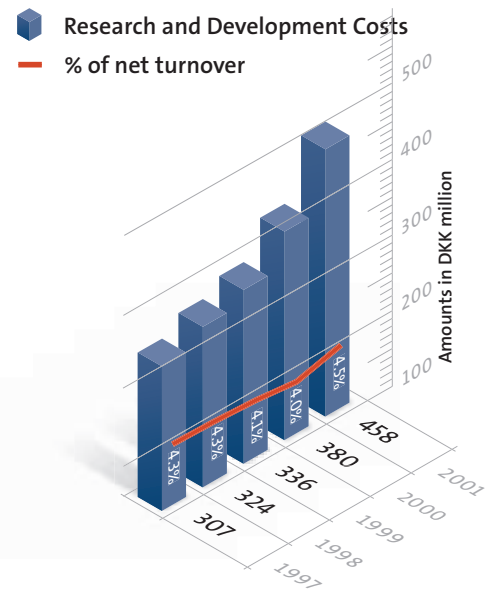
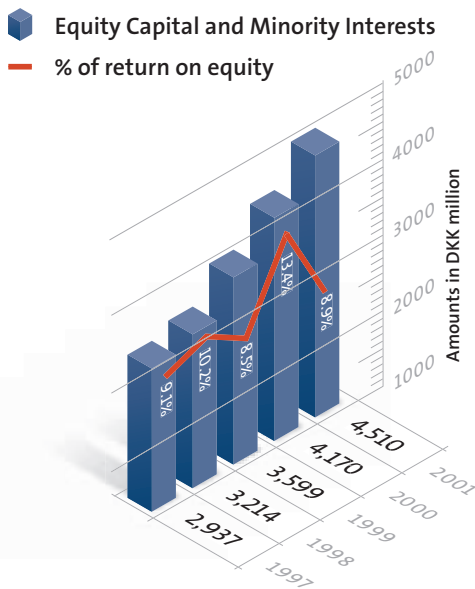
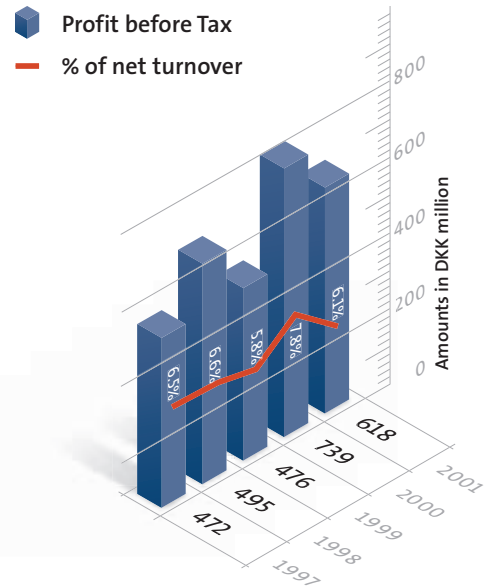
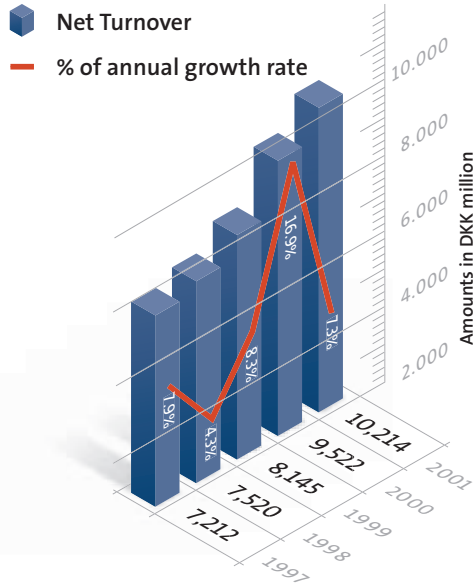
Definition of Ratios:

Return on Equity:

Consolidated profit in per cent of the average equity capital inclusive of minority interests.

Equity Ratio:

Equity capital inc. of minority interest at year-end in per cent of total assets.



Management Structure

Group Management			
Jens Jørgen Madsen	Niels Due Jensen	Poul Vesterbæk	Carsten Bjerg

Group Support Functions	
Human Resources Controlling/Finance Treasury Purchasing Communications Branding	Logistics IT New Business Legal Department eBusiness The Poul Due Jensen Academy

Business Development Centre
Market Segment Building Services
Market Segment Industry
Market Segment WS & WW
Business Area Digital Dosing
Research and Technology R&D

Sales Regions
Northern Europe
Germany
Eastern Europe
Southern Europe
North America
South America
Australia and New Zealand
Asia and Pacific
Japan

Group Production
Denmark
Finland
United Kingdom
Germany
Hungary
France
Italy
U.S.A.
China
Taiwan

Grundfos Management A/S' Group Management	Grundfos Management A/S' Board of Directors
Niels Due Jensen, President	Lars Kolind, Chairman
Poul Vesterbæk, Vice Group President, Managing Director of Grundfos A/S	Niels Due Jensen, President
Jens Jørgen Madsen, Executive Vice President	Niels Christian Nielsen, Professor at the Copenhagen Business School
Carsten Bjerg, Executive Vice President	Thomas Lund, Managing Director of Dansk Teknologi Udviklingsaktieselskab
	Hans Christian Hyldelund, Director

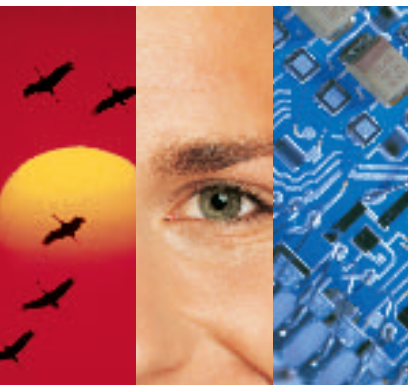
Corporate Values and Branding

➤ Branding is targeted communication

Today Grundfos is facing the world with a new image, based on the fundamental values that have characterised our company from the very beginning. The three words Be – Think – Innovate communicate the core values that are expressed in Grundfos' Mission, Vision, and Value statement – the guiding principles behind everything Grundfos does.

In April 2001, Be – Think – Innovate was introduced as our new slogan and common denominator of the Group's branding project. Since then, Grundfos' new geographic identity has been implemented in all Group companies.

Showing responsibility – expressed through “Be responsible” – is a never-ending process aimed at strengthening the Group's image as a credible business partner. In keeping with this, Grundfos is constantly breaking new ground in areas such as social responsibility, sustainability, and openness.



“Think ahead” makes everything possible because our Business Development Centre is constantly seeking new ways of improving existing products and developing trend-setting pump systems.

“Innovate” is an invitation to search for new ways of thinking. And because we put people before products, we are constantly on the lookout for new ways to improve conditions for our users, customers, employees, and society.

Since its launch in April 2001, the branding organisation has been busy communicating how Be – Think – Innovate will change the way the entire Group communicates in future.

Today Grundfos meets the world with a new face.

The process of branding means our external communication becomes more focused. It takes into consideration the fact that different groups have different, individual wishes and needs. The key point is our customers must perceive our communication as relevant.

Many milestones have already been passed during the restructuring of Grundfos' communication – the latest being the publication of a Brand Manual describing our new brand, and a Design Manual giving a detailed description of how our identity should be expressed in practice.

Corporate Branding is now heading for the next phase to ensure that Be – Think – Innovate becomes a deep rooted concept. Making the brand come to life and its development are a dynamic process, and it is already beginning to show its effect in the market. The first results have been encouraging – Be – Think – Innovate and Grundfos are getting more and more market attention in the six countries that have participated in the survey.



Be – Think – Innovate and Grundfos are enjoying more and more attention.

GRUNDFOS 

Environment

- At Grundfos, sustainability is key. Therefore, we are dedicated to showing responsible behaviour in every way, coupled with the highest possible respect for the environment. Grundfos seeks to reduce its impact on the environment - both when it comes to developing and manufacturing products

Through a targeted effort, the Grundfos Group has always been ahead of the general trends with our commitment to “soft” values such as social responsibility, ethical behaviour, and environmental awareness.

Today, companies are judged more and more by their credibility, responsibility and ability to act in accordance with the principles of sustainability in the broadest sense of the word.

To Grundfos it is positive that markets show a growing interest in environmental issues. Increasingly, our customers want to know the impact of pumps on the environment during their service life and in connection with decommissioning. So Grundfos invests heavily in information on our products’ environmental impact from cradle to grave - from production, through operation, to recycling or reclamation of the individual components and materials. We have the capacity to deliver the answers our customers demand, fast and reliably. And we can refer to our product documentation and environmental reports.

As early as 1996, the Group’s R&D centre and the first production companies received environmental certification. We were the first company in the pump industry to be certified under the international environmental standard ISO 14001. On that occasion, we also decided that all Grundfos’ production companies were to be certified according to the same environmental standard. Newly established companies were required to obtain certification no later than three years after start-up.



Grundfos was the first company in the pump industry to obtain ISO 14001 certification.

All production companies that have been in operation for three years or more now hold environmental certification, and our new Hungarian company is scheduled for 2003.

Environmental management based on the same standard opens up an important exchange of experience between the companies. The principle of Best Practice applies at all cross-organisational experience group meetings and is used by the Group’s team of auditors.

Overall Environmental Targets

Each year targets are evaluated against the actual results of the past year. Those results and the environmental experience groups’ own suggestions and wishes form the basis for new targets.

At the environmental experience group meetings, participants work out suggestions for upcoming Group focus areas within health and safety and environmental matters. The suggestions are evaluated against the results of the previous years before Group Management sets its new targets.

Results

2001 saw many fine results. As indicated in the table, targets for some areas have already been met while, in other areas, only sub-targets have been met. One target has not been met, which is not satisfactory.

Environmental Report

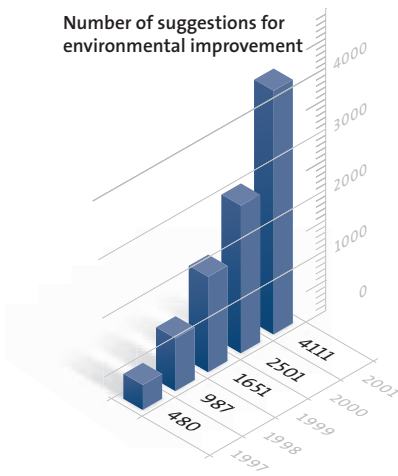
Each year, Grundfos publishes a separate Group Environmental Report containing a detailed description of all the results obtained at Group level. In 2001, this report together with Grundfos A/S' first Social Report and Integrated Accounts were awarded "Best non-financial report" in Denmark.

Employee Involvement

Ever since we launched environmental certification, our employees throughout the Group have been highly dedicated to the process. They have submitted many suggestions for improvements in the environmental area, and it is not least thanks to these suggestions that we have achieved such fine results.

Many outsiders have warned Grundfos that once environmental management becomes part of the day-to-day work, interest will quickly vanish. Others have told us that when all the easy solutions have been implemented, employees will soon stop thinking of improvements. But Grundfos' results, as shown below, prove them wrong.

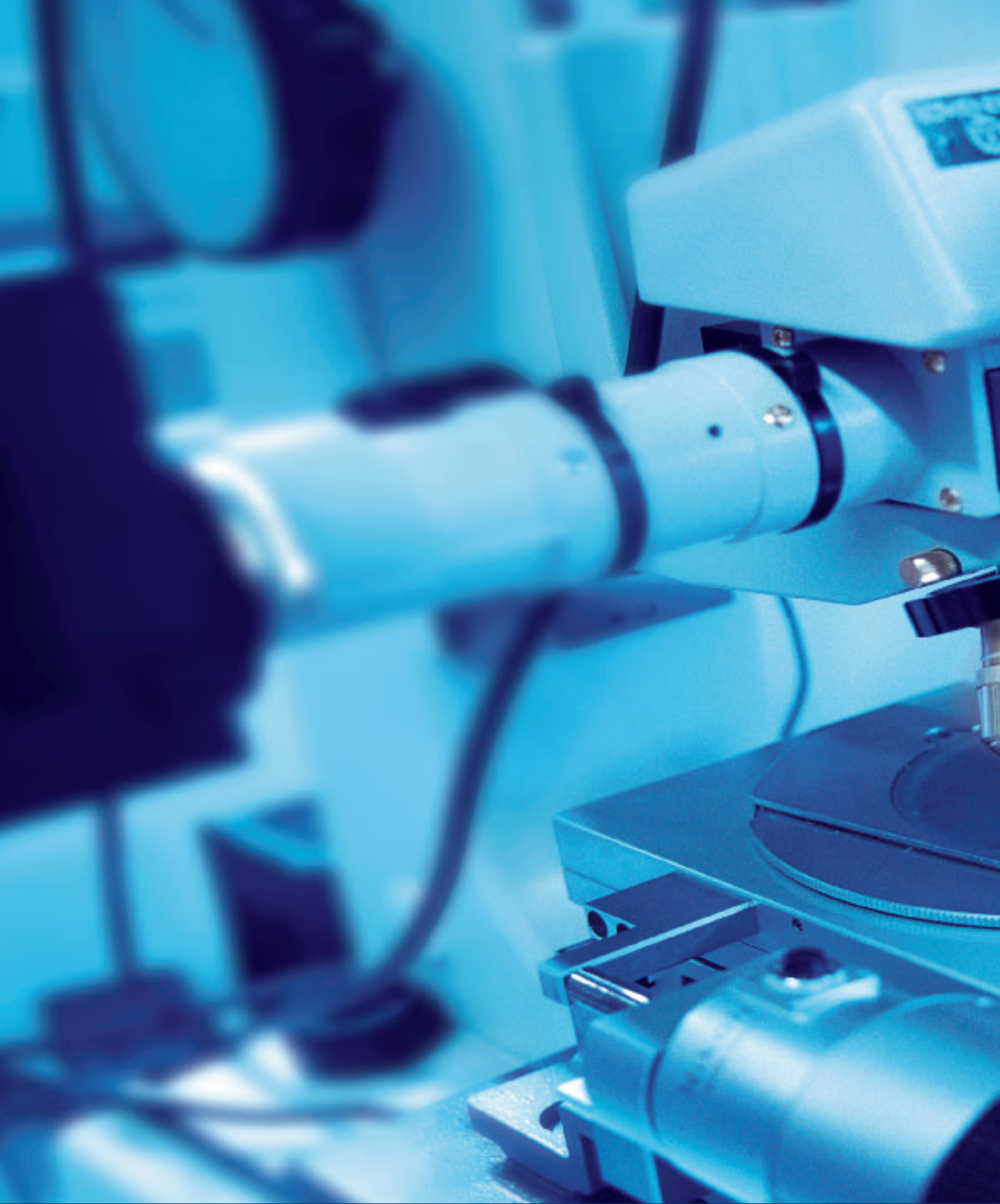
Number of suggestions for environmental improvement



Grundfos A/S won the Danish "Best non-financial report" award.

Overall environmental targets

Focus area	Target	Deadline	Result 2001	New target
Power	5%	31.12.2003	10%	20%
Water	8%	31.12.2003	2%	8%
Chemical waste	10%	31.12.2003	2%	10%
No. of chemicals	9%	31.12.2002	5%	9%
Frequency of accidents	-	31.12.2004	24.6	20
Accident related absence	-	-	2.6	2



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➤ Research, Products
and Markets

Research in Trend-Setting Pump Technology

- Our R&D and product development have proved there is no conflict between financial and environmental optimisation. On the contrary, they support each other

Grundfos is an international trend-setter when it comes to development and production of pumps and application of electronic pump controllers. Our customers benefit highly from Grundfos' intelligent pumps. Electronic control of pumps helps reduce energy consumption for the benefit of their owners and the ambient environment.

Integrated sensors will allow third-generation intelligent Grundfos pumps to take pump/plant self-regulation even further.

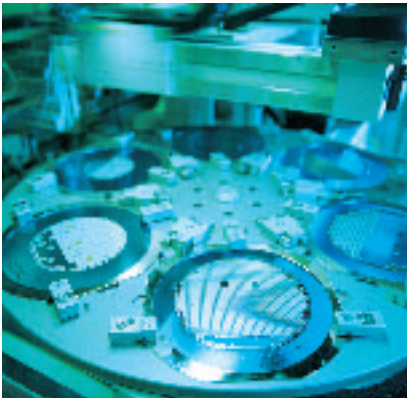


Our first generation featured built-in electronics for regulation. The second generation had built-in sensors that gave feedback and let the pump react to changes according to a pre-programmed pattern. Grundfos' third-generation intelligent pumps incorporate sensors that will take self-regulation one step further.

Already now, Grundfos products can connect to networks through which they can communicate with their surroundings. The development of this feature will be enhanced in the coming years.

Research - Focusing on the Customer and the Environment

Grundfos operates its own research units within all key areas. We are fully equipped to conduct our own materials analyses down to the atomic level and perform electron microscopy scannings. In addition, we do research in silicon technologies in our own clean rooms. Based on this research, Grundfos is now setting up Denmark's first and only semiconductor factory. The aim is to bring to market pumps featuring integrated sensors that will give feedback to the pumps' electronic control.



Grundfos is developing technologies that enable us to produce third-generation intelligent products.

The general purpose is to make Grundfos pumps energy-efficient, silent, comfortable, and easy to operate - and not least to develop technologies and components to be used in our third-generation intelligent products.

The impetus behind all Grundfos' research is our constant ambition to supply products that focus on user/customer needs and that are also developed with attention to the total energy consumption during their entire service life. In combination with maximum user comfort, this ambition results in a win-win situation for our customers and the environment.

Life Cycle Analysis

For years, we have routinely used life cycle analysis to assess the environmental impact of our products. Although it is the energy consumption that weighs heaviest on the bottom line, Grundfos also conducts research in environmentally friendly production processes. And again, this often results in convincing win-win situations. Results have clearly demonstrated that it is possible to reconcile the wish to minimise the discharge of chemicals with the wish to produce as cheaply as possible - for the benefit of the customer.

A Grundfos hallmark is the use of stainless steel. During recent years this competence has been broadened to include ground-breaking production processes



that allow us to offer titanium pumps at prices nobody would have thought possible just a few years ago.

Digital Dosing

Grundfos' dosing pumps are fine examples of trend-setting pump technology. Our new concept, Digital Dosing, was introduced in a number of countries in 2000 and 2001. The concept was well received thanks to its ground-breaking technology. The Digital Dosing concept offers a substantial reduction of the dosing pump's life-time costs. And with the digital dosing pump, Grundfos has taken a major step in its efforts to become a full-line-supplier of pumps for all forms of water treatment.

Grundfos' dosing pumps are extremely user-friendly. They are very easy to set, prime, and calibrate compared to previous models of dosing pumps in the market, saving customers valuable time. Until now, operating a dosing pump has been extremely demanding.

Grundfos' range of dosing pumps includes only a few varieties, each covering a large performance range. This makes it easier for the customer to choose the right pump and reduces the need to have several varieties in stock. The result: less indirect costs throughout the value chain.

Grundfos' dosing pumps offer very accurate dosing. Take for instance the DME-pump that delivers high-precision doses within a range from 48 ml/hour to 48 l/hour (factor thousand). The result is an ideal consumption of chemicals - neither too little, nor too much. And all for the benefit of the environment.

Dosing pumps are used for water supply, waste-water treatment, heat supply, and industrial purposes. At Grundfos we say that dosing pumps create business synergy. They reach across customer and market segments of Grundfos' other products, and the market for dosing pumps is vast.



A Grundfos hallmark is the use of stainless steel.



Digital Dosing secures ideal consumption of chemicals.

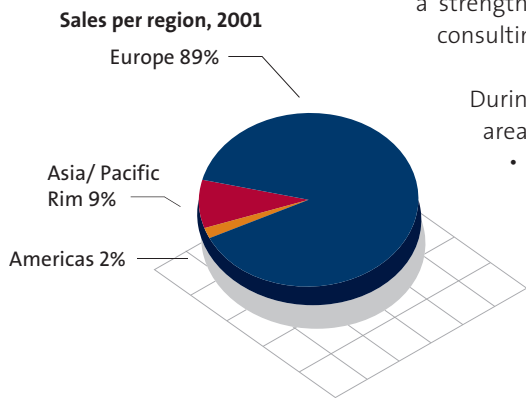


◀ *Grundfos' dosing pumps feature trend-setting pump technology.*

Market Segment Building Services

➤ Strengthened market position in a stagnating market

2001 put Building Services to the test with stagnation characterising most of the essential Western European markets. Building Services realised a satisfactory growth of 5% in sales to the construction industry, however sales to boiler OEMs were stagnant. In the light of the negative market trends - most pronounced in Germany - the Building Services segment has consolidated its market position by winning new market shares. This was primarily made possible through a strengthening of relations with key accounts such as wholesalers, fitters, consulting engineers, and boiler OEMs.



During the year, the segment has focused on the following main strategic areas:

- Added Value = adding value to markets
- Partnership = close dialogue with our business partners
- Globalisation = geographical coverage

Under these headings, the segment has carried out a number of important and visible activities. One is the ISH trade fair in Frankfurt where Grundfos introduced a large circulation pump with permanent magnetic technology, consolidating our position as an innovative and trend-setting market leader.

During the year, the segment launched its European Flow Thinking campaign, targeting consulting engineers and contractors with the purpose of promoting Grundfos as a competent partner within Commercial Building Services. More than 2,500 European customers and partners have been exposed to Grundfos' Flow Thinking concept through hands-on training and courses in the physical setting of a fully equipped touring truck. Here they were offered a chance to test the products and try out Grundfos' software tools for an energy-efficient pump choice.

Building Services has successfully continued the marketing campaign for Grundfos Alpha. Themed "Don't replace - Upgrade", the campaign seeks to inspire fitters to choose energy-efficient pumps.

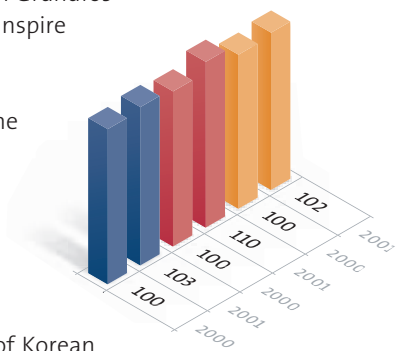
Geographically, Building Services has experienced relatively fine expansion in Russia and Eastern Europe. And in spite of September 11, growth in the US has also been satisfactory. 2001 had Asia - especially China, Korea and Japan - as its focus area. Further investments and increased activity will ensure substantial growth in this area in 2002.

Part of that process includes Building Services' strategic acquisition of Korean pump manufacturers Chung Suk Co. Ltd. at the end of the year. The purchase was made as a means to strengthen and re-establish Grundfos' position in the Korean market which would also open up to a penetration of the Chinese and Japanese heating and boiler markets.

Growth year 2000/2001

- Europe
- Americas
- Asia/Pacific Rim

Year 2000=index 100



➤ Grundfos pumps in the Scottish Parliament

When in 1998, the Scottish Parliament chose a location for the parliament building, it decided on Holyrood at the foot of Edinburgh's historic Royal Mile. The building is a fine example of modern architecture where cutting-edge-technology offers MPs an effective working-environment and gives the Scottish people easy access to their elected representatives.

It was Grundfos UK in collaboration with a firm of consulting engineers who made the bid for this prestigious project, and Grundfos has supplied a range of MAGNA pumps for the building's heating plant.

Grundfos MAGNA features an operational system with a permanent magnet motor. The system uses 60% less energy than non-regulated motors. Unique, intelligent software keeps power consumption at a minimum.

The pump design was based on a number of interviews with "Expert Panels", user groups, and internal and external engineers. The pump meets user requirements, offering extremely user-friendly operation. Grundfos MAGNA has received a number of accolades for innovation and design. The most recent is the German IF design award.



◀ Grundfos MAGNA is the world's first pump to feature a permanent magnet motor operational system.

➤ Grundfos ALPHA - the ideal replacement pump

In May 2000, Grundfos ALPHA was tested by over 3,500 professional pump fitters all over Europe. One of the "test pilots" was Siegfried Katscher, plumber and member of the German Sanitary, Heating and Air-Conditioning Association, SHK-Innung. He runs his own business in Ammersbek north of Hamburg.

For several years, German law has prescribed automatic regulation of pumps for medium-sized and large heating systems and recommended that it be used for small heating systems as well. The law applies to both new and renovated heating systems where old pumps are replaced by new ones.

Of the four most important new developments offered by Grundfos ALPHA, Siegfried Katscher - on behalf of his customers - is most impressed by the built-in proportional pressure control with which Grundfos ALPHA automatically adapts to the flow of the system's various hydraulics. House owners are certain to appreciate the 50% cut in power consumption. Siegfried Katscher is especially taken with the plug-in solution for the power supply, "The solution really makes installation easier, especially when you're working in a dark basement or in places where installation is difficult."

The final verdict from our test pilot was extremely positive, "In my opinion, Grundfos Alpha is ideal as replacement for circulation pumps for heating installations in single and two family homes."

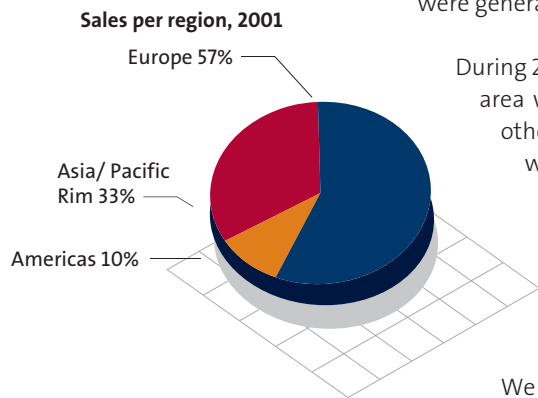
ALPHA pumps pay for themselves in less than two years.



Market Segment Industry

➤ The growth of the industrial segment totalled 7% compared to 2000 - a fine result in the circumstances

In Europe, 2001 saw satisfactory growth rates, especially in Eastern Europe and Russia. The industry segment in most Asian countries also showed fine growth, notably China, but also Korea and Malaysia. In return, sales in the US and Japan were generally stagnant.



During 2001, the level of activity has been high. The own-consuming industry area was characterised by activities aimed at the food industry, among others. Grundfos' position within solutions for water, heating, cooling, waste water, and industrial processes makes us an attractive partner.

Sales to the OEM market showed a weaker trend during 2001. Especially the machine tools industry almost came to a standstill, but in spite of the setback, the total growth within the OEM area was satisfactory.

We developed new solutions for specific applications in close collaboration with many of our customers. Our focus was aimed at pumps for the machine tool industry and manufacturers of water treatment, cleaning, cooling, and temperature regulation systems.

Our product side was strengthened with the introduction of a new range of CR multistage centrifugal pumps. The range includes new models and new sizes, which allows customers to choose the ideal solution for their applications - achieving the best possible operating and lifetime economy.

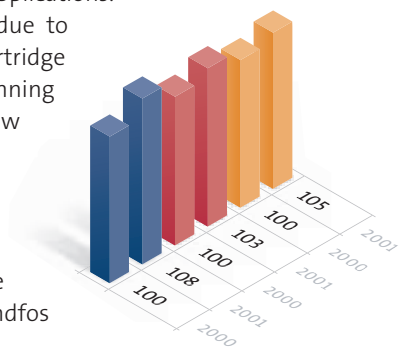
The new technology and innovative design of the CR range has doubled the pumps' operational reliability, offering unique solutions for industrial applications. At the same time operational costs have been cut dramatically due to improved designs. The introduction of a unique, easy-to-replace cartridge gasket made of improved sealing materials protects against dry running problems. Dry running can be prevented altogether with the new LiqTec™ that immediately stops the pump in case of dry running.

Our range of adjustable-speed motors, MGE, was strengthened with the development and launch of the second generation of single-phase motors in the power range 0-1.1 kW and a three-phase range from 11 to 22 kW. The new motors have been integrated with Grundfos E-pumps, offering new functions.

Growth year 2000/2001

- Europe
- Americas
- Asia/Pacific Rim

Year 2000=index 100



➤ New CR Pumps for Demanding Industrial Applications

Trevira Neckelmann in Denmark, a leading textile dye-works, makes high demands on its pumps. The dye contains acids and has a temperature of some 140°C at 4.5 bar. Grundfos' new MAGdrive concept meets their requirements.

Trevira Neckelmann makes dyed yarns for textiles for the automotive industry and a number of other applications. The company uses cutting-edge dyeing technology, and its production is based on high quality and environmental awareness.

During production, Grundfos' CRN-pump supplies dye to a yarn dyeing machine. An ordinary pump cannot convey this liquid due to high temperatures of some 140°C and a content of dyes and ancillary materials that destroy the shaft seal sliding surfaces. Hence the choice of a CRN pump with MAGdrive, a pump made of acid-proof stainless steel and with a magnetic drive. This drive type handles high temperatures without problems and renders the shaft seal redundant. The pump is hermetically sealed. Therefore the dye is very unlikely to leak and the process is much safer for the employees - and environmentally compatible.

The in-line design of the CRN pump, the high overall operational reliability, and the fact that it features a magnetic drive rather than a traditional shaft seal meet the customer's requirement for few service intervals - and offers the hard-wearing and compact solution he demanded.



CRN-pump with MAGdrive. The magnetic drive design eliminates the need for shaft sealing. The pump is ideal for heavy-duty industrial applications.

➤ Pump Solution for the Chemical Industry

Cheminova, Denmark, produces fine chemicals and pesticides. During the manufacturing process it is crucial to avoid leakage, and pumps are often required to handle high temperatures, vacuum, etc. Cheminova has also developed and made its own special-purpose pumps for many of their demanding pump applications.

The company has always been very satisfied with Grundfos' pumps, which they use for supplying heat and water to the factory. In 2001 they collaborated with Grundfos on a process-oriented solution for a product expansion that would require another type of pumps. The task: pumping volatile chemicals through a distillation plant under vacuum. The solution was a CRN-pump with double mechanical shaft seal and barrier fluid chamber, which also met Cheminova's environmental requirement of a leakage-free pump that would deliver perfect performance under the specified plant specifications.

Cheminova's choice of Grundfos pumps means that we have now become a key supplier of supply and process pumps. Grundfos process pumps ensure higher performance levels, compact dimensions, ruggedness, and simpler and more economical service.

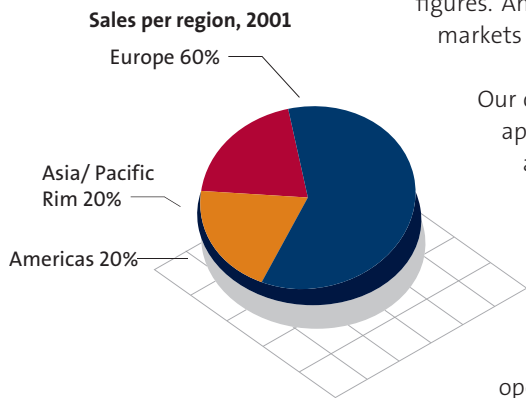


◀ *Grundfos' CRT-pump - the titanium pump - is also used in Cheminova's production process. It has proven its merits in the chemical industry.*

Market Segment Water Supply and Waste Water

➤ Focus on Cost of Ownership and user-friendly products delivers satisfactory growth

2001 was a difficult year in many ways. But by building on the fine results of 2000, and thanks to a number of new marketing initiatives, we once again managed to come out with double digit growth in all business areas. In geographic terms, we made most progress in Europe, but also most Asian markets returned good figures. And Grundfos even managed to win market shares in large, difficult markets such as the US and Japan.



Our customers in the private housing sector had already confirmed their appreciation of our 3" SQ and SQE submersible pump ranges, as well as of our new constant pressure installations. During the year, they also gave a warm welcome to our new, efficient, and user-friendly horizontal multi-stage booster pump, the MQ. It may not be so surprising, though. Customers all over the world were actually directly involved in the product development. In addition, our designers have been very careful to strike the right balance between technological capabilities and traditional demands for high operating reliability and long service life - attributes that characterise our other products in this sector.

Our decision to set up a dedicated water supply organisation aimed specifically at public water works also proved correct. With this organisation we have been able to aim our efforts at the special needs and conditions of this sector. Through a close dialogue and by focusing on Cost of Ownership - and thanks to our wide range of products, controls, accessories, and services - we have strengthened our partnership with leading utilities world-wide. On top of that, we once again had the pleasure of hosting an international conference dealing with essential water supply and waste water issues.

Finally, our waste water sector went through a period of extraordinary growth. The synergy and new range of competencies obtained through the acquisition of Sarlin Pumps in 2000 are now really showing; we are winning more and more contracts in this area. By continuously investing resources in our employees, service, and new product offerings, we aim to become the obvious partner to all stakeholders - even in this demanding area.

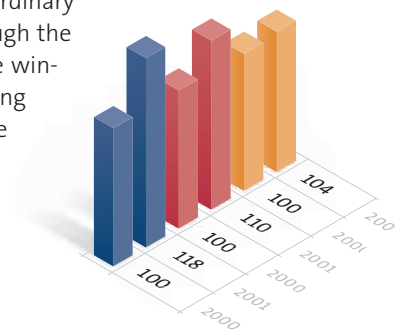


SQE/CU301 constant pressure installations are excellent proof that Grundfos is the industry's trend-setter.

Growth year 2000/2001

- Europe
- Americas
- Asia/Pacific Rim

Year 2000=index 100



➤ One Solution - Constant Water Supply

Throughout 2001, the sustainability of Grundfos' strategy - developing and marketing trend-setting products - once again proved right. A fine example of how Grundfos dictates the future for the pump industry is the SQE/CU301 constant pressure package. A few of our main competitors have already introduced their own constant pressure systems, but they are all based on traditional submersible pumps with external electronics. So we can rightfully claim that Grundfos' SQE/CU301 remain unique thanks to their very specific customer benefits.

A new marketing concept for the SQ/SQE product range has also been conceived. We focus on customer benefits throughout the distribution chain: wholesalers, fitters, and end-users.

Towards the end of 2001, the campaign message was also made available through the Internet. With the complete campaign material, our global sales organisation now has a set of new tools at its disposal designed to boost sales of the SQ/SQE range, with special focus on the SQE/CU301 constant pressure package.



The introduction of the SQE/CU301 has given end-users a convenient and efficient application that ensures constant pressure.

➤ Cost of Ownership

Water utilities world-wide are under a growing pressure to minimise water rates and improve water quality. This is forcing them to find ways of optimising and streamlining all their activities and processes.

Power consuming machinery, including pumps, makes up one third of their total costs. To help water utilities optimise overall energy consumption, Grundfos is therefore developing and offering them efficient pump and monitoring solutions. Among others, we have marketed an electronic optimisation programme that enables operators to reduce the Cost of Ownership of pump installations.

At the same time, we organise training of operators and fitters, helping them choose the right pump and optimise operations. We build on our philosophy that the cost of owning and running a pump does not merely depend on the pump itself.

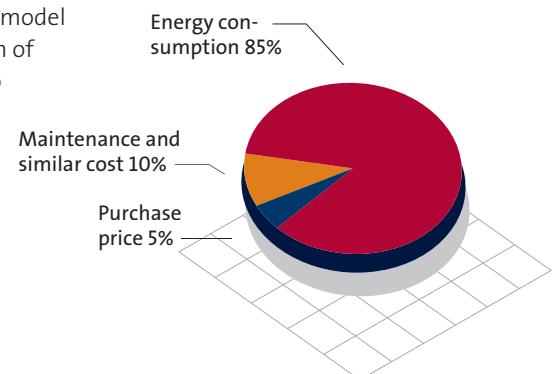
Grundfos and a leading British water utility company are working on a complete pump theory and optimisation training model. The model offers complete hands-on training and includes a demonstration of how a pump installation is monitored and kept in top shape to ensure constant optimum operation.

During a training course, operators will discover which parameters are most important for total expenditure - the Cost of Ownership.

◀ *A pump installation is being monitored to obtain uninterrupted optimum performance.*

Cost of Ownership

The example shows a Cost of Ownership calculation for a typical submersible pump installation at a water utility.





BE > THINK > INNOVATE >



➤ Financial Matters

Accounting Factors

Profit and Loss Account

The Group's profit before tax is DKK 618m compared to DKK 739m in 2000, down by 16.3%.

The lower pre-tax result should be seen in the light of 2000 being the Group's best year ever. Furthermore, the slowdown in economic activity, particularly in the second part of 2001, had a negative influence on both turnover and earnings. Nevertheless, 2001 saw an increase in turnover of DKK 692m or 7.3%, but at the same time costs exclusive of interest increased by DKK 764m. The increase in costs can, among other things, be ascribed to initiatives in the marketing, branding, and product development areas and the expansion of our production capacity.

Profit for the year after tax landed at DKK 388m against DKK 522m in 2000 – a relatively large decline of 26% which can be explained by the Group's effective rate of taxation going up from 29% in 2000 to 37% in 2001. Four percentage points of the increase stems from the 2000 result benefiting from nonrecurring gains from reduced rates of taxation.

Balance Sheet

The Group's balance sheet total went up 4% coming to DKK 10,076m at the end of 2001.

The solvency ratio is up from 43.1% to 44.8%. Like in previous years, and in compliance with Group policy, the balance sheet total and the calculated solvency ratio is influenced by the fact that the Group keeps liquid funds and securities, this year totalling nearly DKK 1.3 billion at year-end, against last year's DKK 1.6 billion. If these funds were applied to reduce debts, the solvency ratio would be 51.3% against last year's 51.4%.

Cash-Flow Analysis

The cash-flow analysis shows an increase in liquid funds from operations of DKK 644m against DKK 688m in 2000. In 2001, operating capital grew by DKK 370m, notably from larger trade debtors and inventories. These increases are not unusual considering the growth in turnover.

In 2001, a net total of DKK 900m has been used for acquiring tangible and intangible fixed assets and companies. These figures are at a historical high as a consequence of the decisions to build The Poul Due Jensen Academy and expand the capacity in several of the Group's factories. A combination of this high level of investments and a reduced earnings level in 2001 made it impossible to adhere to the Group's usual principle of self-financing its fixed assets with liquidity generated from operations. But taken together, the years 1999-2001 do not violate this principle.

Funding for the remaining investments mainly comes from the Group's liquid funds that have consequently been reduced by DKK 165m to DKK 813m.

Related Parties

In 2001, the Group acquired 30% of the share capital of System B8 Holding A/S from President Niels Due Jensen. This block of shares replaced the shares in System B8 Møbler A/S which were sold in connection with the company's withdrawal from the stock exchange in 2000.

In addition, the Group has acquired shares for an amount of DKK 93m from minority shareholders (the Founder's Family) in Grundfos Holding AG.

Apart from the distribution of dividend and payment of emoluments and board fees, there have been no other transactions between minority shareholders and the Grundfos Group.

The Annual Accounts of Poul Due Jensen's Foundation

The profit for the year of Poul Due Jensen's Foundation amounts to t.DKK 114,679 against t.DKK 21,227 in 2000. The primary revenue of the Foundation is dividend from Grundfos Holding AG.

The Management proposes that the profit be distributed as follows:

Transferred to Registered Capital.....	115,000 t.DKK
Transferred to Capital Available.....	(321) t.DKK
Total.....	114,679 t.DKK

Financial Matters

Liquidity Risk

At the end of 2001, the Group's liquid assets included cash reserves of DKK 418m, securities of DKK 870m, and unexploited borrowing facilities in banks. The securities portfolio was made up of DKK 657m worth of bonds and DKK 213m worth of shares.

The Group's net interest bearing debt grew with DKK 392m to DKK 1,995m in 2001. This can primarily be ascribed to an increase in operating capital, investment in tangible fixed assets, and the acquisition of shares in Grundfos Holding. During the year, new long-term loans of DKK 351m were raised. Of the total interest-bearing debt of DKK 3,283m at year-end 2001, 54% was long-term debt compared to only 47% at the end of 2000.

Interest Rate Exposure

The Group's exposure to fluctuating interest rates is partly related to bonds, partly to loans. The exposure of the bond portfolio – totalling DKK 657m – when expressed by an increase of the interest rate by one percentage point is approx. DKK 27m.

To reduce the Group's interest rate exposure, a set of general guidelines has been adopted for the Group's borrowing and use of interest rate instruments. In pursuance of those guidelines, major fixed assets should primarily be financed by fixed-rate loans. Furthermore, a 2% increase in interest rates on the floating-rate loans of the Group companies must only have a potential maximum negative effect of 10% on the company's budgeted result for the coming year. Derivative financial instruments for reducing the interest rate risk totalled DKK 528m on the balance sheet date.

Foreign Currency Exposure

It is Group policy that Group production companies mainly raise loans in their local currencies. This ensures that the currency exposure stated in the consolidated balance sheet is reduced to the net assets. When appropriate, loans are raised in foreign currency and subsequently converted to the local currency using financial instruments.

As at 31 December 2001, the Group's loans are composed of the following currencies:

EUR.....	40%
DKK.....	24%
USD.....	10%
GBP.....	6%
Other.....	20%

Currency hedging of the Group's budgeted flow of goods is chiefly concerned with the Group's production companies. The most important currencies are the euro, the American dollar, the British pound and the Japanese yen.

Currency hedging is made through the Group's finance company, which is responsible for external hedging. Forward exchange contracts to reduce the currency exposure in connection with the flow of goods amount to DKK 4,254m on the balance sheet day. Group policy only allows for insignificant annual speculation losses in relation to the Group result and balance.

Credit Risk

The primary financial instruments include trade debtors, bank deposits and securities. The amounts stated for each item in the accounts are identical to the maximum credit risk. The Group's trade debtors comprise a large number of customers, and the Group's risk in that connection is not unusually high.

The credit risk on cash reserves deposited in banks, forward exchange contracts, and other derivative financial instruments are diminished by spreading them to several financial institutions, all with a high credit rating.

Board of Directors

Bjerringbro, 9 April 2002

Poul Due Jensen's Foundation

Niels Due Jensen
Chairman

Lars Kolind

Niels Christian Nielsen

Hans Christian Hyldelund

Thomas Lund

Estrid Due Hesselholt

Ingermarie Due Nielsen

Poul Due Jensen

Auditor's Report

We have audited the consolidated financial statements and financial statements of 2001 of Poul Due Jensen's Foundation.

Basis of Opinion

We have planned and conducted our audit in accordance with generally accepted audit standards to obtain reasonable assurance about whether the financial statements are free of material misleading statements. Based on an evaluation of materiality and risk, our audit has included an examination of evidence supporting the amounts and disclosures in the accounts. We have assessed the accounting policies applied and the estimates made by the Management as well as evaluated the overall financial statement presentation.

Our audit has not given rise to any qualifications.

Opinion

In our opinion, the financial statement and the consolidated financial statements have been presented in accordance with the accounting provisions of the Danish legislation and give a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position, and result.

Århus, 9 April 2002

DELOITTE & TOUCHE
State Authorised Public Accountants

H.P. Møller Christiansen
State Authorised Public
Accountant (DK)

Jesper Meto
State Authorised Public
Accountant (DK)

Accounting Policies

The Grundfos Group

In General

The Annual Accounts and the Consolidated Accounts are presented according to the provisions of The Danish Accounts Act and Danish Accounting Instructions. The applied accounting policy remains unaltered from last year, with the exception that deferred tax activities have now been included in the balance sheet.

The change in policy negatively affects the profits of the year with DKK 6.8m while the equity capital as at 31 December 2001 has been increased by DKK 33.2m. Comparable figures have been adapted to the change in policy.

Due to developments in approved accounting principles, Extraordinary Items in the Profit and Loss Account have been reclassified and are now appearing under Ordinary Items.

Consolidation

The Consolidated Accounts comprise Poul Due Jensen's Foundation (Parent Company) and the companies (subsidiaries), where the Parent Company directly or indirectly owns more than 50% of the voting shares or in another way has a dominant participation. Companies in which the Group owns between 20% and 50% of the voting shares without having a dominant position are considered associated companies.

The Consolidated Accounts are prepared in accordance with the past equity principle as a summary of the audited accounts of the Parent Company and the audited accounts of the subsidiaries, which have all been prepared in accordance with the accounting policies mentioned below. In the consolidation, adjustments have been made for inter-company revenue and expenditure, shareholdings, current accounts and dividends as well as unrealised internal income and loss.

For newly acquired companies, the intrinsic book value at the time of acquisition is made up in accordance with the Group's accounting principles. In cases where the acquisition price exceeds this intrinsic book value, the difference is distributed as far as possible over the assets and liabilities which have a higher or lower value than the book values. The remaining positive differences are capitalised as goodwill in the acquisition year. Any negative differential differences (negative goodwill) are recorded under Provisions and are systematically booked as income for a number of years; however, maximum 20 years. Newly acquired subsidiaries are included in the Profit and Loss Account from the date of acquisition.

Foreign Currency Translation

Receivables and payables in foreign currency are translated into DKK at the exchange rate on the balance sheet date or at the forward rate of exchange. Realised and unrealised exchange rate adjustments are included in the Profit and Loss Account.

The Profit and Loss Account for foreign subsidiaries has been translated into DKK at the average exchange rate of the individual months. The balance sheets of foreign subsidiaries have been translated to the exchange rate of the balance sheet day.

Exchange rate adjustments of the opening net assets of the subsidiaries have

been entered directly on the equity capital. This also applies to exchange rate differences following the translation of the Profit and Loss Account of each month at the average exchange rate to the exchange rate of the balance sheet day.

Subsidiaries in countries affected by major currency fluctuations or high inflation rates present their accounts for consolidation purposes in DEM.

Financial Instruments

Financial instruments used for hedging assets and liabilities entered in the balance as per the balance sheet date affect the book value of the entries, and both realised and unrealised exchange rate adjustments are included in the Profit and Loss Account in accordance with the same accounting principles as the hedged item. Exchange rate adjustments regarding financial instruments concluded with a view to hedging the revenue and expenditure of the coming year are deferred until the revenue and expenditure have been realised.

Financial instruments not used for hedging purposes are entered at market value as per the balance sheet date, and realised as well as unrealised exchange rate adjustments are included in the Profit and Loss Account.

Profit and Loss Account

Net Turnover

The net turnover comprises the invoiced sales of the year after deduction of returned goods and discounts directly connected with the sales.

Current projects on external accounts are entered under Net Turnover subject to their proportional sales value.

Production Costs

Production costs comprise costs, including depreciation, wages, and salaries paid to realise the net turnover of the year.

Research and Development Costs

Research and development costs are costs, including salaries and depreciation, which relate to the research and development activities of the Group. Research and development costs, including patents and licences, are expensed in the year when they are defrayed.

Sales and Distribution Costs

Sales and distribution costs include costs relating to distribution and sale of the Group's products, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

Administrative Costs

Administrative costs comprise costs for the administrative staff, management, Group costs etc., including salaries and depreciation.

Other Operating Expenses

Other operating items comprise revenue and expenditure of a secondary nature in relation to Group activities, e.g. results of financial instruments which have not been concluded for the purpose of hedging, as well as buy-back commitments relating to Employee Shares.

Income from Other Securities and Shares Stated as Fixed Assets

In addition to dividend received and interest yields, this item includes estimated gains or losses on the investment.

Cost of Financing, Net

This item comprises interest received and interest paid; realised and unrealised exchange rate losses and realised exchange rate gains on securities; and exchange adjustment of financial items in foreign currency. In addition, unrealised exchange rate gains have been included in the finance companies.

Tax on the Profit for the Year

The anticipated tax on the taxable income of the year in the various companies is charged to the Profit and Loss Account, adjustment being made for timing differences of the provided deferred tax.

Dividend tax on dividend received from foreign subsidiaries is charged as expenditure in the year in which the dividend is generated.

Changes in deferred tax as a consequence of changed tax rates are included in the Profit and Loss Account.

Balance Sheet

Intangible Fixed Assets

Intangible fixed assets are recorded at historical cost after deduction of accumulated write-downs and depreciation. According to the recommendations of the International Accounting Standards, intangible fixed assets are depreciated straight-line over the anticipated useful life time of the assets, which is:

Group goodwillup to 20 years
Other intangible fixed assets up to 5 years

Tangible Fixed Assets

Land and buildings are recorded at historical cost with the addition of write-ups and after deduction of accumulated write-downs and depreciation. The most recent revaluation of buildings in Denmark was on 1 April 1982; and in addition, a site in the U.S.A. has also been revaluated.

Technical installations, machines, and other facilities are recorded at historical cost after deduction of accumulated depreciation and write-downs. Tangible fixed assets produced in-house are valued at cost price including a proportion of indirect production costs.

Tangible fixed assets are depreciated straight-line through their anticipated useful life to the estimated useful life of the assets. The useful life of large assets is determined individually, whereas the useful life of other assets is determined for groups of similar assets. The expected useful lives are:

Buildings..... 20-40 years
Technical plant and machinery..... 3-10 years
Other facilities.....3-10 years

If the value of the expected future earning capacity of the asset is lower in use than the book value, the asset is written down to the lower value.

Minor acquisitions and assets with a short useful life are expensed in the year of acquisition.

Major financially leased assets are capitalised and depreciated on a straight-line basis according to the useful life, whereas the remaining leasing commitment is

recorded as a liability.

Financial Fixed Assets

Investments in associated companies are valued in accordance with the equity method.

Bonds quoted on the Stock Exchange are valued at redemption price, based on a proportional credit or charge of the difference between the purchase price and the nominal value.

Shares not quoted on the Stock Exchange are recorded at the purchase price with deduction of write-downs resulting from a continuous decrease in value.

Inventories

Inventories are valued at initial cost or cost price in accordance with the FIFO principle or net realisable value, whichever is lower. The cost price includes direct wages, consumption of materials and a proportion of indirect production costs.

Obsolete goods, including slow-moving items, are written down.

Current projects on external accounts are entered in the Balance Sheet at the proportional sales value as per the balance sheet date.

Accounts Receivable

Accounts receivable are valued in accordance with an individual assessment of the risk of losses on large receivables, whereas minor receivables are estimated on the basis of their age.

Securities Stated as Current Assets

Securities include bonds and shares which are valued at market value on the balance sheet day.

Realised and unrealised capital losses as well as realised gains are included in the Profit and Loss Account, whereas unrealised capital gains are entered directly on the equity capital under asset revaluation reserve after provision for deferred tax.

In the finance companies, all value adjustments are included in the Profit and Loss Account.

Concluded REPO transactions are entered as loans with security in the bond portfolio.

Deferred Tax

Provision for deferred tax has been made in accordance with the liability method of all timing differences between the fiscal and financial statements. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins.

Deferred tax is provided at the expected tax rate in the various countries. Deferred tax actives are included in the Balance Sheet provided that they are likely to reduce tax payments within a short period of time.

Liabilities under Guarantee

Provision for liability under guarantee is based on our experience of previous years concerning complaints received during the period of guarantee.

Buy-Back Obligation of Employee Shares

Provision has been made for the annual allocation of Employee Shares and revaluation of provisions of previous years.

Cash-Flow Analysis

The Cash-Flow Analysis is made up according to the indirect method, and shows the cash generated from operations, investments, and financing as well as the company's opening and closing liquidity reserves.

Cash-flow from operations is specified as the profit for the year, adjusted for non-cash operational items, changes in the working capital, and company tax paid.

Cash-flow from investments includes purchase and sales of intangible, tangible, and financial fixed assets, including acquisition and sale of subsidiary companies.

Cash-flow from financing includes raising and repaying long-term liabilities, short-term bank loans, together with the distribution of dividends.

Available funds include liquidity reserves and securities that represents a negligible risk.

The Parent Company**Dividend Revenues**

Dividend revenues from subsidiaries are entered on the credit side at the date of distribution.

Other Operating Expenses

Other operating expenses comprise revenue and expenditure of secondary nature, including for instance trading profit from the sale of shares and the buy-back obligation of Employee Shares.

Shares in Associated Companies

Shares in associated companies are valued at their initial cost, subject to exchange rates on the balance sheet date.

Consolidated Profit and Loss Statement

➤ 1 January - 31 December 2001

Amounts in DKK 1,000

	Note	2001	2000
Net Turnover	1	10,214,175	9,521,762
Production Costs		(6,325,513)	(5,868,767)
Research and Development Costs		(458,243)	(379,755)
Gross Profit		3,430,419	3,273,240
Sales and Distribution Costs		(1,798,943)	(1,642,373)
Administrative Costs		(786,396)	(720,267)
Amortisation of Group Goodwill		(30,614)	(24,382)
Operating Profit		814,466	886,218
Other Operating Items		(15,236)	(21,621)
Share of Profit, Associated Companies		(4,666)	0
Income from Financial Fixed Assets	2	34,456	39,932
Cost of Financing, Net	2	(211,119)	(166,012)
Profit before Tax		617,901	738,517
Tax on Profit for the Year	3	(229,599)	(216,087)
Consolidated Profit after Tax		388,302	522,430
Minority Shareholders' Share of Profits in Subsidiaries		(52,775)	(75,862)
Profit for the Year		335,527	446,568

Consolidated Balance Sheet

➤ **As per 31 December 2001**

Amounts in 1,000 DKK

Assets

Fixed Assets	Note	2001	2000
Intangible Fixed Assets			
Group Goodwill		429,971	368,962
Other Intangible Fixed Assets		65,788	62,533
		495,759	431,495
Tangible Fixed Assets			
Land and Buildings		1,833,188	1,708,911
Technical Equipment and Machinery		1,220,509	1,129,035
Other Technical Installations		398,145	361,430
Investments in Progress		259,583	206,454
		3,711,425	3,405,830
Financial Fixed Assets			
Associated Companies		1,334	0
Securities		474,942	599,168
Other Accounts Receivable		41,807	41,475
		518,083	640,643
Total Fixed Assets	4	4,725,267	4,477,968
Current Assets			
Inventories	5	2,056,209	1,958,079
Accounts Receivable			
Trade Debtors and B/E Debtors		2,115,344	1,958,806
Deferred Tax Assets	7	33,216	40,017
Other Accounts Receivable		246,488	190,363
Prepayments and Accrued Income		86,769	86,552
		2,481,817	2,275,738
Securities		395,089	345,483
Cash at Bank and in Hand		417,690	616,653
Total Current Assets		5,350,805	5,195,953
Total Assets		10,076,072	9,673,921

Amounts in 1,000 DKK

Liabilities and Equity

Equity Capital	Note	2001	2000
Registered Capital		505,000	390,000
Revaluation Reserves		40,240	37,914
Other Reserves		3,375,280	3,149,118
Total Equity Capital		3,920,520	3,577,032
Minority Interests		590,008	593,090
(mainly the Founder's Family)			
Total Equity Capital and Minority Interests	6	4,510,528	4,170,122
Provisions			
Deferred Tax	7	160,482	166,421
Liabilities under Guarantee		80,459	75,460
Buy-Back Obligation of Employee Shares		121,026	84,115
Pension Liabilities and Other Provisions		172,770	157,835
		534,737	483,831
Long-Term Liabilities			
Mortgage Debt		659,379	402,177
Bank Loans		1,020,353	978,588
Other Monetary Creditors		87,638	103,605
Corporation Tax		4,603	10,517
	8	1,771,973	1,494,887
Short-Term Liabilities			
Bank Overdrafts and Loans		1,515,442	1,679,654
Trade Creditors		812,552	823,109
Debts to Associated Companies		3,123	0
Corporation Tax		42,353	47,385
Other Liabilities		865,535	959,418
Accrued Expenses and Deferred Income		14,479	10,159
Dividend for Minority Shareholders		5,350	5,356
		3,258,834	3,525,081
Total Liabilities		10,076,072	9,673,921
Provision of Security and Contingent Liabilities, etc.	9		
Other Information	10		

Cash-Flow Analysis

➤ 1 January - 31 December 2001

Amounts in DKK 1,000

	Note	2001	2000
Consolidated Profit after Tax		388,302	522,430
Adjustments	11	1,067,426	947,421
Changes in Working Capital	12	(370,215)	(420,894)
Operational Cash-Flow before Interests, Net		1,085,513	1,048,957
Income from Financial Fixed Assets		34,456	39,932
Cost of Financing, Net		(211,119)	(166,012)
Cash-Flow from Ordinary Activities		908,850	922,877
Corporation Tax Paid	3	(264,642)	(234,440)
Cash-Flow from Operations		644,208	688,437
Acquisition and Sale of Companies	13	(41,160)	(150,466)
Investment in Tangible Fixed Assets		(870,038)	(725,192)
Disposal of Tangible Fixed Assets		41,039	39,360
Investment in Tangible Fixed Assets		(29,611)	(4,758)
Acquisition and Sale of Securities		120,111	(4,497)
Cash-Flow from Investment Activities		(779,659)	(845,553)
Change in Long-Term Loans		277,086	(205,561)
Change in Short-Term Loans		(164,212)	271,600
Distribution of Dividend		(21,335)	(5,415)
Acquisition of Minority Interests		(92,747)	0
Unrealised Exchange Rate Adjustments		(28,340)	(100,460)
Cash-Flow from Financial Activities		(29,548)	(39,836)
Change in Liquid Funds		(164,999)	(196,952)
Available Funds Including Securities, Opening	14	977,778	1,159,088
Available Funds Including Securities Stated as Current Assets, Closing	15	812,779	962,136

Notes to the Consolidated Accounts

Amounts in 1,000 DKK

Note 1

Net Turnover	2001	2000
Europe	7,006,677	6,538,989
North and South America	1,205,798	1,145,591
East Asia	1,542,517	1,488,127
Middle East/Africa	459,183	349,055
Net Turnover	10,214,175	9,521,762

Note 2

Income from Financial Fixed Assets and Cost of Financing, Net

Income from Other Securities and Shares

Shares as Fixed Assets	34,456	39,932
Cost of Financing	(226,829)	(197,203)
Revenue from Investment in Bonds	14,769	21,883
Revenue from Investment in Shares	(48,763)	(24,014)
Other Financial Revenue	49,704	33,322
Cost of Financing, Net	(211,119)	(166,012)

Note 3

Tax on the Profit for the Year

Tax Payable	223,241	267,900
Deferred Tax	355	(15,199)
Adjustment of Deferred Tax re Altered		
Rate of Taxation	0	(32,834)
Adjustment re Previous Years	6,003	(3,780)
Tax on the Profit for the Year	229,599	216,087

Reconciliation of Rates of Taxation for the Year:

Danish Rate of Taxation	30%	32%
Non-Taxable Income and		
Non-Deductible Expenses	3%	2%
Altered Rates of Taxation in Denmark and Germany	0%	(4%)
Capitalisation of Non-Capitalised Deficits	0%	(1%)
Value of Non-Capitalised Tax Assets	1%	0%
Non-Deductible Write-Downs on Goodwill	1%	1%
Other, Including Adjustment re Previous Years	2%	(1%)
Rate of Taxation for the Year	37%	29%

During the year, the Group's tax payments totalled DKK 265 million, against DKK 234 million in 2000.

Amounts in DKK 1,000

Note 4

Fixed Assets

	Group Goodwill	Other Intangible F. Assets	Land & Build- ings	Tech, Equip, & Mach.	Other Install.	Investm in Progr.	Assoc. Comp.	Secu- rities	Other Receiv.
Initial Cost									
Opening	569,553	115,332	2,375,079	4,168,464	981,957	206,454		598,031	46,491
Acq./Sale of Activities				1,309	297				
Exch. Rate Adjustment	134	(587)	22,137	11,714	5,203	1,469		2,888	(186)
Additions for the Year	91,463	30,912	201,215	436,133	181,030	169,557	6,000	76,077	2,257
Disposals at Initial Cost	(118,092)	(1,301)	(10,414)	(216,100)	(127,176)	(117,897)		(203,233)	(1,143)
Closing	543,058	144,356	2,588,017	4,401,520	1,041,311	259,583	6,000	473,763	47,419
Write-Ups									
Opening			65,198					1,137	
Exch. Rate Adjustment. etc.			2,103					111	
Movements for the Year									
Revaluation Securities Sold								(69)	
Closing			67,301					1,179	
Acc. Depreciation									
Opening	200,591	52,799	731,366	3,039,429	620,527				5,016
Acq./Sale of Activities									
Exch. Rate Adjustment	(26)	296	4,880	6,921	2,493				
Deprec./Wr-Downs for the Year	30,614	25,473	86,784	347,856	118,702		4,666		596
Deprec. Install. Sold	(118,092)		(900)	(213,195)	(98,556)				
Closing	113,087	78,568	822,130	3,181,011	643,166		4,666		5,612
Book Value 31 Dec. 2001	429,971	65,788	1,833,188	1,220,509	398,145	259,583	1,334	474,942	41,807
Book Value 31 Dec. 2000	368,962	62,533	1,708,911	1,129,035	361,430	206,454	0	599,168	41,475

The cash value for land and buildings in Denmark at the latest tax assessment of real property amounts to DKK 666m, Additions since the latest assessment amount to DKK 127m (book value: DKK 556m).

Group mortgaging of land and buildings amounts to DKK 621m (book value), and mortgaging of plant and machinery amounts to DKK 645m (book value); in total DKK 1,266m in security of loans, the remaining debt of which amounts to DKK 681m at the balance sheet date.

The book value of activated leased facilities on 31 December 2001 amounts to DKK 25m.

The stock market value of securities on 31 December 2001 amounts to DKK 470m.

Amounts in DKK 1,000

Note 5

Inventories	2001	2000
Raw Materials and Consumables	856,095	811,355
Work in Progress	455,672	367,631
Manufactured Goods and Goods for Resale	744,442	779,093
Inventories	2,056,209	1,958,079

Note 6

Equity Capital and Minority Interests

Opening	3,542,648	3,086,400
Change of Accounting Policy	34,384	40,077
Adjusted Opening	3,577,032	3,126,477
Exchange Rate Adjustments	9,805	9,525
Shifting in Minority Interests	(1,844)	(3,133)
Revaluation Carried Back	0	(2,405)
Profit for the Year	335,527	446,568
Equity Capital	3,920,520	3,577,032
Opening	587,457	512,658
Change of Accounting Policy	5,633	6,597
Adjusted Opening	593,090	519,255
Exchange Rate Adjustments	1,755	407
Shifting in Minority Interests	(36,283)	3,316
Dividend to Minority Interests	(21,329)	(5,356)
Revaluation Carried Back	0	(394)
Profit for the Year	52,775	75,862
Minority Interests	590,008	593,090
Total Equity Capital and Minority Interests	4,510,528	4,170,122

Note 7

Deferred Tax / Deferred Tax Assets

Deferred Tax Broken Down:

Fixed Assets	160,718	195,810
Current Assets	(34,070)	(92,215)
Provisions	12,299	15,305
Creditors	(1,822)	14,800
Deficit	(9,859)	(7,296)
	127,266	126,404

which have been entered in the balance as:

Deferred Tax Assets	33,216	40,017
Deferred Tax (Liability)	160,482	166,421

Amounts in DKK 1,000

Note 8

Long-Term Liabilities	2001	2000
Amounts Falling Due after 5 Years:		
Mortgage Debt	541,014	238,588
Bank Loans	233,821	215,824
Other Monetary Creditors	1,377	13,855

Note 9

Provision of Security and Contingent Liabilities, etc.

Financial Instruments: The Group has entered into a number of currency and forward exchange contracts for hedging purposes which on the balance sheet date can be broken down into the following principal items (volume in DKK million).

EUR	2,522
USD	1,006
GBP	521
JPY	127
Other Currencies	78
Net Turnover	4,254

The hedging horizon for individual currencies as at 31 December 2001 is between 12 and 19 months. The market value of contracts for the hedging of items not stated in the balance sheet is DKK 23m on the balance sheet day. According to Group accounting policies, these items are recorded at the time of realisation.

Non-Capitalised Leasing Contracts and Rent Obligations for the Coming Years Amount to a Total of	196,911	131,232
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No legal proceedings are in progress, nor have any other claims been filed against the Group which in Group Management's opinion may have any particular influence on the Group's financial position.

Note 10

Other Information

The Group's Total Pay to		
Employees and Board Members	2,770,878	2,522,371
Pensions	110,971	100,920
Social Security Expenses	341,367	298,717
Total	3,223,216	2,922,008

Staff Expenses for the Year Include Board Fees	947	922
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Average Number of Full-Time Employees	11,194	10,614
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Number of Employees, Closing	10,985	10,773
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Amounts in DKK 1,000

Note 11	2001	2000
Adjustments		
Depreciations	610,025	606,668
Guarantee Liabilities and Other Provisions	46,473	(1,414)
Share of Profit, Associated Companies	4,666	0
Income from Financial Fixed Assets	(34,456)	(39,932)
Cost of Financing, Net	211,119	166,012
Tax on Profit for the Year	229,599	216,087
Adjustments	1,067,426	947,421

Note 12

Changes in Working Capital

Changes in Inventories	(98,130)	(317,872)
Changes in Accounts Receivable	(211,095)	(278,348)
Changes in Creditors, etc.	(68,360)	154,741
Unrealised Exchange Rate Adjustments	7,370	20,585
Changes in Working Capital	(370,215)	(420,894)

Note 13

Acquisition and Sale of Companies

Breakdown of the Year's Acquisitions and Adjustment of Previous Years' Acquisitions:

Tangible Fixed Assets	(1,606)	(27,926)
Inventories	0	(55,600)
Accounts Receivable	(1,785)	(104,793)
Cash at Bank and in Hand	(8,432)	(6,363)
Provisions	3,725	3,418
Long-Term Liabilities	0	16,024
Short-Term Liabilities	417	92,305
Assets, Net	(7,681)	(82,935)

Group Goodwill	(41,911)	(73,894)
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Acquisition/Sales Price	(49,592)	(156,829)
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Of this, Cash at Bank and in Hand	8,432	6,363
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Cash Acquisition/Sales Price	(41,160)	(150,466)
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Note 14

Cash at Bank and in Hand, Opening

Cash at Bank and in Hand	962,136	1,140,177
Unrealised Exchange Rate Adjustments	15,642	18,911
Cash at Bank and in Hand, Opening	977,778	1,159,088

Note 15

Cash at Bank and in Hand, Closing

Securities	395,089	345,483
Cash at Bank and in Hand	417,690	616,653
Cash at Bank and in Hand, Closing	812,779	962,136

Profit and Loss Account/Balance Sheet of Poul Due Jensen's Foundation

➤ 1 January - 31 December 2001

Amounts in DKK 1,000

	Note	2001	2000
Administrative Costs	1	(282)	(288)
Dividend Revenue from Associated Company		118,423	21,708
Premium from Sale of Shares		35,466	0
Provision for Buy-Back of Employee Shares		(36,911)	0
Finance Revenues	2	15,671	24,716
Cost of Financing	3	(14,525)	(23,887)
Profit before Tax		117,842	22,249
Tax on Profit for the Year	4	(3,163)	(1,022)
Profit for the Year		114,679	21,227

Amounts in DKK 1,000

Assets	Note	2001	2000
Fixed Assets			
Financial Fixed Assets			
Investment in Associated Company		490,029	399,566
Accounts Receivable from Associated Company		77,400	80,383
Securities		70	0
Total Fixed Assets	5	567,499	479,949
Current Assets			
Accounts Receivable			
Accounts Receivable from Associated Companies		83,884	219,871
Other Accounts Receivable	4	0	583
Accrued Expenses and Deferred Income		172	0
		84,056	220,454
Cash at Bank and in Hand		3	1
Total Current Assets		84,059	220,455
Total Assets		651,558	700,404
Liabilities and Equity			
Equity Capital			
Registered Capital		505,000	390,000
Revaluation Reserves		20,077	20,077
Capital Available		2,525	2,846
Equity Capital Total	6	527,602	412,923
Provisions			
Deferred Tax Obligation	4	4,916	3,677
Buy-Back Obligation of Employee Shares		36,911	0
		41,827	3,677
Long-Term Liabilities			
Mortgage Debt	7	77,400	80,383
		77,400	80,383
Short-Term Liabilities			
Bank Overdrafts and Loans		2,983	203,209
Debts to Associated Company		51	0
Corporation Tax	4	1,455	0
Other Liabilities		240	212
		4,729	203,421
Total Liabilities		651,558	700,404

Notes to the Accounts of Poul Due Jensen's Foundation

Amounts in DKK 1,000

Note 1

Administrative Costs

Including board fees amounting to t.DKK 102 against t.DKK 98 in 2000.

Note 2

Financial Revenues

Including financial revenues from associated companies totalling t.DKK 15,643 against t.DKK 24,716 in 2000.

Note 3

Cost of Financing

Including financing costs to associated companies totalling t.DKK 0 against t.DKK 4 in 2000.

Note 4

Tax on Profit for the Year

	2001	2000
Tax Payable	1,924	454
Deferred Tax	1,239	896
Adjustment of Deferred Tax re Altered		
Rate of Taxation	0	(185)
Adjustment re Previous Years	0	(143)
Tax on Profit for the Year	3,163	1,022

Deferred tax relates to provisions. Tax paid during the year totals t.DKK -114 against t.DKK 1,167 in 2000.

Note 5

Financial Fixed Assets

	Investment in Assoc. Company	Accounts Re- ceivable from Assoc. Company	Secur- ities
Initial Cost			
Opening	379,489	80,383	0
Additions for the Year	92,747	0	70
Disposals at Initial Cost	(2,284)	(2,983)	0
Closing	469,952	77,400	70

Amounts in DKK 1,000

Write-Ups			
Opening	20,077	0	0
Movements of the Year	0	0	0
Closing	20,077	0	0

Book Value, Closing	490,029	77,400	70
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Note 6

Equity Capital	2001	2000
Opening	390,000	370,000
Transferred from Capital Available	115,000	20,000
Closing	505,000	390,000

Value Adjustment of Shares in Associated Company	20,077	20,077
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Capital Available

Opening	2,846	1,619
Retained Profit for the Year	114,679	21,227
Transferred to Registered Capital	(115,000)	(20,000)
Closing	2,525	2,846

Equity Capital	527,602	412,923
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Note 7

Long-Term Liabilities

Amounts Falling Due after More Than 5 Years:

Mortgage Debt	63,493	67,290
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Profit and Loss Account in Euro

➤ Amounts in EUR 1,000

	2001	2000
Net Turnover	1,370,930	1,277,453
Production Costs	(849,000)	(787,362)
Research and Development Costs	(61,505)	(50,948)
Gross Profit	460,425	439,143
Sales and Distribution Costs	(241,451)	(220,343)
Administrative Costs	(105,549)	(96,632)
Amortisation of Group Goodwill	(4,109)	(3,271)
Operating Profit	109,316	118,897
Other Operating Items	(2,045)	(2,901)
Share of Profit in Associated Companies	(626)	0
Income from Financial Fixed Assets	4,625	5,357
Cost of Financing, Net	(28,336)	(22,272)
Profit before Tax	82,934	99,081
Tax on Profit for the Year	(30,817)	(28,991)
Consolidated Profit after Tax	52,117	70,090
Minority Shareholders' Share of Profits in Subsidiaries	(7,083)	(10,178)
Profit for the Year	45,034	59,912

Group Structure

➤ Ownership

Poul Due Jensen's Foundation, based in Bjerringbro, Denmark, is the parent company of the Grundfos Group. Poul Due Jensen's Foundation owns 86.4% of the share capital in Grundfos Holding AG, Switzerland, the founder's family owns 13.1%, and employees own 0.5%.

Grundfos Holding AG, Switzerland, directly or indirectly owns the entire share capital in all subsidiaries, except for the following:

Grundfos A/S, Denmark - 97%
Grundfos Pumps Pty. Ltd., Australia - 70%
PT Grundfos Pompa, Indonesia - 98%
Grundfos (Thailand) Ltd., Thailand - 74%
Grundfos Pumps India Private Limited - 87%

Branches:

In addition to the companies mentioned, the Group has operating branches in South Africa, Estonia, Latvia, and Lithuania.

Group Structure

- Management Companies
- Sales Companies
- Production Companies
- Acquired Companies



Switzerland
Grundfos Insurance
Management AG

Denmark
Grundfos Finance A/S

Denmark
Grundfos A/S

Portugal
Bombas Grundfos
(Portugal) Lda.

New Zealand
Grundfos Pumps NZ Ltd.

Denmark
Sintex A/S

Spain
Bombas Grundfos Espana S.A.

China
Grundfos Pumps (Suzhou) Ltd.

United Kingdom
Grundfos Manufacturing Ltd.

United Arab Emirates
Grundfos Gulf Distribution

China
Grundfos Pumps
(Hong Kong) Ltd.

Finland
OY Grundfos Environment Finland AB

India
Grundfos Pumps India
Private Limited

Korea
Grundfos Pumps Korea Ltd.

Germany
Grundfos Pumpenfabrik GmbH

U.S.A.
Grundfos Pumps Corporation

Taiwan
Grundfos Pumps
(Taiwan) Ltd.

Hungary
Grundfos Hungary
Manufacturing Ltd.

Canada
Grundfos Canada Inc.

Japan
Grundfos Pumps K.K.

France
Pompes Grundfos S.A

Mexico
Bombas Grundfos de Mexico
S.A. de C.V.

Indonesia
PT Grundfos Pompa

U.S.A.
Grundfos Pumps
Manufacturing Corporation

Brazil
Grundfos do Brasil Ltda.

Malaysia
Grundfos Pumps SDN. BHD

China
Grundfos Pumps
(Shanghai) Co. Ltd.

Argentina
Bombas Grundfos
de Argentina S.A.

Singapore
Grundfos (Singapore) Pte. Ltd.

Taiwan
Grundfos Taiwan
Manufacturing Co. Ltd.

Australia
Grundfos Pumps Pty. Ltd.

Thailand
Grundfos (Thailand) Ltd.

Singapore
Grundfos Pumps Pte. Ltd.

Italy
DAB Pumps S.p.A.

Italy
Leader Pumps Group S.p.A.

Italy
Grundfos Submersible Motors Srl.

Grundfos in Brief

The Grundfos group of companies is owned by Poul Due Jensen's Foundation. The foundation's main purpose is to expand and develop the Group, primarily by reinvesting own, realised funds and maintaining the Grundfos Group as an independent company in accordance with its founder's will.

Providing the peoples of the world with water is what Grundfos pumps are made for – day in and day out, and in an efficient and reliable way. And for any purpose, whether the water is used to satisfy thirst, irrigate fields, water animals, speed industrial processes, heat or cool buildings, or handle waste-water.

Grundfos aims to be the world's leading and most successful pump manufacturer. The Group is dedicated to ongoing research in new materials and processes. It is our aim to constantly introduce outstanding new pumps and pumping systems that satisfy the markets' needs for effective, reliable, energy-efficient solutions.

Quality is key in all Grundfos products. This compels us to focus on construction and design and to take special care when selecting materials and production methods. We produce most components ourselves, ensuring high productivity, and a healthy working environment – both inside and outside Grundfos.

Grundfos products are sold and serviced primarily through a network of Grundfos-owned national subsidiary companies. The independent national companies ensure first-hand knowledge of market trends and conditions and provide the best possible service for our customers. Regional production also ensures fast, reliable delivery and the possibility to tailor solutions for local customers.

The Group's most important resources are our employees, their know-how and their personal commitment. That is why the Group makes substantial investments in education and training, and in the creation of a challenging work environment. The result is creative new products with high utility values and tangible benefits for our customers.

Grundfos Milestones 2001



BE > THINK > INNOVATE >



Grundfos sets up production of micro sensors in Farum, Denmark

Opening of the Poul Due Jensen Academy, and institution of the Grundfos Research Award



Grundfos acquires Indian software company

July

August

September

October

November

December

