Group Annual Report 2005

The Grundfos Group and the Poul Due Jensen Foundation

BE › THINK › INNOVATE ›

GRUNDFOS®

Milestones in 2005

- **1 January:** Grundfos takes over the German dosing pump group Alldos.
- **1 January:** Grundfos takes over Italian manufacturer of submersible-pump motors Tesla.
- **4 January:** The Grundfos Group donates DKK 4 million to the parts of Asia that were struck by the Tsunami, and DKK 1 million to the Danish Red Cross.
- **6 February:** Grundfos signs a two-year sponsorship agreement with the Danish Badminton Federation.
- **14 March:** Grundfos and Europump launch new energy-labelling scheme for circulator pumps.
- **15 March:** Grundfos introduces the world's first A-labelled circulator pump, Alpha Pro, and the world's first B-labelled standard circulator pump.
- **25 March:** Opening of new factory in Chennai, India.
- **2 May:** Grundfos marks its 60th Jubilee for all employees of the Group and business associates in Denmark.
- **13-16 May:** Almost 700 employees from 50 countries compete in the Grundfos Olympics in Denmark.
- **26 May:** Opening of a new factory in Russia.
- **6 June:** French company Nexans Winding Wires is honoured with the Grundfos Supplier Award.
- **1 July:** Opening of a sales company in Johannesburg, South Africa.
- **1 September:** Expansion of the Hungarian factory is opened.
- **23 September:** Opening of a new sales company with assembly facilities, outside Istanbul, Turkey.
- **25 October:** Opening of a new distribution centre in France.
- **1 November:** Grundfos takes over South African pump manufacturer Brisan Turbo (Pty) Ltd.
- **21 November:** Opening of a new factory in Suzhou, China.
- **5-18 December:** Grundfos is the main sponsor of the Women's World Handball Championship in St. Petersburg, Russia.

Key Figures for the Grundfos Group

Amounts in DKKm

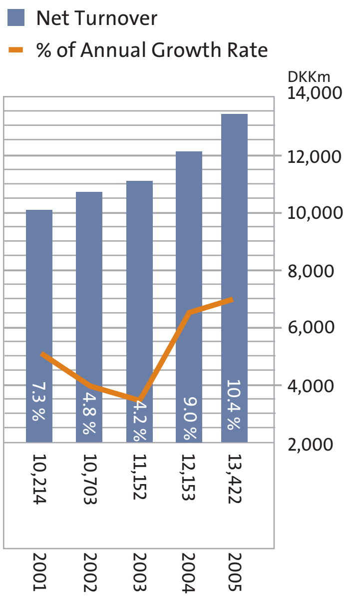
	2005	2004	2003	2002	2001
Consolidated Profit and Loss Statement					
Net Turnover	13,422	12,153	11,152	10,703	10,214
Operating Profit	1,353	1,328	1,154	913	814
Earnings Before Interest and Tax (EBIT)	1,297	1,281	1,087	903	795
Cost of Financing	(43)	(49)	(9)	(177)	(177)
Profit before Tax	1,254	1,232	1,078	726	618
Consolidated Profit after Tax	807	794	673	441	388
Profit for the Year (Excluding Minorities)	701	690	579	373	336
Consolidated Balance Sheet					
Assets					
Intangible Fixed Assets	993	676	586	554	496
Tangible Fixed Assets	4,700	4,347	3,887	3,792	3,711
Fixed Asset Investments	567	590	567	534	518
Current Assets	6,906	6,185	5,753	5,292	5,374
Total Assets	**13,166**	**11,798**	**10,793**	**10,172**	**10,099**
Liabilities					
Equity Capital	5,994	5,150	4,637	4,205	3,935
Minority Interests	856	735	679	612	597
Provisions	1,036	911	701	595	542
Long-term Liabilities	1,526	1,665	1,799	1,640	1,772
Short-term Liabilities	3,754	3,337	2,977	3,120	3,253
Total Liabilities	**13,166**	**11,798**	**10,793**	**10,172**	**10,099**
Number of Employees at Year-End	13,369	12,586	11,707	11,383	10,985
Capital Investments, Tangible	1,009	1,000	854	798	870
R&D Costs, incl. Capitalised	590	543	464	454	458
Interest-Bearing Debt, Net	843	1,015	881	1,732	1,995
Result before Tax in Per Cent on Net Turnover	9.3 %	10.1 %	9.7 %	6.8 %	6.1 %
Return on Equity	12.7 %	14.2 %	13.3 %	9.4 %	8.9 %
Equity Ratio	52.0 %	49.9 %	49.3 %	47.4 %	44.9 %

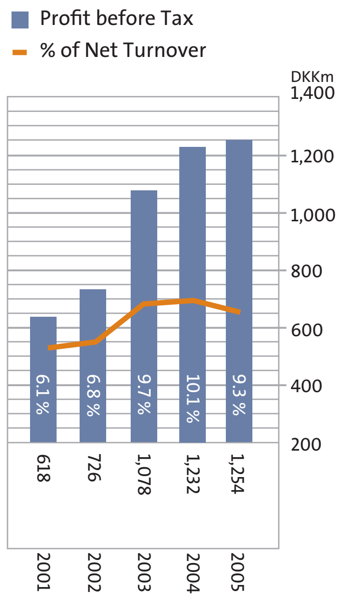
As of 2002, development projects are included in the Consolidated Balance Sheet, and as of 2004, accounting policies for the inclusion of defined benefit schemes have been changed. No restatement of comparatives has been made for previous years in this respect.

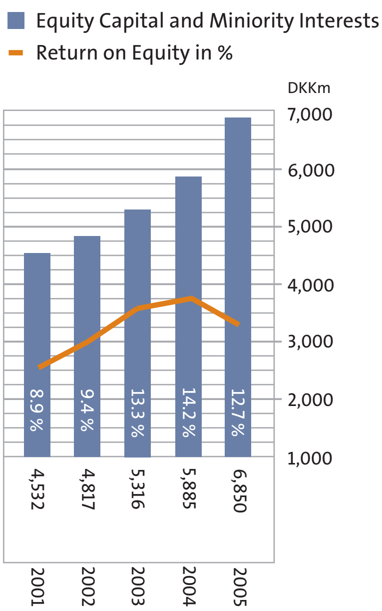
Definition of Ratios:

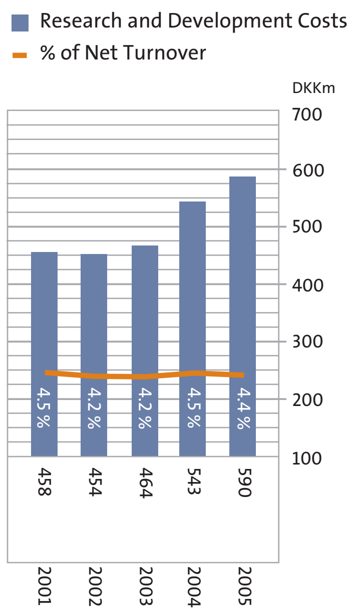
Return on Equity: Consolidated profit in per cent of the average equity capital inclusive of minority interests.

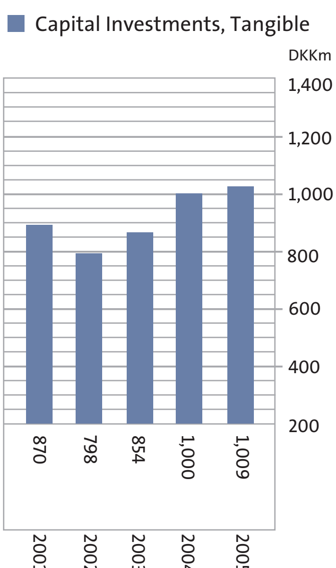
Equity Ratio: Equity capital inclusive of minority interests at year-end in per cent of total assets.

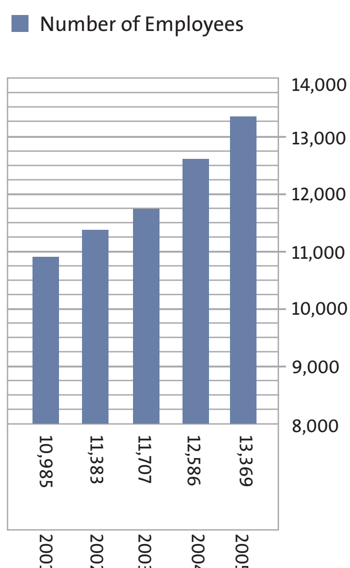

Net Turnover
% of Annual Growth Rate
DKKm
14,000
12,000
10,000
8,000
6,000
4,000
2,000
7.3 %
4.8 %
4.2 %
9.0 %
10.4 %
10,214
10,703
11,152
12,153
13,422
2001
2002
2003
2004
2005


Profit before Tax
% of Net Turnover
DKKm
1,400
1,200
1,000
800
600
400
200
6.1 %
6.8 %
9.7 %
10.1 %
9.3 %
618
726
1,078
1,232
1,254
2001
2002
2003
2004
2005


Equity Capital and Miniority Interests
Return on Equity in %
DKKm
7,000
6,000
5,000
4,000
3,000
2,000
1,000
8.9 %
9.4 %
13.3 %
14.2 %
12.7 %
4,532
4,817
5,316
5,885
6,850
2001
2002
2003
2004
2005


Research and Development Costs
% of Net Turnover
DKKm
700
600
500
400
300
200
100
4.5 %
4.2 %
4.2 %
4.5 %
4.4 %
458
454
464
543
590
2001
2002
2003
2004
2005


Capital Investments, Tangible
DKKm
1,400
1,200
1,000
800
600
400
200
870
798
854
1,000
1,009
2001
2002
2003
2004
2005


Number of Employees
14,000
13,000
12,000
11,000
10,000
9,000
8,000
10,985
11,383
11,707
12,586
13,369
2001
2002
2003
2004
2005

Group Structure

Denmark
The Poul Due Jensen Foundation

Switzerland
Grundfos Holding AG

Denmark
Grundfos Management A/S

Switzerland
Grundfos Insurance Management AG

Denmark
Grundfos Finance A/S

Sales Companies

Denmark
Grundfos DK A/S

United Kingdom
Grundfos Pumps Ltd.

United Kingdom
Grundfos Euro Pump UK

Ireland
Grundfos (Ireland) Ltd.

Sweden
Grundfos AB

Sweden
JL Pump AB

Norway
Grundfos Pumper A/S

Finland
OY Grundfos Pumput AB

South Africa
Grundfos (Pty.) ltd.

South Africa
Brisan Turbo (Pty.) Ltd.

Germany
Grundfos GmbH

Poland
Grundfos Pompy Sp.z.o.o.

The Baltic States
Grundfos Pumps UAB

Austria
Grundfos Pumpen Vertrieb Ges.m.b.H.

The Czech Republic
Grundfos spol. s.r.o.

Hungary
Grundfos Hungária Kft.

The Ukraine
Grundfos Ukraine

Turkey
Grundfos Pompa San. ve Tic. Ltd. Sti.

Belgium
N.V. Grundfos Bellux S.A.

The Netherlands
Grundfos Nederland B.V.

Switzerland
Grundfos Pumpen AG

Russia
Grundfos Russia OOO

Italy
Grundfos Pompe Italia S.r.l.

France
Pompes Grundfos Distribution S.A.

Greece
Grundfos Hellas A.E.B.E.

Portugal
Bombas Grundfos (Portugal) Lda.

Spain
Bombas Grundfos España S.A.

United Arab Emirates
Grundfos Gulf Distribution

India
Grundfos Pumps India Private Limited

USA
Grundfos Pumps Corporation

Canada
Grundfos Canada Inc.

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

Brazil
Mark Grundfos Ltda.

Argentina
Bombas Grundfos de Argentina S.A.

Australia
Grundfos Pumps Pty. Ltd.

New Zealand
Grundfos Pumps NZ Ltd.

China
Grundfos Pumps (Shanghai) Co. Ltd.

China
Grundfos Pumps (Hong Kong) Ltd.

Korea
Grundfos Pumps Korea Ltd.

Taiwan
Grundfos Pumps (Taiwan) Ltd.

Japan
Grundfos Pumps K.K.

Indonesia
PT Grundfos Pompa

Malaysia
Grundfos Pumps Sdn Bhd

Singapore
Grundfos (Singapore) Pte. Ltd.

Thailand
Grundfos (Thailand) Ltd.

Manufacturing Companies

Denmark
Grundfos A/S

Denmark
Sintex A/S

United Kingdom
Grundfos Manufacturing Ltd.

Finland
OY Grundfos Environment Finland AB

Germany
Grundfos Pumpenfabrik GmbH

Hungary
Grundfos Hungary Manufacturing Ltd.

USA
Grundfos Pumps Manufacturing Corporation

China
Grundfos Pumps (Suzhou) Co. Ltd.

Taiwan
Grundfos Taiwan Manufacturing Co. Ltd.

Italy
Grundfos Submersible Motors Srl.

Russia
Grundfos Istra OOO

France
Pompes Grundfos S.A.

Non-Grundfos Brand Companies

Germany
Philipp Hilge GmbH & Co. KG

Germany
Deutsche Vortex GmbH & Co. KG

Germany
Alldos

Switzerland
Biral AG

Switzerland
Arnold AG

Italy
DAB Pumps S.p.A.

Italy
Leader Pumps Group S.p.A.

Italy
Tesla

Korea
Chung Suk Co. Ltd.

Ownership

The Poul Due Jensen Foundation, based in Bjerringbro, Denmark, is the parent company of the Grundfos Group. The Poul Due Jensen Foundation owns 85.1 per cent of the share capital in Grundfos Holding AG, Switzerland, while the founder's family owns 12.0 per cent, and employees own 2.9 per cent.

Grundfos Holding AG, Switzerland, directly or indirectly owns the entire share capital in all subsidiaries, except for the following:
Grundfos A/S, Denmark – 99.7%
Grundfos Pumps Pty. Ltd., Australia – 70%
PT Grundfos Pompa, Indonesia – 98%
Grundfos (Thailand) Ltd., Thailand – 74%
Philipp Hilge International GmbH & Co. KG,
Germany - 94%

Associated companies:
Bjerringbro Savværk Holding A/S, Danmark - 30 %
Staring Miljø A/S, Denmark - 40%

Historical milestones for the Grundfos Group

1945	Poul Due Jensen establishes Grundfos.
1959	The launch of the first circulator pump marks the beginning of a completely new era.
1960	With the establishment of a pump factory in Germany, Grundfos opens a company outside Denmark for the first time.
1961	With an annual production of 34,000 pumps, Poul Due Jensen sees his vision of mass production come true.
1975	Poul Due Jensen transfers his ownership of the Grundfos Group to the Poul Due Jensen Foundation.
1977	Poul Due Jensen dies, and Niels Due Jensen takes over as Chairman of the Board of Directors.
1980	The first Group Management with Niels Due Jensen as Group President.
1985	The Grundfos Group comprises 15 companies employing 5,000 staff. The annual turnover exceeds 2 billion Danish kroner.
1990	Grundfos inaugurates the Technology Centre, which engages in research in new materials and processes, and designs and manufactures new machines and tools.
1994	Grundfos inaugurates the Development Centre.
2001	Inauguration of the Poul Due Jensen Academy. With the Academy, the Group's massive investments in product development and branding receive whole-hearted support in the form of investments in training within sales/marketing and service, among others.
2003	Niels Due Jensen leaves the position as Group President to Jens Jørgen Madsen.
2005	Grundfos introduces the world's first A-labelled circulator pump, Alpha Pro, and the world's first B-labelled standard circulator pump.

INTRODUCTION

Niels Due Jensen, Group Chairman

To everybody who takes an interest in the company

In the year 2005, which was also the year of Grundfos' 60th jubilee, the Group achieved its largest ever pre-tax profit of DKK 1,254m. Thus – despite relatively high material costs and a weak US dollar – it was the third consecutive year of record earnings.

The positive result can primarily be attributed to a substantial growth in sales combined with an increased focus on controlling costs and investments. Turnover increased by a good 10.4 per cent to DKK 13.42b.

This has taken the Group's sales growth to another level and at the same time helped maintain a high level of earnings corresponding to 9.3 per cent on turnover.

We are pleased that Grundfos was strengthened during 2005 and again able to win market shares on the global pump market.

The key factors behind Grundfos' growth strategy are a considerable and focused investment in research and development, an accelerated globalisation of the production and a continued expansion of the global Grundfos sales network – in particular in new markets like Eastern Europe and the Far East, but also in more established markets like the US and Western Europe.

The long-term investments were also of high priority in 2005. The resulting costs for research and development amounted to DKK 590m, and the total capital investments again exceeded DKK 1b in 2005. A considerable part of these investments were spent on establishing new factories in China, India and Russia with a total production area of 55,000 m^2.

A satisfactory cash flow of DKK 1,617m made way for the self-financing of both the capital investments and the strategic acquisitions Alldos (Germany), Tesla (Italy) and Brisan Turbo (South Africa).

The positive results confirm that our strategies for continued profitable organic growth supplemented by strategic acquisitions are working well.

According to predictions, a growing part of the earth's population will experience shortages of clean water in the decades ahead, partly because growing populations lead to increased water consumption, and partly because the economic growth alone will entail a larger water consumption and, consequently, larger quantities of wastewater. This development will increase the demand for new technological solutions and pump systems, for instance for the desalination of sea water and treatment and recycling of wastewater.

Jens Jørgen Madsen, Group President.

It is Grundfos' objective in the years to come to strengthen the development of groundbreaking technologies and trendsetting pump solutions which can contribute to reduce the earth's energy consumption and alleviate the increasing global problem of ensuring the supply of clean water.

But innovation is not solely confined to the products. We intend to strengthen a corporate culture in which all parts of the organisation is putting an ever increasing emphasis on innovation. Employees on all levels, and in any function, should become even better at questioning familiar routines and have the courage to find new and better ways of completing their tasks.

Responsibility and ethics are key elements in Grundfos' set of values. Thus, it was only natural that Grundfos joined the UN Global Compact Initiative in 2002. We continuously strive to live up to our obligations by focusing on sustainability in all Group activities all over the world. Our concrete effort in 2005 has been reported to the UN and can be studied at Group and UN websites.

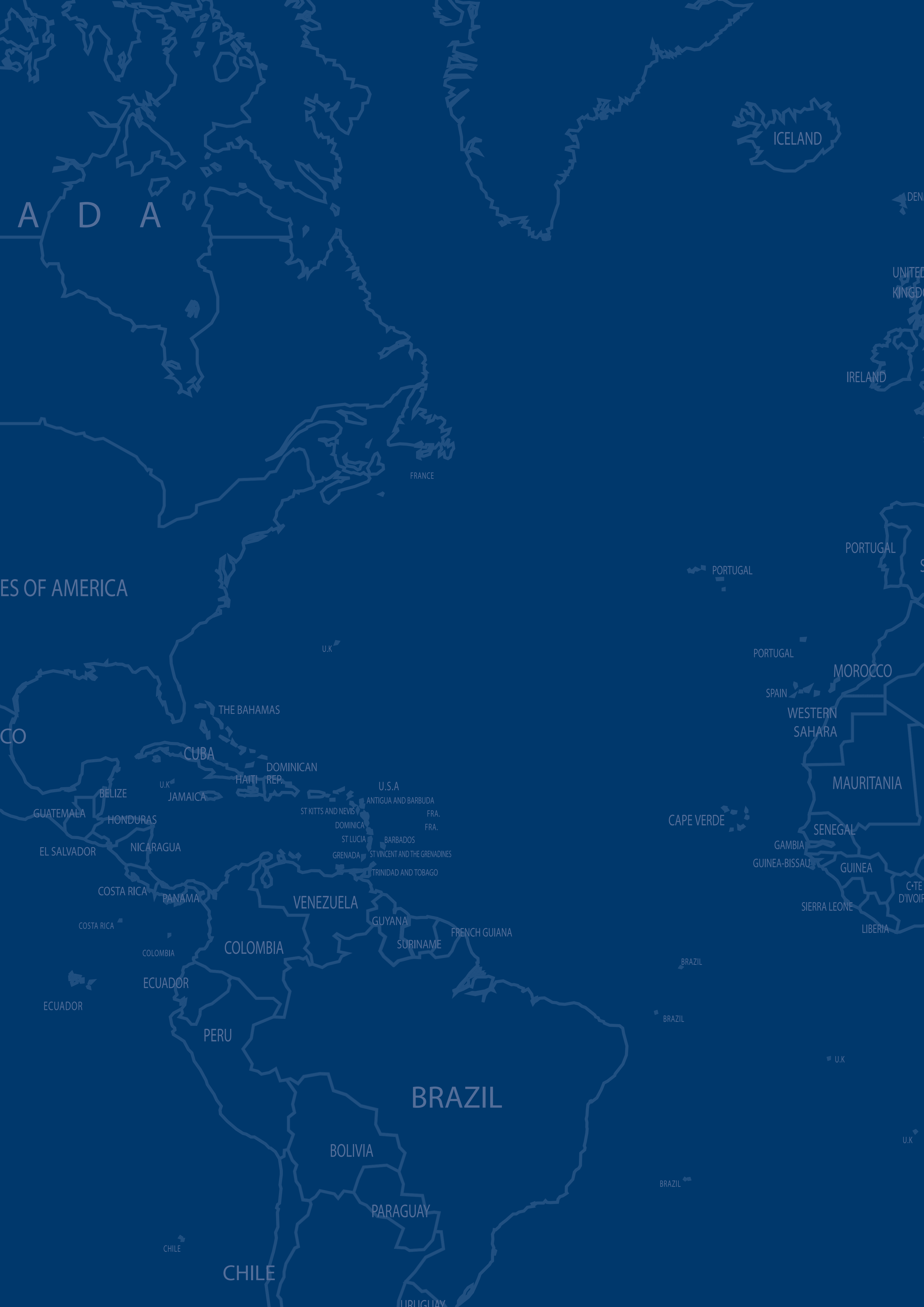
During 2005, the concept of corruption was discussed in media all over the world in connection with the UN's humanitarian Oil for Food programme for Iraq. For many years, Grundfos has been active in the battle against corruption, wherever we might encounter it, and 2005 saw an increased effort in this field. The Group's Code of Conduct, which all company managers have to sign once a year, has been strengthened and sharpened further, and the Group's controller function is focusing even more on this topic in all Grundfos companies.

So with regard to business as well as ethics, the Grundfos Group is doing its utmost to prepare for the challenges of the future.

Finally, we would like to thank all who have contributed positively to the fine results of the year: First and foremost our customers and suppliers, but not least our competent and dedicated employees throughout the Group. A special thank you goes out to our business associates who used the celebration of Grundfos' 60th jubilee to make a handsome financial contribution to the realisation of a sustainable water supply project in Kenya in cooperation with UNICEF and UNDP.

Niels Due Jensen
Group Chairman

Jens Jørgen Madsen
Group President


A D A
ICELAND
IRELAND
FRANCE
ES OF AMERICA
PORTUGAL
PORTUGAL
PORTUGAL
U.K
MOROCCO
SPAIN
WESTERN SAHARA
THE BAHAMAS
CO
CUBA
DOMINICAN REP.
HAITI
U.K
JAMAICA
BELIZE
U.S.A
ANTIGUA AND BARBUDA
ST KITTS AND NEVIS
FRA.
FRA.
DOMINICA
ST LUCIA
BARBADOS
GRENADA
ST VINCENT AND THE GRENADINES
TRINIDAD AND TOBAGO
GUATEMALA
HONDURAS
EL SALVADOR
NICARAGUA
COSTA RICA
PANAMA
VENEZUELA
GUYANA
SURINAME
FRENCH GUIANA
COSTA RICA
COLOMBIA
COLOMBIA
ECUADOR
ECUADOR
PERU
BRAZIL
BOLIVIA
PARAGUAY
CHILE
CHILE
MAURITANIA
CAPE VERDE
SENEGAL
GAMBIA
GUINEA-BISSAU
GUINEA
SIERRA LEONE
LIBERIA
BRAZIL
BRAZIL
BRAZIL
U.K
U.K


RUSSIAN
SWEDEN
FINLAND
NORWAY
U.K
ESTONIA
LATVIA
DENMARK
LITHUANIA
POLAND
BELARUS
NETHERLANDS
GERMANY
BELGIUM
LUX.
CZECH REP.
SLOVAKIA
UKRAINE
KAZAKHSTAN
FRANCE
SWITZ.
LIECHT.
AUSTRIA
MOLDOVA
HUNGARY
ROMANIA
SLOV.
CROATIA
BOSNIA& H.
YUGO SLAVIA
M.C
ITALY
S.M
UZBEKISTAN
ANDORRA
VATICAN CITY
ALBANIA
BULGARIA
GEORGIA
ARMENIA
KYRGYZSTAN
F.Y.R.O.M[1]
AZERB.
TURKMENISTAN
SPAIN
TURKEY
TAJIKISTAN
GREECE
MALTA
CYPRUS
SYRIA
IRAQ
KASHMIR
TUNISIA
LEBANON
WEST BANK
ISRAEL
IRAN
AFGHANISTAN
PAKISTAN
NEPAL
JORDAN
KUWAIT
ALGERIA
LIBYA
SAUDI ARABIA
EGYPT
BAHRAIN
QATAR
U.A.E[3]
OMAN
INDIA
MALI
NIGER
CHAD
ERITREA
YEMEN
SUDAN
BURKINA FASO
DJIBOUTI
YEMEN
GHANA
BENIN
NIGERIA
INDIA
SRI LANKA
TOGO
CENTRAL AFRICAN REPUBLIC
ETHIOPIA
CAMEROON
SOMALIA
SIO TOMÁ AND PRINCIPE
EQUAT. GUINEA
UGANDA
KENYA
MALDIVES
DEM. REP. OF CONGO
GABON
CONGO
RWANDA
BURUNDI
TANZANIA
U.K
SEYCHELLES
ZAMBIA
COMOROS
ANGOLA
MALAWI
FRANCE
MADAGASCAR
MAURITIUS
ZIMBABWE
NAMIBIA
BOTSWANA
MOZAMBIQUE
FRANCE
SWAZILAND
LESOTHO
SOUTH AFRICA

STATEMENT

Finance

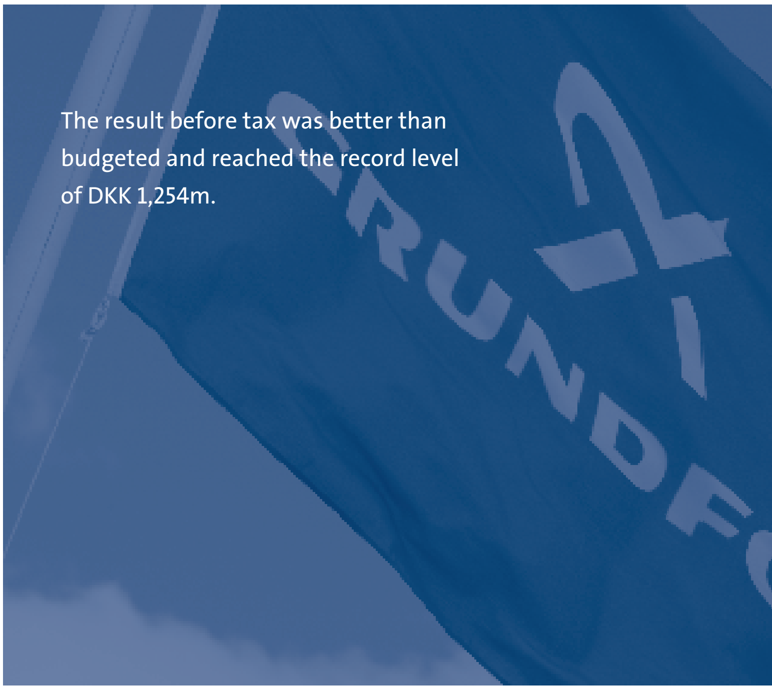
During the financial year 2005, the Grundfos Group was able to take full advantage of the global economic trend and achieve its greatest pre-tax profit so far. While turnover on the traditional Western European markets show the relatively modest development that was expected (with the exception of England), the Group focused its resources on benefiting the most from the considerable growth potential elsewhere in the world.

The Group's net turnover increased by DKK 1,269m to DKK 13,422m, which is a growth of 10.4 per cent against last year. The organic growth was 7 per cent, whereas acquisitions of companies contributed 3.2 per cent. Fluctuating currency rates were less significant to the development of turnover in 2005.

After a relatively slow start during the first six months, which resulted in only a 4 per cent increase, organic growth picked up the pace during the second half of the year and amounted to 10 per cent. The Group's total growth was a little under 7 per cent for the first half of 2005, but increased to approx. 14 per cent during the last six months.

Pre-tax profits were better than budgeted and reached a record-breaking DKK 1,254m against last year's DKK 1,232m. When evaluating the result, which we regard as satisfactory, one should bear in mind the high and continuously increasing material costs and the considerable planned product development costs. While the Group, in the well-developed markets, has experienced a moderate development in production and sales costs, the increased globalisation of production and the stronger effort to develop new markets entailed a relatively significant growth in these costs.

Over the last two years, Grundfos has bought four well-run companies with a total turnover of DKK 650m. These acqui-



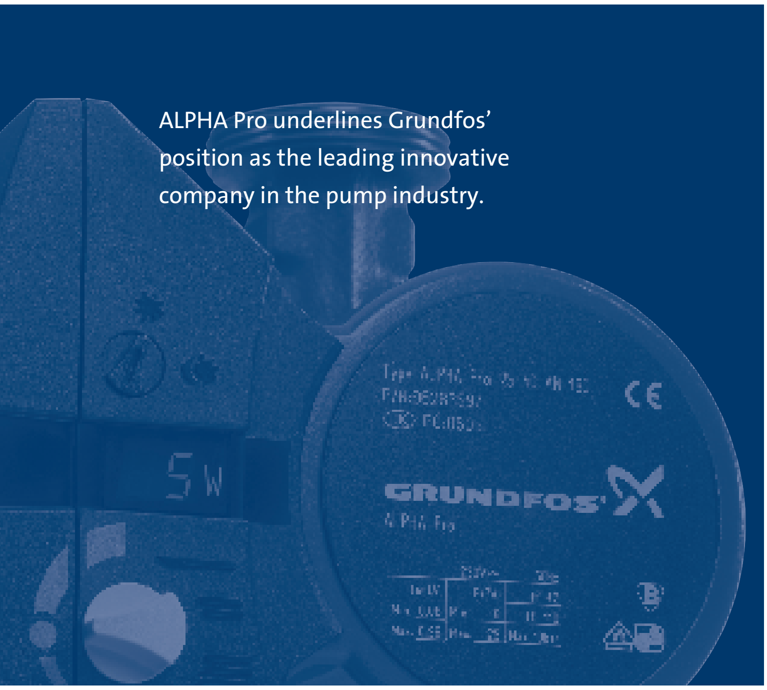
The result before tax was better than budgeted and reached the record level of DKK 1,254m.

sitions have developed satisfactorily and thus contributed positively to the profit of the Group. Towards the end of the year, negotiations to buy two companies in the Commercial Building Services Business area – US-based PACO and the associated company Wuxi Ltd. in China – were concluded. The takeover will be finalised early in the new year, and will thus be part of the Group's 2006 Annual Report.

Despite the higher level of activity, stocks only increased modestly thanks to a continuously improved efficiency of distribution and logistics, whereas the high sales growth during the last months of the year, made debtors rise relatively more than turnover.

High earnings, combined with an efficient control of work capital, lead to a very positive development in Group cash flow and a subsequent decrease in net interest-bearing debt of DKK 172m to DKK 843m. Consequently, Grundfos was able to self-finance the record-high capital investments of DKK 1,009m as well as acquisitions of companies amounting to DKK 293m.

The solvency ratio showed a positive trend and rose from 49.9 per cent to 52.0 per cent.



ALPHA Pro underlines Grundfos' position as the leading innovative company in the pump industry.

Business areas

Growing market share

The global need to provide clean water and dispose of wastewater is growing year by year. The same applies to energy-saving circulation of water for heating or cooling of buildings or the need to move liquids in industrial plants. Pumps and pump systems for these purposes constitute Grundfos' core business, and in 2005 this pump market grew by 4 to 5 per cent. At the same time, the Group's total turnover went up by 10.4 per cent, which is significantly above the overall growth of the market, and Grundfos was thus able to win market shares in 2005. This means that the Group has strengthened its position as one of the clear market leaders in the industry, which we regard as a satisfactory development.

Growth varies from one region to another with high growth rates in new markets like Eastern Europe, Russia and Asia, whereas the development in Western Europe is more moderate. Growth in sales was 20 per cent in Eastern Europe, over 40 per cent in Russia, and Asia showed an overall growth of 16 per cent.

The Grundfos Group focused intensely on the North American market and realised a growth of approx. 13 per cent. By the end of 2005, we completed negotiations to buy the American pump manufacturer PACO. Thereby, the last element in the four-string acceleration strategy for the North American market fell into place. The strategy was decided at the end of 2004, and throughout 2005, a great deal of energy and resources were put into realising it. The three other elements are an expansion of our US-based sales force, the establishment of a factory in Mexico and the setting up of a product development function in the US, which, in close cooperation with the central R&D function in Denmark, is to be instrumental in accelerating product development for the American market. The coming factory in Mexico is to manufacture competitive products for the American market and thereby reduce the Group's vulnerability to the considerable fluctuations of the dollar exchange rate of recent years.

The Building Services Business area: growth of 7 per cent

The Grundfos Group's largest and most important business area, Building Services, grew by 7 per cent. This positive development was spurred on by the intensified marketing effort towards wholesalers and plumbers.

Focus on electricity savings

In 2005, Grundfos launched a comprehensive campaign – The Energy Project. The campaign will market Grundfos' new, energy-efficient circulator pumps and at the same

time draw attention to the new European energy labelling of circulator pumps. The labelling scheme was initiated by Grundfos and finally agreed within the European pump manufacturers' trade association after several years of intensive work.

The labelling is designed along the lines of the labelling of light bulbs and domestic appliances, where the classification runs from A for the most energy-saving pumps down to G for the more energy-consuming. It is often overlooked that a standard circulator pump uses more electricity per year than a refrigerator or a washing machine.

Groundbreaking product development

The trendsetting, newly developed electronically controlled circulator pump Grundfos Alpha Pro was launched at the year's most important trade fair, the ISH in Frankfurt. Here, another important new product, the Grundfos Magna circulator pump for small and medium-sized heating plants, was introduced. These notable product introductions contributed to creating increased sales of circulator pumps in well-established markets.

As the first circulator pump on the market to achieve the A label, Grundfos Alpha Pro was the great product novelty of the year, and strengthened Grundfos' position as the leading innovative company in the pump industry. The low electricity consumption of Alpha Pro of down to 5W - previously unheard of in the industry – corresponds to an 80 per cent reduction in the market average for circulator pumps.

Furthermore, the well-known and manually controlled Grundfos UP circulator pump, of which more than 150 million units have been sold, was upgraded. The new version consumes 30 per cent less energy and thus meets the requirements of the B label, whereas the previous version could only achieve a D label.

Grundfos' comprehensive marketing campaign for these trendsetting products consists of well-known means of communication like brochures, adds, press releases and a special Grundfos website on the Internet. But it also incorporates more unconventional means, such as letting 18,000 European plumbers participate in special Grundfos events in cinemas in their respective countries.

Common for all these activities is that they aim to inspire and inform, and at the same time make the customers favour the most energy-efficient Grundfos pumps. The campaign stresses the significance that the right choice of circulator pump has to the individual consumer and society as a whole. A typical European household may save up to 15

per cent on its annual energy consumption by switching to the new energy-efficient circulator pump.

The Grundfos circulator pumps sold in 2005 have led to electricity savings that correspond to the annual consumption of 120,000 households.
However, the savings potential is much larger, as the realised savings only amount to 1 per cent of what would be possible if all circulator pumps in the EU were replaced by energy-efficient versions marked with the A energy label.

By replacing energy-consuming circulator pumps with new ones, Europe could move a great step closer towards reaching the objectives for CO_2 emission set by the Kyoto agreement.

Another of the year's initiatives in Building Services was to increase the choice of complete solutions by an expanded product programme. Thereby Grundfos strengthened its position with wholesalers and plumbers. Thanks to a strong wastewater programme for large buildings, Grundfos has, at the same time, been able to position itself as a serious supplier in this growing market.

On the boiler/OEM market, Grundfos maintained its position of high market share, but growth was moderate in comparison with the considerable growth of the previous two years. This market also shows an increasing focus on products with low energy consumption and complete hydraulic system solutions – the so-called IWCs (Integrated Water Circuit).

The Industry Business area: growth of 14 per cent

The economic trend of the industrial market showed a positive development in 2005 with continued increase of investments in industrial production equipment and facilities. The growth of the year for the business area was 14 per cent. Particular attention should be drawn to Japan, Asia, North America and Eastern Europe where we were able to realise high two-digit growth rates.

Grundfos' position with the industrial end-users was significantly improved by the continued expansion of our product solutions. This was true not least for the industrial CR line and the strategic effort towards the food and pharmaceutical industries with the new line of hygienic pumps from one of our acquisitions, the German Hilge Group.

Furthermore, Grundfos managed to expand on its industrial OEM business through targeted, customised solutions and a market communication that was directed broadly at all industrial markets. Thus, 6,000 industrial customers took part in Grundfos' Industrial Solution exhibition and event.

The line of CR industrial pumps was strengthened considerably by the continuous expansion of product solutions.

Sales to OEM customers went up by 13 per cent. This also includes sales of pumps for use in machine tools. In particular Japan, where Grundfos is the main supplier of cooling and lubrication pumps for all major machine manufacturers, showed a significant increase.

The Dosing Business area: growth of 33 per cent

With an organic growth of over 30 per cent, this business area was again able to realise a notable increase in turnover. The increase could be recorded in all markets and regions. However, Eastern Europe and Asia stand out as particularly interesting markets where the demand for clean water and treatment of wastewater is growing continuously.

The Grundfos strategies and activities in the field of dosing of chemicals are primarily based on the Grundfos concept of Digital Dosing. With the Digital Dosing concept, Grundfos has established itself as the trendsetter in the market for membrane pumps, and Digital Dosing is now fully recognised by key customers as the new standard in this industry.

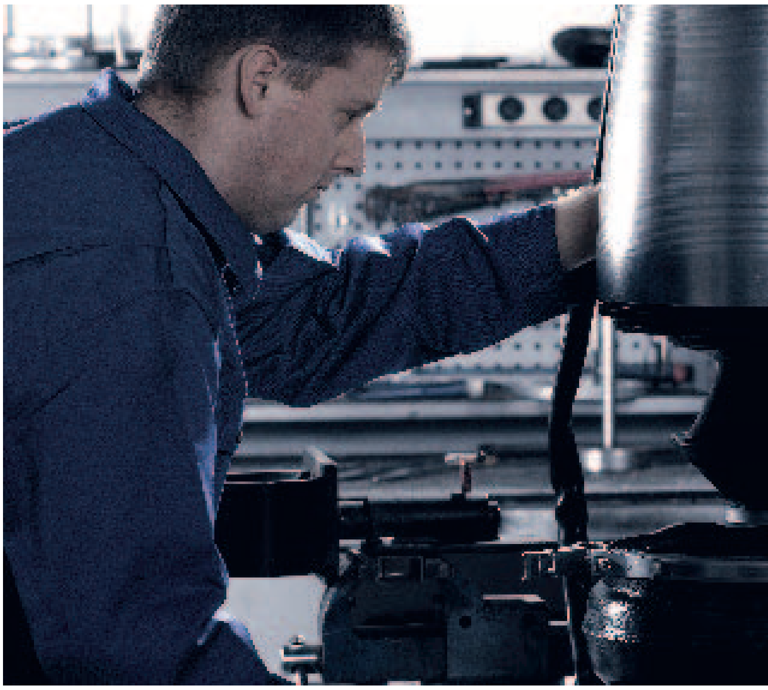
To further improve its position in the market for dosing pumps, Grundfos took over the well-established and well-reputed German dosing pump group Alldos as of 1 January 2005. The acquisition of Alldos secured Grundfos a solid basis for further growth in this field, thanks to a wider product range. Moreover, the Group acquired knowledge of application and access to Alldos' well-established sales network.

As Alldos, just like Grundfos, focuses heavily on product development and has its own R&D department with years of experience in dosing, it has been decided to set up a competence centre that will concentrate all main Group activities concerning dosing pumps at Alldos. This will be the first time a major centre for research and development is placed outside Denmark.

The Water Supply Business area: growth of 4 per cent

The overall growth in this business area of just 4 per cent does not meet the Group's normal demands for growth. Particularly Western Europe showed a too modest development, whereas it was better outside Europe, and in the US we were able to record a reasonable growth rate.

The growth of the US market can be greatly attributed to the fact that we are now exclusively selling our own submersible motors in the US as well. Earlier, Grundfos used to outsource submersible motors to the important American market, but during 2005 we have changed this so that we are now selling a complete Grundfos product.



This is one of several strategic initiatives to strengthen Grundfos' position on the global market for submersible motors. Another has been the acquisition of Italian submersible motor supplier Tesla.

Despite a relatively modest growth for water supply as a whole, there has been a notable increase of 35 per cent in the sale of SQFlex – the environmentally sound and maintenance-free water supply system that has won Grundfos several design awards, and which in 2005 was exhibited on the Museum of Modern Art in New York.

The acquisition of South African Brisan Turbo (Pty) Ltd. in November provided Grundfos with a strong base for further improving the company's chances on the African market for water supply pumps.

Focus on the wastewater area: growth of 20 per cent

Enhanced focus on the wastewater area resulted in a strong increase of 20 per cent in the sale of wastewater products in 2005. The progress was driven by increased project sales for wastewater plants and the introduction of the new SE products, which got off to a great start with a turnover that exceeds expectations.

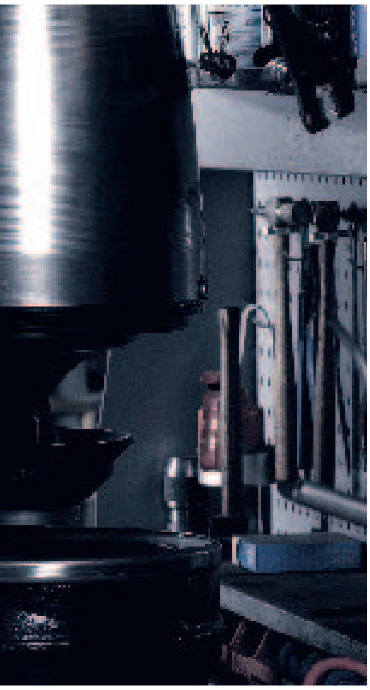
After they were launched early in 2004, the SEV and SE1 lines in stainless steel received much recognition, among other things, for a design that is so sturdy that the pumps can run without service for long periods of time. In 2005, the line was expanded so that the already advanced pumps were now available in versions with built-in sensors. The advantage to the user is that maintenance can now be planned, as he will continuously receive information on the condition of the pumps.

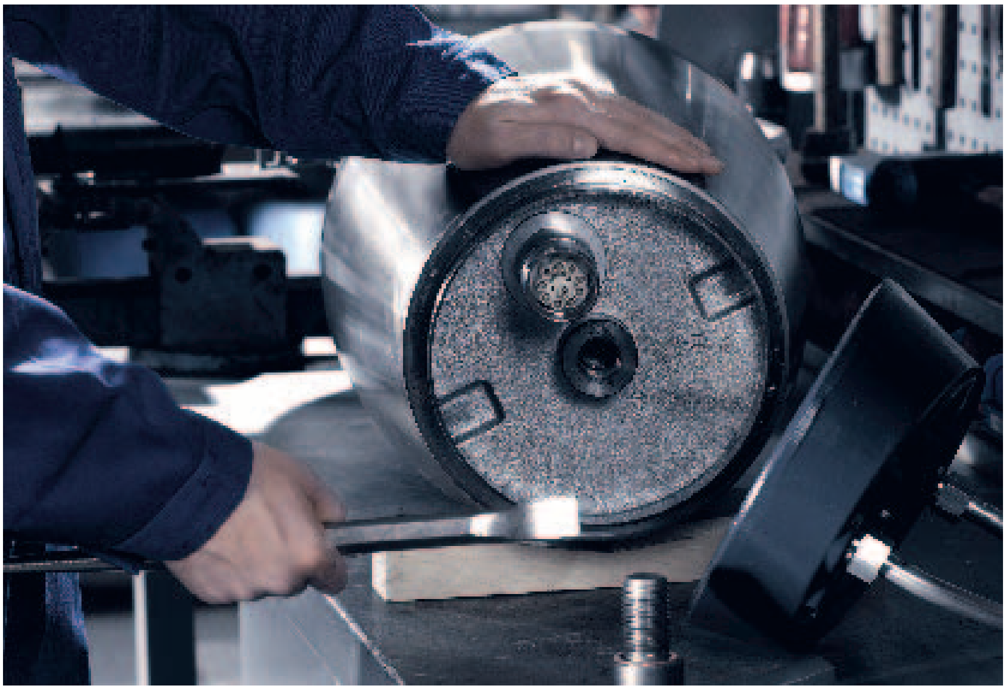
After the acquisition of the Swiss company Arnold AG, their considerable expertise in the development and production of mixers and flowmakers for wastewater plants has now been integrated in the product programme of the Grundfos Group. In 2005, the programme was expanded with Grundfos' first recirculator pump and a range of supplementary products for the well-established range of mixers.

The line of small cast-iron wastewater pumps was upgraded in 2005 with new versions that drew a lot of attention because of the motors. These have the same unique qualities that are known from Grundfos' highly praised SEG grinder pumps.

Trendsetting innovation

Many Grundfos products consist of pump, motor and electronics, built together in integrated units. To create the best possible unit, it is important that each individual part is optimised with regard to operational safety, economy





and performance. That is why the Research and Technology centre at the headquarters in Bjerringbro employ people with R&D competences in all relevant fields of technology. And in their effort to get as close to the ideal pump as possible, our development engineers are always trying out new tools. Thus, computer simulations of liquid flows in the pump are often used, among other things, to make accurate calculations of performance and energy consumption before a new pump is constructed.

Due to the complex geometry of a pump's interior, it may often prove difficult for a development engineer to get the full picture of the result by simply looking at a computer screen. Therefore, Grundfos has cooperated with a university on the development of a virtual reality system that will give the engineer the feeling of walking around inside the pump, where he can explore areas that would otherwise be nearly inaccessible. And it is in these very areas that you find the turbulence that is so important to reduce in order to make the pump more efficient.

The Research and Technology centre is moving increasingly towards concept studies that involve in-depth studies of entirely new pump principles and radically different materials, primarily in order to find new, innovative solutions.

New Business

The development effort of the Group is not, however, solely focused on pumps. Initiatives are started continuously and lead to the development of other products or entire plants which include pumps. We call this New Business.

One of these New Business projects reached the product stage in 2005. It is a mobile biological purification plant which was named Grundfos BioBooster. In the future, it can be delivered to the customer in 20-foot containers, ready for use with a capacity that has been adapted precisely to the customer's need. One of the great advantages of the purification plant is that the customer can expand it gradually and bring it with him, should his company relocate. So far, BioBooster has been tested at dairies, and its possible applications reach far into other industries.

Another example of a New Business project is a micro sensor which, thanks to a special coating, can be placed directly in a liquid flow to register variations in pressure and temperature. And a third example is the so-called NoNox project – a dosing system which removes environmentally harmful gasses from diesel engine exhaust emissions.

Organisation and leadership

Social and ethical responsibility are key words in the manner in which Grundfos conduct its business. We wish to be recognised as a responsible company among our customers and employees, and the community in which we operate.

Ethical and social responsibility

As a natural consequence of Grundfos' set of values and Group policy, we signed the UN Global Compact Initiative as early as 2002. Global Compact comprises four main areas:

- human rights
- employees rights
- environmental rights
- anti-corruption

Grundfos is working actively to implement the Global Compact principles in its business processes.

The effort in relation to the environment has long been a fixed and integral part of the business process, and in 2005 we increased our focus on some of the other principles, of which the most important have been:

- sustainability in the supply chain
- human rights in the shape of a pilot project concerning Human Rights Compliance Assessment
- an increased effort to fight corruption

Human Rights Compliance Assessment (HRCA) Quick Check is an online tool developed by the Danish Institute for Human Rights. In a pilot project, Grundfos has used the tool to uncover possible dilemmas relating to human rights in our production companies. We are considering whether to spread this or a similar assessment tool to all companies in the Group. Grundfos in Denmark is a member of Amnesty Business Forum which constitutes a framework for dialogue with Amnesty International on human rights and also serves as a network for companies that focus on the issue.

During 2005, the concept of corruption was a topic of global media discussion in connection with the UN's humanitarian

A total of 980 people from all over the world, and not only the Group's own managers, received training at The Poul Due Jensen Academy during 2005.

Oil for Food programme for Iraq. For many years, Grundfos has been active in the battle against corruption, wherever we might encounter it, and 2005 saw an increased effort in this field. The Group's Code of Conduct, which all company managers have to sign once a year, was strengthened and sharpened further, and the Group's controller function is focusing even more on the subject in all Grundfos companies.

In connection with this topic, we experience that different cultures have perceptions of the concept corruption that differ greatly from the general Danish view. That is why we strive to create a common perception and attitude to corruption. This is ensured by training selected employees throughout the Group.

Grundfos reported the company's 2005 effort in relation to the 10 principles of Global Compact, to the UN. The report focused on selected actions in the four main areas and included a status in relation to the 10 principles. The report can be read at www.grundfos.com/COP on the UN website (see under COP > Communication on Progress) www.unglobalcompact.org.

A tolerant labour market

As we wish to act as responsible citizens and offer our contribution to a tolerant labour market, it is Grundfos' goal that 3 per cent of jobs in the Group are reserved for people whose work capacity is reduced, or who are members minority groups, such as ethnic groups, which experience difficulties in gaining a foothold in the labour market. We are pleased to note that this objective was reached in 2005, as this segment now make up 3.3 per cent of the Group's total workforce. Grundfos in Denmark is a member of the Foreningen Nydansker (an association that supports the integration of immigrants in the labour market).

The global effort in favour of Corporate Social Responsibility (CSR) comprises more than employing people on special terms. CSR in the Group's companies reflects huge differences in culture, traditions and legislation between countries and continents. We have asked all companies to

Many Grundfos managers are recruited within the Group. That is why the hunt, as well as the care, for talent is essential to the company.

give examples of how they practice CSR. These accounts tell a story that is both educational and thought-provoking – and above all positive and optimistic.

Organisational development through focusing and prioritisation

The words – organisational development through focusing and prioritisation – have acted as guidelines for our target areas in recent years, and thus also for the development of leadership competences. By using efficient tools for feedback, the individual leader in the Group will get a good idea of which aspects he or she will have to work on to improve as a leader.

The focus is on the leadership competences which the Group has given the highest priority:

- People Management
- Change Management
- Business Development
- Customer Focus

In 2005 – after a test run in 2004 – we implemented our new internal management development programme, which is divided into three separate training courses. The courses aim primarily at improving the level of competence of our top managers in the mentioned fields, but at the same time the courses provide them with a wide range of knowledge which contributes to improve their day-to-day management. So far, 123 people have taken the courses.

The headquarters will pick an additional number of top managers, who will receive further training at the internationally recognised management school, the IMD in Lausanne, Switzerland.

Now, four years after the opening of the Group's internal training academy, The Poul Due Jensen Academy, activities have entered a phase, in which the focus is on maintaining and spreading competences. A total of 980 people from all over the world, and not only the Group's own managers, received training at the academy during 2005. This is the

largest number ever, for a single year. The training has focused primarily on the sales organisations with courses in sales and service, key account management, and product and application training.

Under the headline Globalising the Academy, we are now ready to open the first satellite of the academy in China, and at the end of 2005, we introduced a programme for customer training in our sales companies.

Alongside the central training, a number of local training activities are held, as regions as well as local companies handle activities to train their employees. These activities include language training, technical training and commercial training.

Talent Management

Many Grundfos managers are recruited within the Group. That is why the hunt, as well as the care, for talent is essential to the company. After a pilot project in 2004, we implemented our Management Trainee Programme. The programme addresses talents that are thought to have the potential to start a career in management no later than two years after having finished the programme, which lasts two years, including training and project work.

In 2005, a group of 15 participants from 10 different nations were signed up for the programme, and we plan to start a new group for each of the coming years.

Environment

Certified environmental management according to the international ISO 14001 standard is our preferred tool to ensure that all Grundfos production companies meet high and uniform environmental standards.

Objectives

Every year, the Group management evaluates the objectives in the environmental field. The objectives apply to the environmental impact of the company on the surrounding community, the working environment and the environmental strain of our products, and every year new objectives are set. Among other things, for fields like:

- work accidents
- accident-related absence
- chemical consumption
- electricity consumption
- water consumption
- refuse
- transportation
- energy and material consumption of products

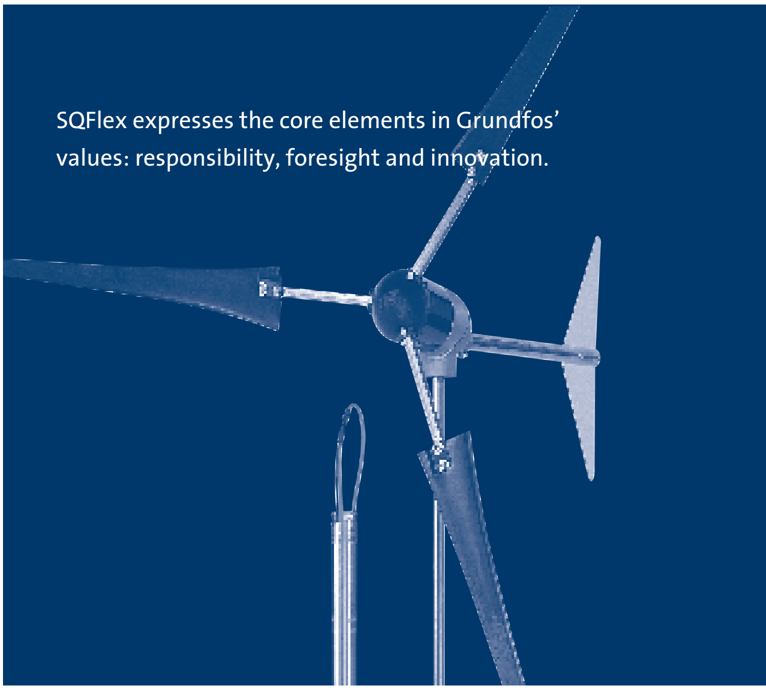
Product-oriented environmental effort

This is one of the fields the Grundfos Group is focusing on. It involves establishing the most important environmental aspects connected with the life cycle of a Grundfos pump, of which the use phase represents relatively the greatest the greatest environmental strain. The calculation also illustrates how significantly smaller the environmental strain of a newly developed pump is, compared to a previous model.

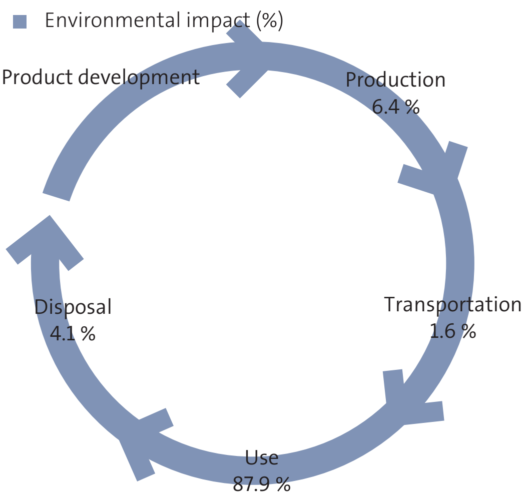
A life cycle comprises five phases. This example illustrates the individual phases.

The electricity efficiency is established during the development phase. It is a measure of the pump's performance in relation to its electricity consumption.

However, developing energy efficient pumps and actually realising the energy saving which the improved electricity efficiency enables, are not one and the same. We have assessed the realised annual global energy savings for these



The life cycle circle



pumps, based on the actual number of sold energy-saving pumps.

The figure on page 23 illustrates the global energy savings over the last years, which have been realised as a result of the sale of Grundfos energy-saving pumps. The assessment is based on the actual sales figures of each year and assumptions as to which old models of pumps are replaced.

The savings are measured on annual energy consumption of the number of thousands households. We estimate the annual average energy consumption per household to be 4,500 kWh.

By replacing energy-consuming circulator pumps with new ones, Europe could move a great step closer towards reaching the objectives for CO_2 emission set by the Kyoto agreement.

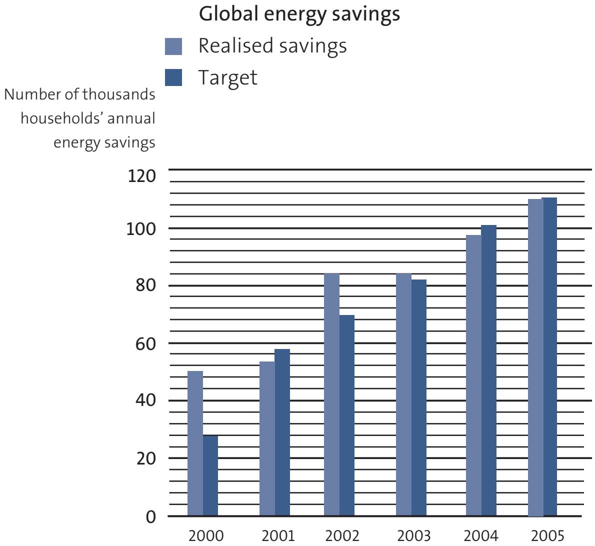
Focus on working environment and on reducing work accidents

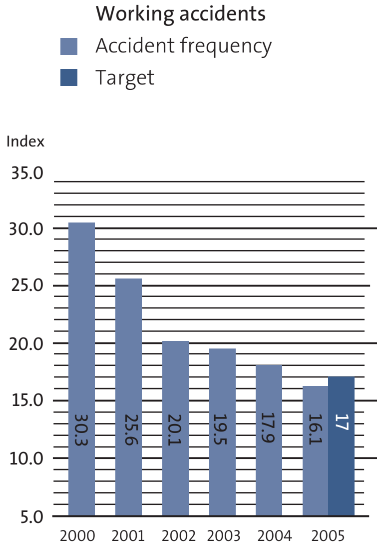
Most production companies in the Group have, apart from ISO 14001, implemented working environment management according to the OHSAS 18001 standard. This implies a proactive effort to improve the working environment and minimise the number of working accidents.

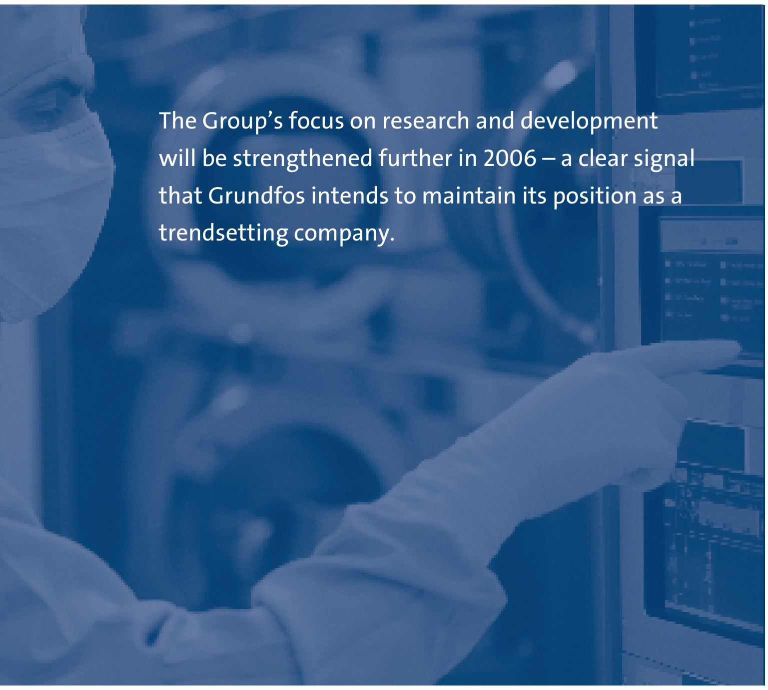
We have succeeded in reducing the number of working accidents through a targeted proactive prevention that consists in registering and following up on near-accidents. We are pleased to note that we are getting better at recognising the dangerous situations that might turn into accidents.

Environmental considerations in production

To the surrounding community, it is paramount that our production processes are environmentally sound. This effort focuses primarily on reducing the consumption of electricity, water and chemicals, and on reducing the amount of refuse from production. A team from all parts of the Group will audit the environmental management of the production sites. Another important role for the team will be to spread the concept of Best Practice among the production sites of the Group.


Global energy savings
Realised savings
Target
Number of thousands households' annual energy savings
120
100
80
60
40
20
0
2000
2001
2002
2003
2004
2005


Working accidents
Accident frequency
Target
Index
35.0
30.0
25.0
20.0
15.0
10.0
5.0
30.3
25.6
20.1
19.5
17.9
16.1
17
2000
2001
2002
2003
2004
2005



The Group's focus on research and development will be strengthened further in 2006 – a clear signal that Grundfos intends to maintain its position as a trendsetting company.

Targets and focus areas in 2006

The positive last six months of 2005 make for an optimistic outlook on 2006. Hence, our budget estimate for organic sales growth of 8 per cent. To achieve this growth, we must increase our monthly sale of pumps by DKK 100m in 2006, compared to last year.

The Group management puts great emphasis on continuous growth in all Grundfos companies, therefore it is anticipated in our 2006 budget that all sales companies contribute towards keeping the organic sales growth at a high level.

In 2006, we again expect the largest growth rates to be in Eastern Europe and the Far East, where Russia and China respectively will be the strongest engines of growth. If we look at growth from a value perspective, the old markets in Western Europe, where Grundfos has a substantial market share, are still expected to contribute the most. Almost half the growth of DKK 1.2b is expected to come from these markets.

The considerable growth in turnover which we have achieved in the American region over the past two years will be further accelerated in 2006, partly because of the acquisition of PACO which represents a turnover of approx. USD 45m, and partly because of a two-digit organic growth.

The Group's strong focus on research and development is further enhanced in 2006 where we plan to increase the budget in this field by 11 per cent – a clear signal that Grundfos intends to maintain its position as the trendsetter on the pump market. Therefore, we have decided to label 2006 a year of innovation, during which we must improve innovation and new thinking throughout the group even further. This applies to our business processes, the way we organise our marketing and everything else we do. In-

novation must flow through the entire organisation, in all Grundfos companies and functions and all our employees, with the purpose of creating value for the customers and improving our business results.

The globalisation of Grundfos' production facilities continues in 2006 with the establishment of new factories in Hungary and Mexico. When these, as is expected, will open for production at the end of 2006, the Group will have established approx. 80,000 m^2 of new production area outside Denmark. The purpose is to support the considerable sales growth in the new markets and to improve our competitiveness by producing in countries where the level of costs is lower.

Sales growth in the Grundfos Group has always been and will always be primarily organic, but in recent years we have successfully supplemented organic growth with strategically important acquisitions that will create synergies production, sales and marketwise that will fit well into our overall growth strategy. We will continue to pursue this strategy in the years to come and systematically scan the pump market for well-run companies that suit our strategies.

In 2006, we will again strive to maintain the Group's high level of earning, and our budget for pre-tax profit is DKK 1.2b.

Our 2006 investment budget of over DKK 1.1b clearly reflects the many initiatives we have planned for next year, and which will have a negative effect on results in the short term, but help to ensure long-term profitable growth for the Group. In this balance between optimising short-term earnings and long-term business development, it is our target that pre-tax profit be in the range of 8 to 10 per cent.

Group Board of Directors and Management


Group President Jens Jørgen Madsen, Grundfos


Vice Group President Carsten Bjerg, Grundfos


Group CEO Christine Bosse, Tryg Vesta


Professor Niels Christian Nielsen, CBS


Group Chairman Niels Due Jensen, Grundfos


Director Thomas Lund, Dansk Teknologi


Chairman Lars Kolind, The Poul Due Jensen Foundation


Executive Vice President Carlo Prola, Grundfos


Executive Vice President Søren Ø. Sørensen, Grundfos

Management Structure

Denmark
The Poul Due Jensen Foundation

Board of Directors for the Poul Due Jensen Foundation

- Chairman
  Lars Kolind
- Board Member
  Poul Due Jensen
- Board Member
  Ingermarie Due Nielsen
- Board Member
  Thomas Lund
- Vice Chairman
  Niels Due Jensen
- Board Member
  Estrid Due Hesselholt
- Board Member
  Niels Christian Nielsen
- Board Member
  Christine Bosse

Switzerland
Grundfos Holding AG

Switzerland
Grundfos Insurance Management AG

Denmark
Grundfos Management A/S

Denmark
Grundfos Finance A/S

Group Board of Directors - Grundfos Management A/S

- Group Chairman
  Niels Due Jensen
- Board Member
  Professor Niels Christian Nielsen
- Board Member
  Group CEO Christine Bosse
- Vice Chairman
  Director Lars Kolind
- Board Member
  Director Thomas Lund

Group Structure

Group Management - Grundfos Management A/S

- **Group President**
  Jens Jørgen Madsen
- **Vice Group President**
  Carsten Bjerg
- **Executive Vice President**
  Carlo Prola
- **Executive Vice President**
  Søren Ø. Sørensen

Group Functions

Architects
Branding
Controlling/Finance
Treasury
Purchasing
IT/eBusiness
Legal Department
Communications
Quality
New Business
Human Resources
The Poul Due Jensen Academy
Production
SCM/Logistics
Service

Business Development Centre

Business Unit
Building Services

Business Unit
Industry, Wastewater and Water Supply

Business Unit
Digital Dosing

Development and Technology R&T

Sales Regions

Northern Europe
Germany
Eastern Europe
Southern Europe
North America
South America
Australia and New Zealand
Asia and the Pacific Rim
Japan

Group Production

Brazil
China
Denmark
Finland
France
Germany
Hungary
India
Italy
Russia
Switzerland
Taiwan
United Kingdom
USA

R U S S I A N F E D E
FINLAND
ESTONIA
LATVIA
LITHUANIA
BELARUS
UKRAINE
MOLDOVA
ROMANIA
YUGO SLAVIA
BULGARIA
F.Y.R.O.M 1
GREECE
TURKEY
GEORGIA
ARMENIA
AZERB.
CYPRUS
SYRIA
IRAQ
LEBANON
WEST BANK
ISRAEL
JORDAN
KUWAIT
SAUDI ARABIA
BAHRAIN
QATAR
U.A.E 3
OMAN
YEMEN
EGYPT
SUDAN
ERITREA
DJIBOUTI
ETHIOPIA
SOMALIA
YEMEN
UGANDA
KENYA
DEM. REP. OF CONGO
RWANDA
BURUNDI
TANZANIA
ZAMBIA
MALAWI
COMOROS
FRANCE
SEYCHELLES
MADAGASCAR
MAURITIUS
FRANCE
ZIMBABWE
BOTSWANA
MOZAMBIQUE
SWAZILAND
LESOTHO
SOUTH AFRICA
KAZAKHSTAN
UZBEKISTAN
TURKMENISTAN
KYRGYZSTAN
TAJIKISTAN
KASHMIR
IRAN
AFGHANISTAN
PAKISTAN
NEPAL
BHUTAN
BANGLADESH
INDIA
MYANMAR (BURMA)
LAOS
THAILAND
VIETNAM
CAMBODIA
MALAYSIA
SINGAPORE
CHINA
MONGOLIA
SRI LANKA
INDIA
INDIA
INDIA
MALDIVES
U.K
AUST.
AUST.
FRANCE

R A T I O N

GLOBALISATION

The opening of the first Grundfos factory in Russia on 26 May received a great deal of attention from the local public.

Grundfos – the global pump manufacturer

Never before, has Grundfos been so active in globalising production as in 2005. During the year, the Group opened new factories in India, Russia and China and a sales company with facilities for assembly in Turkey.

In China, Grundfos built its largest single factory ever and moved all the production from the old Chinese factory to the new one. At the same time, the Group invested heavily in local production of the complete line of end-suction and in-line pumps – NB, NK and TP – at the new factory.

In Hungary, the motor factory was expanded by 50 per cent to allow the production of MS submersible motors to be moved from Denmark. The first phase of this relocation – totalling 60 jobs – was carried out in 2005, and the two remaining phases will follow during the last six months of 2006 and 2007.

Furthermore, the location of new factories in Mexico and Hungary was decided in 2005, and land was bought in both countries.

Apart from production, distribution facilities may also contribute towards improving the ability to supply, and to make Grundfos products more accessible to customers in well-developed European markets, 2005 also saw the establishment of the Group's largest ever distribution centre at Lyon in France.

Globalisation is not an end in itself, but primarily a question of sustaining growth in new markets. The most important thing is to bring production close to the markets we wish to serve so that we may better understand these markets and, consequently, meet the customers' requirements with regard to, among other things, delivery times.

After a couple of years, a new Grundfos factory will function like any other factory in the Group. Productivity and quality will be the same, and no later than three years after its establishment, the new factory must meet the same environmental standards as other factories in the Group. Most importantly, the customer should never have to worry about where a Grundfos pump has been produced.

Grundfos' largest single factory so far was built in China.

In India, Grundfos opened a newly built facility for local production after eight years' of positive development in the market.

The speedy and efficient creation of new jobs is the result of Grundfos having achieved a great deal of expertise in overcoming the obstacles that are normally associated with setting up production in a new country. Grundfos began gaining experience in this area very early on, when the first phase of the globalisation process began n the 1960s with the building of production facilities in Germany. And it continued when production companies were established in England, France and the United States.

During the 1990s, globalisation gained momentum with a new and more comprehensive phase, and as Grundfos has gained experience, the many necessary competences have been developed and honed so that new production facilities are now established efficiently and without hiccups.

Thereby, the expertise in globalisation is, in itself, a competitive advantage for Grundfos.


ALASKA
UNITED STATES OF AMERICA
C A N A D A
UNITED STATES OF AMERICA
MEXICO
MEXICO
U.S.A
MEXICO
CUBA
U.K
JAMAICA
BELIZE
GUATEMALA
HONDURAS
EL SALVADOR
NICARAGUA
FRANCE
COSTA RICA
PANAMA
COSTA RICA
COLOMBIA
ECUADOR
ECUADOR
PERU
NEW ZEALAND
FRANCE
U.K
CHILE
CHILE
CHILE
CHILE

FINANCE

Financial Review

Consolidated Profit and Loss Statement

The Group's profit before tax is DKK 1,254m compared to DKK 1,232m in 2004, an increase of 2 per cent.

This increase has been realised through an increase in the net turnover of 10 per cent, while costs within the fields of production, research and development, sale and distribution, and administration have risen by 11 per cent.

Net turnover as well as costs have remained largely unaffected by the currency rate fluctuations, compared to 2004. The result before tax as a percentage on turnover has dropped 9.3 per cent (2004: 10.1 per cent).

In addition to the R&D costs amounting to DKK 489m (2004: DKK 484m), charged to the profit and loss account, DKK 101m (2004: DKK 59m) have been capitalised to development projects in progress.

Total financing items amount to a net cost of DKK 43m as against DKK 49m in 2004. Financing items of the year include a positive return on the Group's shareholding amounting to DKK 62m (2004: DKK 52m).

The Group's profit after tax is DKK 807m compared to DKK 794m in 2004, an increase of 2 per cent. The effective tax rate, which, as in 2004, amounts to 36 per cent, has been reduced by approx. 1 percentage point, following the reduction of the Danish tax rate from 30 to 28 per cent.

Consolidated Balance Sheet

The balance sheet total increased by 12 per cent, amounting to DKK 13,166m at year end (2004: DKK 11,798m).
Thus, the rise is marginally above the rise in net turnover. Fixed assets increased by DKK 647m (12 per cent) as a result of the highest level of investment in the Group's history.

Inventories and accounts receivable increased by DKK 168m (8 per cent) and DKK 456m (16 per cent) respectively. Viewed separately, the increase in accounts receivable is substantial, but it should be viewed in context with the fact that the realised rise in turnover was mainly brought about through a considerable growth over the last months. Hence, the subsequent rise in accounts receivable at year end. Cash at bank and in hand and securities increased by DKK 97m (9 per cent).

The solvency ratio, incl. minority interests, has increased from 49.9 to 52.0 per cent. Like previous years, the solvency ratio has been affected by the decision made in accordance with Group policies to maintain available funds and securities, which, at the balance sheet date, amount to approx. DKK 1.8b against DKK 1.7b in 2004. Had these funds been used to reduce debts, the solvency ratio would have been 60.1 per cent against 58.2 per cent last year.

Cash Flow Analysis

The cash flow analysis shows an increase in liquid funds from operations of DKK 1,617m against DKK 1,208m in 2004. The increase of DKK 409m can primarily be attributed to an increase in funds tied up in working capital of only DKK 46m against DKK 359m in 2004.

In 2005, DKK 1,318m (2004: DKK 1,297m) has been invested, of which DKK 1,009m was used on acquiring tangible fixed assets (2004: DKK 1,000m) and DKK 293m (2004: DKK 237m) on acquiring companies.

Cash flow from activities exceeds cash flow from investments by DKK 298m (2004: DKK -89m), so the Group has fully lived up to its practice of self-financing the year's capital investments in 2005. Normally, acquisitions of companies are not expected to be fully self-financed.

The Annual Accounts for the Poul Due Jensen Foundation

The 2005 accounts, which like the Foundation's 2004 accounts, recognise share of profit and value of the shareholding in Grundfos Holding AG under the equity method, show a profit of DKK 701m as against DKK 691m in 2004.

At year-end, the Foundation's equity capital amounts to DKK 5,994m as against DKK 5,150m at the end of 2004.

Financial Matters

As a result of the Grundfos Group's international activities, the Group result and equity capital are influenced by a number of financial risks. The Group's financial risks are controlled centrally at the Group's finance company. Foreign exchange risks in the operative companies are usually covered by the finance company, which also controls interest and liquidity risks, as well as a significant part of the external covering of the Group's financial positions.

The use of financial instruments is established by instructions laid down by the Board of Directors and the Management.

Liquidity Risk

At the end of 2005, the Group's liquid assets included cash reserves of DKK 822m (2004: DKK 637m), securities of DKK 943m (2004: DKK 1,049m), and unexploited borrowing facilities in banks. The securities portfolio was made up of DKK 761m worth of bonds (2004: DKK 761m) and DKK 182m worth of securities (2004: DKK 288m).

The Group's net interest-bearing debt of the year dropped by DKK 172m to DKK 843m, which can mainly be attributed to an increased cash flow from operations.

Total interest-bearing debt amounts to DKK 2,608m at year-end (2004: DKK 2,702m), 59 per cent of which is long-term debt (2004: 62 per cent).

Interest Rate Risk

The Group's exposure to fluctuating interest rates is primarily related to bonds and loans. The exposure of the bond portfolio, amounting to a total of DKK 761m – when expressed by an increase of the interest rate by 1 percentage point – is approx. DKK 9m. The Group's total borrowing consists of 64 per cent fixed-rate loans.

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 these guidelines, major fixed assets should primarily be financed by fixed-rate loans. Furthermore, a 2 per cent increase in interest rates of the floating-rate loans of the Group companies must only have a potential maximum negative effect of 10 per cent on the company's budgeted result for the coming year.

Derivative financial instruments applied to reduce the interest rate risk totalled DKK 1,868m on the balance sheet date (2004: 2,069m).

Foreign Exchange Risk

It is Group policy that Group manufacturing companies mainly raise loans in their local currencies. This ensures that the currency exposure in the consolidated balance sheet is reduced to the net assets. When appropriate, loans are raised in a foreign currency and subsequently converted to the local currency using financial instruments.
Forward exchange contracts used in connection with foreign exchange swaps amount to DKK 262m at the balance sheet date (2004: DKK 365m).

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

	2005	2004
EUR	52%	47%
DKK	38%	35%
USD	1%	1%
GBP	0%	3%
Others	9%	14%

Currency hedging of the Group's budgeted flow of goods is chiefly concerned with the Group's manufacturing companies. The most important currencies are the Euro, the American Dollar, the British Pound sterling and the Japanese Yen. Forward exchange contracts and currency options used to reduce the currency in connection with the flow of goods, amount to DKK 2,341m by the end of 2005 (2004: 2,244 DKK). Of this, a contract volume of DKK 334m (2004: DKK 172m) has been recognised for hedging of balance sheet items as at the balance sheet date. Group policy only allows for maximum annual speculation losses that are insignificant in relation to the Group result and balance sheet.

Credit Risk

The primary credit risk includes the balance sheet items regarding the Group's trade debtors, securities and bank deposits. The Group's trade debtors comprise a large number of customers, and the Group's risk in that connection is not considered unusually high.

The credit risk is reduced on cash reserves in financial institutions and forward exchange contracts and other derivative financial instruments by selecting financial business partners with a high credit rating.

Accounting Policies

The GRUNDFOS Group

The Annual Report and the Group Annual Report are presented according to the provisions for large C class companies and Danish accounting standards.

Changes in Accounting Policies

So far defined benefit schemes in foreign companies have been calculated at fixed intervals by discounting future payments to the individual schemes, which were charged to revenue and set aside/paid annually. Any adjustments in the discounted liabilities were recognised in the future payments/provisions.

Effective from 2005, defined benefit schemes in foreign companies are calculated by discounting the actuarially calculated pension liabilities to the net present value. The calculated pension liabilities, less the market value of assets attached to the scheme, are recognised in the balance sheet, cf. below. With the change in accounting policies, the annual reports will give a more fair and true view of the Group's financial standing. As of 31 December 2005, the change will entail a reduction in equity of DKK 100.8m (2004: DKK 97m). The effect of the change on the year's result will be DKK -0.6m (2004: -DKK 1.3m).

Comparatives and key financial data for 2004 have been adjusted to the change.

The accounting policies are otherwise unchanged with regard to the Annual Report as well as the Group Annual Report.

General about Recognition and Measurement

Assets are recognised on the balance sheet when the Group is likely to capitalise on them in the future and when the asset value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Assets and liabilities are measured at cost at the initial recognition. Subsequently, assets and liabilities are measured for the individual items as described below.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant redemption yield is recognised for the term. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

At recognition and measurement, allowance is made for profits, losses and risks that appear before the annual report is presented, and that confirm or deny conditions that were present on the balance sheet date.

Income is recognised in the profit and loss account as they are realised, including revaluation of fixed asset investments and liabilities, which are measured at market value or amortised cost. In addition, costs incurred in order to achieve the earnings for the year, including depreciation, write-downs, provisions and reversals following accounting estimates of amounts, which have previously been recognised in the profit and loss account.

Consolidation

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

The Group Annual Report is prepared as a consolidation of the audited annual reports of the Parent Company and the subsidiaries, which have all been presented in accordance with the accounting policies set out below. Adjustments are made for inter-company revenue and expenditure, shareholdings, current accounts and dividends, as well as unrealised internal income and loss.

Newly acquired companies are recognised in the profit and loss account as at the time of acquisition.

When acquiring new companies, the acquisition method is used, upon which the identified assets and liabilities in the newly acquired companies are measured at market value at the time of acquisition. Provisions are made for planned and published reorganisation in the acquired company as part of the acquisition. Positive balances are recognised as Group goodwill in the year of acquisition. Any negative balances (negative goodwill) are entered under provisions and are systematically booked as income for a number of years, however, a maximum of 20 years.

Minority Interests
The items of subsidiaries are fully recognised in the Group Annual Report. The minority interests' prorated share of the profit and equity of the subsidiaries are adjusted annually, and recorded as separate items in the profit and loss account, and balance sheet.

Foreign Currency Translation
Transactions in foreign currency are translated at first recognition at the exchange rate of the transaction date. Exchange rate differences arising between the transaction date and the exchange rate at the date of payment are recognised in the profit and loss account.

Receivables and payables in foreign currency are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the profit and loss account.

The profit and loss accounts for foreign subsidiaries are translated into Danish kroner at the average exchange rate of the individual months. The balance sheets of foreign subsidiaries are translated at the exchange rate of the balance sheet date.

Exchange rate adjustments of the net assets of the subsidiaries have been entered directly in 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 date.

Subsidiaries in countries affected by high inflation rates have been regulated to eliminate the effects of inflation.

Derivative Financial Instruments
Derivative financial instruments are initially recognised in the balance sheet at cost, and subsequently measured at market value. Positive and negative market values of derivative financial instruments are included in other accounts receivable and other liabilities, respectively.

Changes in the market value of derivative financial instruments, which secure the market value of booked assets or liabilities, are recognised in the profit and loss account in the same entry as changes in the value of the hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity capital. Income and costs regarding such hedging transactions are transferred from the equity capital at the realisation of the hedged items and are recognised in the same entry as the hedged item.

As regards other derivative financial instruments, which do not comply with the terms that apply to hedging instruments, changes are continuously recognised in the profit and loss account at market value.

State Grants
Research and development grants are recognised as revenue in the profit and loss account under R&D costs, thus offsetting the costs they compensate.

Grants for the purchase of assets and capitalised development projects are offset in the cost of the assets to which the grants are given.

Profit and Loss Account

Net Turnover
Net turnover is recognised in the profit and loss account, provided that delivery and the passing of risk to the buyer

have taken place before the end of the year, and provided that the income can be reliably calculated and is expected. Net turnover is measured exclusive of VAT, duties, returns and discounts that are directly connected with the sale.

Current projects on external accounts are entered under net turnover subject to the percentage-of-completion method.

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

Research and R&D Costs
Research and R&D costs are costs, including salaries and depreciation, which relate to the Group's research and development activities.

Research costs are recognised in the profit and loss account in the year they are incurred.

R&D costs incurred for the maintenance and optimisation of existing products or production processes are charged to revenue. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for entry in the balance sheet are met for the individual development project.

Sales and Distribution Costs
Sales and distribution costs include costs relating to the sale and distribution 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 expenses comprise revenue and costs of a secondary nature in relation to Group activities, e.g. results of derivative financial instruments, which have not been concluded for the purpose of hedging, as well as buy-back obligations relating to employee shares.

Share of Profit, Associated Companies
The Group's share of post-tax profits in associated companies is recognised in the profit and loss account under the equity method.

Income from Financial Fixed Assets
In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

Cost of Financing
This item comprises interest received and interest paid, realised and unrealised exchange rate losses and exchange rate gains on securities, and exchange rate adjustments of financial items in foreign currency.

Tax on Profit for the Year
The anticipated tax on the taxable income for the year in the individual companies is charged to the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax. The part of the tax expense that can be charged to items directly in the equity capital, however, is recognised in the equity capital.

Dividend tax 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

Development Projects, Patents and Licences
R&D costs include costs, wages, salaries and depreciation that are directly and indirectly attributable to the company's development activities and meet the criteria for recognition on the balance sheet. Up until and including 2001 all R&D costs incurred have been charged to revenue.

Capitalised R&D costs are measured at cost less accumulated depreciation or at the recoverable amount, whichever is lower.

Capitalised development costs are depreciated according to the straight-line method upon completion of the development work over the anticipated useful life of the asset. The depreciation period is normally 5-10 years.

Other Intangible Fixed Assets

Other intangible fixed assets are measured at initial cost less accumulated depreciation and write-downs or at the recoverable amount, whichever is lower.

Depreciation on intangible fixed assets are made according to the straight-line method over the anticipated useful life of the asset, which – based on individual assessments – are as follows:

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

Tangible Fixed Assets

Land and buildings are measured at initial cost with the addition of write-ups and after deduction of accumulated depreciation and write-downs. The most recent revaluation of buildings in Denmark was on 1 April 1982.

Technical installations and machinery, and other facilities, are measured at initial cost less accumulated depreciation and write-downs. Tangible fixed assets produced in-house are recorded at initial cost, including a proportion of the indirect production costs.

Tangible fixed assets are depreciated according to the straight-line method through the anticipated useful life to the estimated residual value. 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 installations and machinery	3-10 years
Other facilities	3-10 years

Where the value of the expected future earnings capacity of the asset is lower in use than the book value, the asset is written down to the recoverable amount.

Minor acquisitions and assets with a short useful life are charged to the profit and loss account in the year of acquisition.

Financially leased assets are capitalised and depreciated according to the straight-line method over the useful life of the leased asset.

Fixed Asset Investments

Investments in associated companies are valued in the balance sheet under the equity method at the prorated share of the companies' equity with the addition of goodwill.

Listed bonds are measured at amortised cost.

Listed shares are measured at market value. Non-listed shares are measured at the estimated market value, and where such value does not exist, at cost.

Inventories

Inventories are measured 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, cost of goods sold and indirect production costs.

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

Accounts Receivable

Accounts receivable are measured at amortised cost; writing down is performed to meet the risk of losses based on individual assessments. The loss potential for minor receivables is estimated on the basis of their age.

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

Securities Stated as Current Assets

Securities include bonds and shares measured at market value.

Realised and unrealised capital losses and realised and unrealised gains are included in the profit and loss account as net interest and similar income and expenditure.

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

Dividends

The proposed dividend to minority shareholders, which is expected to be paid out for the year, is recognised under minority interests on the liability side of the balance sheet.

Deferred Tax

Deferred tax is measured in accordance with the liability method of all timing differences between the fiscal and financial value of assets and liabilities. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins.

Deferred tax assets are recognised in the balance sheet provided that they are likely to reduce tax payments within a short period of time.

Deferred tax is measured on the basis of tax rules and tax rates that – based on current legislation on the balance sheet date – will be in force when the deferred tax is converted into current tax.

Provisions

Pension Liabilities

The Group has made pension schemes with a considerable number of the Group's employees. The majority of the agreements are for defined contribution schemes, whereas defined benefit schemes have been agreed for employees in individual companies.

In connection with contribution schemes, the Group makes regular payments to independent pension companies. The Group has no obligations apart from these payments.

The benefit schemes, which are organised in independent pension funds, are mainly used by the UK companies of the Group. According to these schemes, the employee is entitled to a certain annual benefit in connection with retirement (e.g. a share of the employee's exit salary). Such pension liabilities are calculated for the Group by actuarially discounting pension liabilities to the net present value, which is calculated on the basis of assessments of the future development in, among other things, interest, inflation, mortality and disablement. The actuarially calculated net present value, less assets attached to the scheme, are recognised in the balance sheet under Pension Liabilities and Other Provisions.

Actuarial gains and losses incurred as a consequence of changes in the basis for the calculation of the pension liabilities or in calculation of the assets attached to the scheme, are recognised in the profit and loss account.

Actuarial gains and losses in excess of 10 per cent of the calculated pension liability or of the market value of the pension fund assets, are amortised over the remainder of the employee's work life in the Group. Actuarial gains and losses that are under the 10-per cent limit, are not recognised in the annual report, but are included in the actuarial projections (the corridor method).

Provisions are made during the employment period to cover other minor retirement benefit obligations – relating to benefit schemes – resting with the Group.

Other Provisions

Provisions made to cover liabilities under guarantee are recognised on the basis of previous years' experience concerning claims raised within the guarantee period.

Provisions are made to cover the obligation that rests with the Group regarding the buy-back of employee shares. The provision made is measured on the basis of future expectations to share prices, considering the long-term development of Group profits, the topicality of the obligation and the market value of the shares.

Financial Liabilities
Mortgage debt and debt owed to banks, etc. are valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Financial liabilities also include the capitalised outstanding liability on financial lease contracts.

Other liabilities, including trade creditors, other debt, etc. are valued at amortised cost.

Cash Flow Analysis
The cash flow analysis is prepared according to the indirect method based on profit for the year, and shows cash flow from operations, investments and financing, as well as the Group'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 corporation tax paid.

Cash flow from investments includes the purchase and sale of intangible and tangible fixed assets, and fixed asset investments, including the purchase and sale of subsidiaries.

Cash flow from financing includes the raising and repaying of long-term debt, short-term debt owed to banks and the payment of dividends.

Available funds include liquidity reserves and securities with only negligible currency risks.

Parent Company

Income from Investments in Subsidiaries
The prorated share of the associated companies' profit before tax and following elimination of internal margins is recognised in the parent company's profit and loss account.

Other Operating Expenses
Other operating expenses comprise revenue and expenditure of a secondary nature, including trade profits from the sale of shares and provisions regarding the buy-back obligation of employee shares.

Investment in Associated Companies
Investments in associated companies are valued under the equity method at the prorated owned share of the companies' equity.

Revaluation of investments in associated companies is brought forward to the revaluation reserve under the equity method to the extent that the accounting value exceeds the original cost.

Management Statement

The Board of Directors has reviewed and approved the 2005 Annual Report for the Poul Due Jensen Foundation.

The Annual Report has been presented in accordance with the Danish Financial Statements Act and Danish accounting standards. In our opinion, the appropriate accounting policies have been applied, and the Annual Report gives a true and fair view of the Group's and Parent Company's assets, liabilities, financial position, result and cash flow.

Bjerringbro, 20 April 2006

Board of Directors

The Poul Due Jensen Foundation

- Lars Kolind
  Chairman

- Niels Due Jensen
  Vice Chairman

- Niels Christian Nielsen
  Board Member

- Poul Due Jensen
  Board Member

- Thomas Lund
  Board Member

- Estrid Due Hesselholt
  Board Member

- Christine Bosse
  Board Member

- Ingermarie Due Nielsen
  Board Member

Auditor’s Report

To the Poul Due Jensen Foundation

We have audited the Annual Report of the Poul Due Jensen Foundation for the financial year 2005. The annual report was presented in accordance with the provisions of the Danish Financial Statements Act and Danish accounting standards.

The Annual Report is the responsibility of the Foundation’s Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion

We have conducted our audit in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. The audit includes examining information supporting the amounts and disclosures in the Annual Report. The audit also includes assessing the accounting policies applied and significant estimates made by the Management, as well as evaluating the overall presentation of the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group’s and the Parent Foundation’s assets, liabilities and financial position as at 31 December 2005, as well as of the result of the Group’s and the Parent Foundation’s operations and the Group’s cash flow for the financial year 2005 in accordance with the Danish Financial Statements Act and Danish accounting standards.

Århus, 20 April 2006

DELOITTE
Statsautoriseret Revisionsaktieselskab

H.P. Møller Christiansen
State Authorised Public Accountant

Jesper Meto
State Authorised Public Accountant

Consolidated Profit and Loss Statement

1 January – 31 December 2005
Amounts in DKK 1,000

	Note	2005	2004
Net Turnover	1	13,421,580	12,152,906
Production Costs	2,3	(8,250,638)	(7,367,326)
Research and Development Costs	2,3	(488,708)	(484,427)
Gross Profit		**4,682,234**	**4,301,153**
Sales and Distribution Costs	2,3	(2,241,020)	(2,030,905)
Administrative Costs	2,3	(1,039,016)	(904,663)
Amortisation of Group Goodwill		(49,385)	(37,619)
Operating Profit		**1,352,813**	**1,327,966**
Other Operating Expenses		(51,211)	(45,287)
Share of Profit, Associated Companies		(4,262)	(2,140)
Income from Financial Fixed Assets		15,615	27,910
Cost of Financing, Net	4	(58,794)	(76,831)
Profit before Tax		**1,254,161**	**1,231,618**
Tax on Profit for the Year	5	(447,143)	(437,451)
Consolidated Profit after Tax		**807,018**	**794,167**
Minority Shareholders' Share of Profits in Subsidiaries		(106,420)	(104,419)
Profit for the Year		**700,598**	**689,748**

Consolidated Balance Sheet

as per 31 December 2005
Amounts in DKK 1,000

Assets

Fixed Assets	Note	2005	2004
Intangible Fixed Assets			
Completed Development Projects		91,939	25,015
Group Goodwill		756,686	526,030
Other Intangible Fixed Assets		36,787	41,813
Development Projects in Progress		108,009	83,216
	6	**993,421**	**676,074**
Tangible Fixed Assets			
Land and Buildings		2,242,248	1,994,210
Technical Equipment and Machinery		1.619,759	1,502,673
Other Technical Installations		456,300	480,319
Tangible Fixed Assets in Progress		381,412	369,669
	7	**4,699,719**	**4,346,871**
Fixed Asset Investments			
Investments in Associated Companies		730	4,169
Securities		548,683	566,833
Other Accounts Receivable		17,677	18,807
	7	**567,090**	**589,809**
Total Fixed Assets		**6,260,230**	**5,612,754**
Current Assets			
Inventories	8	**2,400,946**	**2,233,268**
Accounts Receivable			
Trade Debtors and B/E Debtors		2,741,998	2,324,748
Deferred Tax Assets	9	57,016	42,725
Other Accounts Receivable		325,500	353,284
Accrued Expenses and Deferred Income		163,882	111,698
		3,288,396	**2,832,455**
Securities		**394,715**	**482,471**
Cash at Bank and in Hand		**822,011**	**637,448**
Total Current Assets		**6,906,068**	**6,185,642**
Total Assets		**13,166,298**	**11,798,396**

Amounts in DKK 1,000

Liabilities

	Note	2005	2004
Equity Capital			
Registered Capital		505,000	505,000
Revaluation Reserves		0	1,828
Retained Earnings		5,489,383	4,643,508
		5,994,383	**5,150,336**
Minority Interests		**856,348**	**734,788**
(mainly the Founder's Family)			
Provions			
Liabilities under Guarantee	10	104,172	90,506
Buy-Back Obligation of Employee Shares	10	358,536	277,659
Pension Liabilities	10	312,556	288,967
Other Provisions	10	133,027	122,739
Deferred Tax	9	127,531	131,038
		1,035,822	**910,909**
Long-term Liabilities			
Mortgage Debt		652,619	674,843
Bank Loans		843,560	901,218
Other Monetary Creditors		29,880	88,323
Corporation Tax		0	602
	11	**1,526,059**	**1,664,986**
Short-term Liabilities			
Bank Overdrafts and Loans		1,082,161	1,037,488
Trade Creditors		1,290,225	1,007,438
Debts to Associated Companies		1,379	1,903
Corporation Tax		145,822	155,976
Other Liabilities		1,221,170	1,128,279
Accrued Expenses and Deferred Income		12,929	6,293
		3,753,686	**3,337,377**
Total Liabilities		**13,166,298**	**11,798,396**
Financial Instruments	12		
Auditors' Remuneration	13		
Related Parties	14		
Securities, Contingent Liabilities, etc.	15		

Equity Capital

1 January – 31 December 2005
Amounts in DKK 1,000

	Registered Capital	Revaluation of Provisions	Retained Earnings	Total Equity Capital
Equity Capital, Opening 2004	**505,000**	**5,403**	**4,126,309**	**4,636,712**
Changes in Accounting Policies			(96,396)	(96,396)
Corrected Opening	**505,000**	**5,403**	**4,029,913**	**4,540,316**
Profit for the Year			689,748	689,748
Exchange Rate Adjustments, Subsidiary Companies etc.		(444)	(46,662)	(47,106)
Changes in Minority Interests			2,313	2,313
Reversal of Revaluations		(3,131)	3,131	0
Revaluation of Hedging Instruments, Opening			(99,195)	(99,195)
Revaluation of Hedging Instruments, Closing			54,662	54,662
Tax on Equity Items			9,598	9,598
Equity Capital, Closing 2004	**505,000**	**1,828**	**4,643,508**	**5,150,336**
Profit for the Year			700,598	700,598
Exchange Rate Adjustments, Subsidiary Companies etc.			151,815	151,815
Changes in Minority Interests			(797)	(797)
Reversal of Revaluations		(1,828)	1,828	0
Revaluation of Hedging Instruments, Opening			(54,662)	(54,662)
Revaluation of Hedging Instruments, Closing			38,692	38,692
Tax on Equity Items			8,401	8,401
Equity Capital, Closing 2005	**505,000**	**0**	**5,489,383**	**5,994,383**

Cash-Flow Analysis

1 January – 31 December 2005
Amounts in DKK 1,000

	Note	2005	2004
Consolidated Profit after Tax		807,018	794,167
Reversal of Entries with no Liquidity Effect	16	1,389,976	1,273,931
Changes in Working Capital	17	(45,631)	(358,732)
Operational Cash Flow before Interests		2,151,363	1,709,366
Income from Financial Fixed Assets		15,615	27,910
Cost of Financing, Net		(58,794)	(76,831)
Cash Flow from Ordinary Activities		2,108,184	1,660,445
Corporation Tax Paid		(491,538)	(452,407)
Cash Flow from Operations		**1,616,646**	**1,208,038**
Acquisition of Companies	18	(292,912)	(237,335)
Investment in Tangible Fixed Assets		(1,008,752)	(1,000,479)
Disposal of Tangible Fixed Assets		68,899	33,317
Investment in Intangible Fixed Assets		(110,136)	(68,857)
Purchase and Sale of Securities		24,443	(23,618)
Cash Flow from Investment Activities		**(1,318,458)**	**(1,296,972)**
Change in Long-Term Creditors		(148,662)	(132,606)
Change in Short-Term Creditors		(3,145)	153,304
Distribution of Dividend		(7,292)	(6,021)
Acquisition of Minority Interests		(0)	(31,694)
Unrealised Exchange Rate Adjustments		(68,622)	12,833
Cash Flow from Financial Activities		**(227,721)**	**(4,184)**
Change in Liquid Funds		**70,467**	**(93,118)**
Available Funds Including Securities, Opening	19	1,146,259	1,213,037
Available Funds Including Securities Stated as Current Assets, Closing	20	**1,216,726**	**1,119,919**

Notes to the Consolidated Accounts

Amounts in DKK 1,000

Note 1

Net Turnover	**2005**	**2004**
Europe	9,302,687	8,629,445
North and South America	1,331,466	1,148,240
East Asia	2,287,572	1,938,169
Middle East/Africa	499,855	437,052
Net Turnover	**13,421,580**	**12,152,906**

The Grundfos Group's activities lie solely within the segment of manufacture and sale of pumps. Therefore, net turnover has only been divided according to geographical markets.

Note 2

Staff Costs

Total Group Payments to Employees and Board	3,356,848	3.006,087
Retirement Benefit Obligation	206,820	177,683
Social Contributions	388,188	358,068
	3,951,856	**3,541,838**
Staff Costs are recognised as follows:		
Production Costs	2,046,382	1,877,582
Research and Development Costs	370,662	334,749
Sales and Distribution Costs	1,029,366	899,780
Administrative Costs	505,446	429,727
	3,951,856	**3,541,838**
The staff costs for the year under review include Directors' fees to the Board of the Foundation totalling	2,404	1,536
Average Number of Full-Time Employees	**13,112**	**12,618**
Number of Employees, Closing	**13,369**	**12,586**

Amounts in DKK 1,000

Note 3

Depreciation and Write-Downs	**2005**	**2004**
Depreciation, Intangible Fixed Assets	75,672	64,774
Depreciation, Tangible Fixed Assets	731,138	655,350
	806,810	**720,124**

Depreciation and write-downs are recognised as follows:		
Production Costs	577,006	519,937
Research and Development Costs	60,973	54,941
Sales and Distribution Costs	57,716	55,623
Administrative Costs	61,730	52,006
Amortisation of Group Goodwill	49,385	37,617
	806,810	**720,124**

Note 4

Cost of Financing, Net

Financing Costs	(154,903)	(164,706)
Total Financing Costs	**(154,903)**	**(164,706)**
Interest Income from Bonds	4,288	2,424
Value Adjustment etc., from Securities	61,992	51,849
Other Interest Income	29,829	33,602
Total Financing Income	**96,109**	**87,875**
Cost of Financing, Net	**(58,794)**	**(76,831)**

Note 5

Tax on Profit for the Year

Current Tax	457,970	426,232
Deferred Tax	8,050	8,429
Deferred Tax Adjustment due to changed Rate of Taxation	(16,548)	0
Adjustment re Previous Years	(2,329)	2,790
Tax on Profit for the Year	**447,143**	**437,451**

Restatement of Rate of Taxation for the Year:

Danish Rate of Taxation	28%	30%
Deviations in Tax in Foreign Companies in relation to Danish Rate of Taxation	4%	2%
Non-Taxable Income and Non-Deductible Expenses	2%	1%
Non-Deductible Write-Downs on Goodwill	1%	1%
Reduction of Tax Rates	(1%)	0%
Other, Including Adjustments re Previous Years	2%	2%
Rate of Taxation for the Year	**36%**	**36%**

Amounts in DKK 1,000

Note 6

Intangible Fixed Assets

	Completed Development Projects	Group Goodwill	Other Intang. Fixed Assets	Dev. Projects in Progress
Acquisition Price				
Opening	27,795	718,281	132,728	83,216
Aqc./Sale of Activities			6,458	
Exchange Rate Adjustments		6,790	1,990	
Additions for the Year	76,211	274,011	9,530	101,004
Disposals at Initial Cost		(14,563)	(3,497)	(76,211)
Closing	**104,006**	**984,519**	**147,209**	**108,009**
Acc. Depreciation				
Opening	2,780	192,251	90,915	0
Aqc./Sale of Activities			4,477	
Exchange Rate Adjustments		760	1,129	
Deprec./Wr-Downs for the Year	9,287	49,385	17,000	
Depreciation on Disposals for the Year		(14,563)	(3,099)	
Closing	**12,067**	**227,833**	**110,422**	**0**
Book Value 31 Dec. 2005	**91,939**	**756,686**	**36,787**	**108,009**
Book Value 31 Dec, 2004	**25,015**	**526,030**	**41,813**	**83,216**

Note 7

Tangible Fixed Assets and Fixed Asset Investments

	Land and Buildings	Tech. Equip and Mach.	Other Technical Installations	Tang. Fixed Assets in Progress	Assoc. Cos.	Securities	Other Receiv.
Acquisition Price							
Opening	3,013,967	5,372,609	1,214,309	369,669	19,780	568,135	22,130
Aqc./Sale of Activities	21,704	42,131	9,361	620			6,171
Exchange Rate Adjustments	79,193	74,727	19,780	15,956		1,827	442
Additions for the Year	323,823	543,404	146,358	226,759		283,595	1,489
Disposals at Initial Cost	(71,413)	(157,014)	(105,454)	(231,592)		(302,378)	(11,753)
Closing	**3,367,274**	**5,875,857**	**1,284,354**	**381,412**	**19,780**	**551,179**	**18,479**
Revaluations							
Opening	23,924						0
Exch. Rate Adjustments, etc.	326						
Revaluations of the Year							492
Revaluation (Install. Sold)	(2,405)						
Closing	**21,845**						**492**

Amounts in DKK 1,000

Note 7 (cont.)

	Land and Buildings	Tech. Equip and Mach.	Other Technical Installations	Tang. Fixed Assets in Progress	Assoc. Cos.	Securities	Other Receiv.
Acc. Depreciation							
Opening	1,043,681	3,869,936	733,990	0	15,611	1,302	3,323
Aqc./Sale of Activities	4,265	24,062	6,156				
Exchange Rate Adjustments	19,269	58,022	7,891			26	66
Deprec./Wr-Downs for the Year	109,346	456,805	164,987		4,262	1,755	408
Depreciation on Disposals	(29,690)	(152,727)	(84,970)			(587)	(2,503)
Brought forward from Provisions re Ass. Company					(823)		
Closing	**1,146,871**	**4,256,098**	**828,054**	**0**	**19,050**	**2,496**	**1,294**
Book Value 31 Dec. 2005	**2,242,248**	**1,619,759**	**456,300**	**381,412**	**730**	**548,683**	**17,677**
Book Value 31 Dec, 2004	**1,994,210**	**1,502,673**	**480,319**	**369,669**	**4,169**	**566,833**	**18,807**

The cash value for land and buildings in Denmark at the latest tax assessment of real property amounts to DKK 855m (Book value: DKK 619m).
The book value of capitalised leased facilities as at 31 December 2005 amounts to DKK 37m (2004: DKK 25m).
The market value of securities as at 31 December 2005 amounts to DKK 534m (2004: 565m).

Note 8

Inventories	**2005**	**2004**
Raw Materials and Consumables	1,057,840	997,526
Work in Progress	469,231	406,937
Manufactures Goods and Goods for Resale	873,875	828,805
Inventories	**2,400,946**	**2,233,268**

Note 9
Deferred Tax/Deferred Tax Assets

Deferred tax broken down:		
Fixed Assets	218,016	234,204
Current Assets	(102,927)	(51,587)
Provisions	(73,465)	(68,383)
Creditors	7,124	273
Deficit	(6,174)	(2,712)
Other	27,941	(23,482)
	70,515	**88,313**

which have been recognised in the balance sheet as:

Deferred Tax Assets	57,016	42,725
Deferred Tax (Liability)	127,531	131,038

Amounts in DKK 1,000

Note 10
Other Provisions

	Liab. under Guarantee	Buy-Back Obl. Employee Shares	Pension Obligations	Others Obligations
Opening 2005	**90,506**	**277,659**	**288,967**	**122,739**
Exchange Rate Adjustments	5,137	0	5,288	6,936
Acquisitions	6,767	0	10,720	9,299
Provisions Spent during the Year	(3,257)	(1,052)	(4,501)	(14,039)
Provisions Carried Back	(4,740)	0	0	(39,440)
Provisions for the Year	9,759	81,929	12,082	47,532
Closing 2005	**104,172**	**358,536**	**312,556**	**133,027**

The usual guarantee on products sold covers a period of 24 months.

The buy-back obligation regarding employee shares will in all essentials only arise once the settlement periods for the securities in question expire. The settlement periods expire as follows:

2006	29,420
2007	79,815
2008	30,653
2009	98,071
2010	60,014
2011	60,563

The buy-back obligation calculated at market value amounts to DKK 430m (2004: DKK 288m).

Not calculated actuarial losses in connection with pension liabilities amount to DKK 51m (2004: DKK 26m).

Note 11

Long-term Liabilities	**2005**	**2004**
Debt falling due after more than 1 year but less than 5 years:		
Mortgage Debt	151,153	139,550
Bank Loans	818,194	862,831
Other Monetary Creditors	29,880	88,323
Corporation Tax	0	602
Debt falling due after more than 5 years:		
Mortgage Debt	501,466	535,293
Bank Loans	25,366	38,387

Distribution of Foreign Exchange and Interest as at 31. December 2005:

Foreign Exchange	**Interest**	**Amounts in DKKm**
EUR	3.2%	610
DKK	4.2%	804
GBP	5.7%	71
USD	6.5%	11
Other	5.0%	30
Total		**1,526**

Note 12
Financial Instruments

The Group has entered into foreign exchange and option contracts for hedging purposes, which on the balance sheet date can be broken down into the following principal items (DKKm):

	Volume	Deferred entering
EUR	693	(6)
USD	767	(5)
GBP	407	1
JPY	65	2
Other	75	1
Total	**2,007**	**(7)**

As at 31 December 2005, the hedging horizon for the individual currencies is up to a year. Interest Rate Swaps entered into for hedging purposes at a volume of DKK 1,868m (2004: DKK 2,069m) shows a loss of DKK 25m (2004: DKK 23m).

Raw material contracts (nickel and copper) entered into for hedging purposes amount to gains of DKK 62m (2004: DKK 21m).

Note 13

Auditors' Remuneration	**2005**	**2004**
Fees to Deloitte for auditing	12,607	10,960
Fees to Deloitte for other services	9,217	10,217

Note 14
Related Parties

Related parties include the Board of Directors in the Poul Due Jensen Foundation and companies in which these persons have a controlling interest.

The Group has conducted business with DUBA B8 A/S in which Vice Chairman Niels Due Jensen has a controlling interest. The Group's purchases from DUBA B8 A/S amounted to DKK 11m in 2005.

Apart from this, there have been no transactions between the minority shareholders and the Grundfos Group, except distribution of dividend and payment of salary and Board fee.

Amounts in DKK 1,000

Note 15
Securities, Contingent Liabilities, etc.

The Group has mortgaged property at a book value of DKK 419m and machinery and equipment at a book value of DKK 600m, a total of DKK 1,019m as security for loans, which on the balance sheet date, show outstanding debts of DKK 547m.

	2005	**2004**
Operational Leasing Contracts and Lease Obligations for the coming years amount to	275,746	256,553

No legal proceedings are in progress, nor have any other claims been filed against the Group, which, in the Group Management's opinion, may have any particular influence on the Group's financial position.

The Group is under no material contractual obligations to acquire assets.

Note 16
Reversal of Entries with no Liquidity Effect

Depreciation	806,810	720,124
Liabilities under Guarantee and Other Provisions	88,582	65,295
Share of Profit, Associated Companies	4,262	2,140
Income from other Securities and Investments, which are Fixed Assets	(15,615)	(27,910)
Cost of Financing, Net	58,794	76,831
Tax on Profit for the Year	447,143	437,451
Reversal of Entries with no Liquidity Effect	**1,389,976**	**1,273,931**

Note 17
Changes in Working Capital

Changes in Inventories	(106,439)	(381,857)
Changes in Accounts Receivable	(304,070)	(86,986)
Changes in Suppliers, etc.	303,495	155,517
Unrealised Exchange Rate Adjustments	61,383	(45,406)
Changes in Working Capital	**(45,631)**	**(358,732)**

Amounts in DKK 1,000

Note 18
Acquisition of Companies

Acquisitions for the year include Alldos (Germany), Tesla (Italy) and Brisan (South Africa) together with adjustments of previous years' acquisitions.

	2005	2004
Fixed Assets	(41,314)	(164,610)
Inventories	(61,239)	(56,134)
Accounts Receivable	(80,815)	(51,150)
Cash at Bank and in Hand	(16,978)	(16,525)
Provisions	26,805	64,559
Long-term Liabilities	9,735	0
Short-term Liabilities	127,927	46,270
Net Assets	**(35,879)**	**(177,590)**
Group Goodwill	(274,011)	(76,270)
Acquisition Price	**(309,890)**	**(253,860)**
Of this, Cash at Bank and in Hand	16,978	16,525
Cash Acquisition Price	**(292,912)**	**(237,335)**

Note 19
Cash at Bank and in Hand, Opening

Cash at Bank and in Hand	1,119,919	1,215,817
Unrealised Exchange Rate Adjustments	26,340	(2,780)
Cash at Bank and in Hand, Opening	**1,146,259**	**1,213,037**

Note 20
Cash at Bank and in Hand, Closing

Securities	394,715	482,471
Cash at Bank and in Hand	822,011	637,448
Cash at Bank and in Hand, Closing	**1,216,726**	**1,119,919**

Profit and Loss Account for the Poul Due Jensen Foundation

1 January - 31 December 2005
Amounts in DKK 1,000

	Note	2005	2004
Administrative Costs	1	(1,961)	(351)
Income from Investments in Associated Company before Tax		1,112,374	1,045,858
Premium from Sale of Shares		55,708	95,820
Provision for Buy-Back of Employee Shares		(80,279)	(72,327)
Interest Income	2	7,207	5,243
Financing Costs	3	(3,482)	(3,562)
Profit before Tax		**1,089,567**	**1,070,681**
Tax on Profit for the Year	4	(388,179)	(379,933)
Profit for the Year		**701,388**	**690,748**

Proposed Profit Appropriation

Distribution	790	1,000
Brought Forward to Revaluation Reserve under the Equity Method	708,579	641,049
Retained Earnings	(7,981)	48,699
	701,388	**690,748**

Balance Sheet for the Poul Due Jensen Foundation

Amounts in DKK 1,000

Assets

	Note	2005	2004
Fixed Assets			
Fixed Asset Investments			
Investment in Associated Company		6,092,880	5,242,930
Accounts Receivable from Associated Company		63,138	67,114
Securities		70	70
Total Fixed Assets	5	**6,156,088**	**5,310,114**
Current Assets			
Accounts Receivable			
Accounts Receivable from Associated Companies		255,007	178,074
Deferred Tax Receivable		1,057	0
Accounts Receivable, Corporation Tax		2,236	4,204
		258,300	**182,278**
Cash at Bank and in Hand		**233**	**4**
Total Current Assets		**258,533**	**182,282**
Total Assets		**6,414,621**	**5,492,396**

Liabilities

	Note	2005	2004
Equity Capital			
Registered Capital		505,000	505,000
Revaluation Reserve under the Equity Method		5,448,665	4,596,637
Capital Available		40,718	48,699
		5,994,383	**5,150,336**
Provisions			
Deferred Tax	4	0	633
Buy-Back Obligation of Employee Shares		350,465	270,186
		350,465	**270,819**
Long-term Liabilities			
Mortgage Debt	6	63,138	67,114
		63,138	**67,114**
Short-term Liabilities			
Bank Overdrafts and Loans		3,976	3,799
Debts to Associated Companies		1,268	0
Other Liabilities		1,391	328
		6,635	**4,127**
Total Liabilities		**6,414,621**	**5,492,396**

Equity Capital for the Poul Due Jensen Foundation

1 January - 31 December 2005
Amounts in DKK 1,000

	Registered Capital	Reserve Equity Method	Capital-Avail-able	Total Equity Capital
Equity Capital, Opening 2004	**505,000**	**4,131,712**	**0**	**4,636,712**
Changes in Accounting Policies		(96,396)		(96,396)
Corrected Opening	**505,000**	**4,035,316**	**0**	**4,540,316**
Profit for the Year		641,049	48,699	689,748
Exchange Rate Adjustments Subsidiary Companies, etc.		(47,106)		(47,106)
Revaluation of Hedging Instruments, Opening		(99,195)		(99,195)
Revaluation of Hedging Instruments, Closing		54,662		54,662
Tax on Equity Items		9,598		9,598
Changes in Minority Interests		2,313		2,313
Equity Capital, Closing 2004	**505,000**	**4,596,637**	**48,699**	**5,150,336**
Profit for the Year		708,579	(7,981)	700,598
Exchange Rate Adjustments, Subsidiary Companies, etc.		151,815		151,815
Revaluation of Hedging Instruments, Opening		(54,662)		(54,662)
Revaluation of Hedging Instruments, Closing		38,692		38,692
Tax on Equity Items		8,401		8,401
Changes in Minority Interests		(797)		(797)
Equity Capital, Closing 2005	**505,000**	**5,448,665**	**40,718**	**5,994,383**

Registered capital for the 4 previous years has been increased when brought forward from capital available:

	Opening, year	Increase	New balance
2001	390,000	115,000	505,000

Notes to the Accounts of the Poul Due Jensen Foundation

Amounts in DKK 1,000

Note 1

Administrative Costs	**2005**	**2004**
Including:		
Board Fees	500	189
Fees to Deloitte for auditing	35	34
Fees to Deloitte for other services	126	86

Note 2

Interest Income

Interest income from associated companies amounts to DKK 7,207 thousand against DKK 4,975 thousand in 2004.

Note 3

Financing Costs

Financing costs to associated companies amount to DKK 0 thousand against DKK 0 in 2004.

Note 4

Tax on Profit for the Year

Tax in Associated Companies	380,299	381,106
Current Tax	9,570	692
Deferred Tax	(1,690)	(1,865)
Tax on Profit for the Year	**388,179**	**379,933**

Deferred tax relates to provisions.

Amounts in DKK 1,000

Note 5
Fixed Asset Investments

	Investment in Associated Company	Accounts Receivable from Associated Company	Securities
Acquisition Price			
Opening	550,279	67,114	70
Additions for the Year	1,207		
Disposals at Initial Cost	(3,285)	(3,976)	
Closing	**548,201**	**63,138**	**70**
Revaluations			
Opening	4,789,627	0	0
Changes in Accounting Policies	(96,976)		
Profit for the Year	732,075		
Dividend Received	(23,496)		
Exchange Rate Adjustments	151,815		
Other Adjustments	(8,366)		
Closing	**5,544,679**	**0**	**0**
Book Value 31 Dec. 2005	**6,092,880**	**63,138**	**70**
Book Value 31 Dec. 2004	**5,242,930**	**67,114**	**70**

The book value of investment in associated company includes goodwill amounting to DKK 75,791 thousand against DKK 80,532 thousand in 2004.

Note 6

Long-term Liabilities	**2005**	**2004**
Amounts falling due after 5 years:		
Mortgage Debt	45,301	50,068

Consolidated Profit and Loss Statement in Euros

1 January - 31 December 2005
Amounts in EUR 1,000

	2005	2004
Net Turnover	1,801,435	1,633,741
Production Costs	(1,107,395)	(990,405)
Research and Development Costs	(65,594)	(65,123)
Gross Profit	**628,446**	**578,213**
Sales and Distribution Costs	(300,788)	(273,019)
Administrative Costs	(139,456)	(121,616)
Amortisation of Group Goodwill	(6,628)	(5,057)
Operating Profit	**181,574**	**178,521**
Other Operating Expenses	(6,874)	(6,088)
Share of Profit, Associated Companies	(572)	(288)
Income from Financial Fixed Assets	2,096	3,752
Cost of Financing, Net	(7,891)	(10,329)
Profit before Tax	**168,333**	**165,568**
Tax on Profit for the Year	(60,015)	(58,807)
Consolidated Profit after Tax	**108,318**	**106,761**
Minority Shareholders' Share of Profits in Subsidiaries	(14,284)	(14,037)
Profit for the Year	**94,034**	**92,724**

Grundfos in brief

Water provides life to people, animals and plants, and is a necessity in order for industry to produce. Water is very useful when heating and cooling buildings, and is also used to drain off waste products. Anywhere, where water is a coveted resource or needs to be drained away, Grundfos plays a central role.

Our range of efficient and reliable pump solutions is continuously being expanded. Extensive know-how and intensive research and product development allow us to develop new, trend-setting products which meet ever-increasing requirements made by customers and society at large for improved energy efficiency and a reduced impact on the environment.

In addition to pumps and pump systems, Grundfos develops, manufactures and sells energy-efficient electromotors and sophisticated electronics. Once the electronics are built into the pumps they become ”intelligent”, i.e. capable of assessing the current need for water and adapt their performance accordingly - all of which results in a significant reduction in energy consumption.

At all stages of production, quality needs to be controlled effectively as we have a high degree of our own production. Also, production control ensures a high productivity while at the same time enables us to take both the external environment and the working environment into consideration.

With their knowledge and commitment, the employees are the most important resource in the Grundfos Group. Therefore, the Group aims to offer the employees further training and to create an inspiring environment that promotes the development of new products with an increased utility value and high quality for the customers.
In a world characterised by frequent changes in the global economy, the Group's global nature is our customer's guarantee for continuous and easy access to pumps, spare parts and service. Therefore, the Grundfos Group constantly expands its network of sales and service companies in Europe, America, the Middle East, Australia and Asia. High reliability of supply and the possibility of adapting the pump solutions to local requirements are ensured through decentralised production.

As a globally responsible company, Grundfos strongly emphasise the importance of being in harmony with the environment. All over the world, we are striving to create and strengthen lasting ties with employees and partners as well as the communities in which we operate.

The Grundfos Group is owned by the Poul Due Jensen Foundation, whose primary purpose is to expand and develop the Group. Reinvestment of own funds maintains the Grundfos Group as an independent company.

For further information about Grundfos, please visit our website at: http://www.grundfos.com.

BE > THINK > INNOVATE >

Being responsible is our foundation
Thinking ahead makes it possible
Innovation is the essence

The Grundfos Group

Northern Europe
Tel.: +44 15 2585 0000

Germany
Tel.: +49 211 92969-0

Eastern Europe
Tel.: +43 6246 883-0

Southern Europe
Tel.: +39 0295 8381 12

North America
Tel.: +1 913 227 3400

South America
Tel.: +55 11 4393 5533

Asia and the Pacific Rim
Tel.: +65 6865 1222

Australia and New Zealand
Tel.: +61 8 8461 4611

Japan
Tel.: +81 53 428 4760

Headquarters
DK-8850 Bjerringbro
Denmark

Tel.: +45 87 50 14 00
E-mail:
info@grundfos.com

CVR no. 83 64 88 13

Further information:
www.grundfos.com

GRUNDFOS®