

ANNUAL REPORT 2008



The Grundfos Group and the Poul Due Jensen Foundation

MILESTONES 2008

- 19 February**  Grundfos opens new factory in San Luis Potosi, Mexico.
- 3 March**  Grundfos unveils Innovation Intent.
- 7 March**  Grundfos – more than pumps, a historical account of Grundfos, written by Olav Ballisager, is published.
- 11 March**  ALPHA2 circulator pump wins the Energy+ award in two categories.
- 30 March**  Danish students are set a goal in the Grundfos Challenge.
- 13 May**  Celebration of the 40th anniversary of Grundfos' opening of the first sheltered workshop.
- August**  Establishment of the electronics factory in Wahlstedt, Germany.
- 9 September**  Grundfos buys land for a new factory in Serbia.
- 13 September**  Grundfos receives honorary awards for their commitment to EXPO 2008.
- 30 September**  The Grundfos Prize 2008 is awarded to Professor Anne Strunge Meyer, Department of Chemical and Biochemical Engineering, Technical University of Denmark.
- 15 October**  Grundfos BioBooster sells its first wastewater system outside Denmark to Hoogesteger BV, the Netherlands.
- 23 October**  Grundfos heads the Climate Change Conference in Beijing.
- 21 November**  Grundfos Russia receives His Royal Highness Prince Henrik's Medal of Honour.
- 11 December**  Grundfos acquires the pump company Yeomans Chicago Corporation.

KEY FIGURES

Amounts in DKKm

Profit and loss account	2008	2007	2006	2005	2004
Net turnover	19,019	16,814	15,376	13,422	12,153
Operating profit	1,333	1,610	1,534	1,353	1,328
Earnings before interest and tax (EBIT)	1,269	1,490	1,503	1,297	1,281
Cost of financials	(310)	(117)	(24)	(43)	(49)
Profit before tax	959	1,373	1,479	1,254	1,232
Consolidated profit after tax	569	860	923	807	794
Profit for the year (excluding minorities)	479	736	796	701	690
Balance sheet					
Assets					
Intangible fixed assets	1,237	1,300	1,090	993	676
Tangible fixed assets	6,198	5,655	5,043	4,700	4,347
Fixed asset investments	741	710	582	567	590
Current assets	9,498	9,055	8,366	6,906	6,185
Total assets	17,674	16,720	15,081	13,166	11,798
Liabilities					
Equity	7,691	7,422	6,939	5,994	5,150
Minority interests	1,113	1,070	996	856	735
Provisions	1,312	1,320	1,212	1,036	911
Long-term liabilities	2,038	1,669	1,456	1,526	1,665
Short-term liabilities	5,520	5,239	4,478	3,754	3,337
Total liabilities	17,674	16,720	15,081	13,166	11,798
Number of employees at year-end	17,901	16,457	14,782	13,369	12,586
Capital investments, tangible	1,464	1,459	1,119	1,009	1,000
Research and development costs, incl. capitalised	995	801	680	590	543
Interest-bearing debt, net	2,155	1,436	823	843	1,015
Profit before tax in per cent of net turnover	5.0%	8.2%	9.6%	9.3%	10.1%
Return on equity	6.6%	10.5%	12.5%	12.7%	14.2%
Equity ratio	49.8%	50.8%	52.6%	52.0%	49.9%

Definition of key figures

Return on equity:

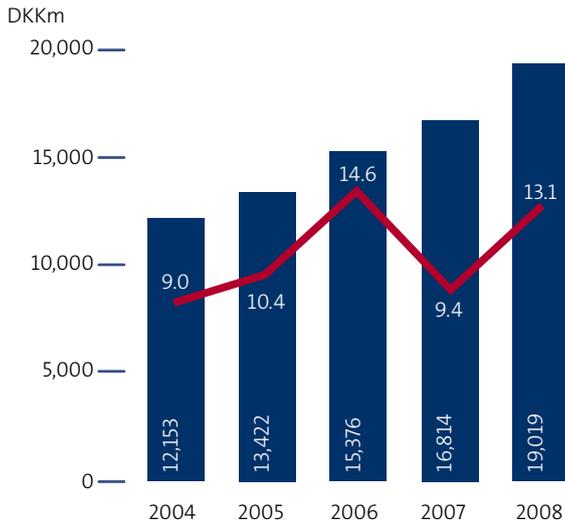
Consolidated profit as a percentage of the average equity inclusive of minority interests.

Equity ratio:

Equity inclusive of minority interests at year-end as a percentage of total assets.

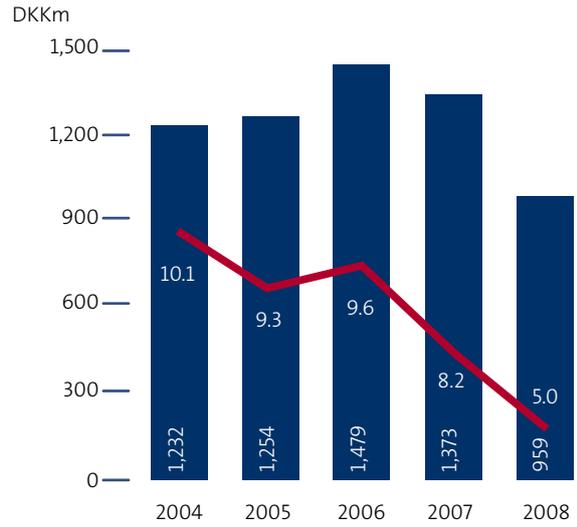
NET TURNOVER

— % of annual growth rate



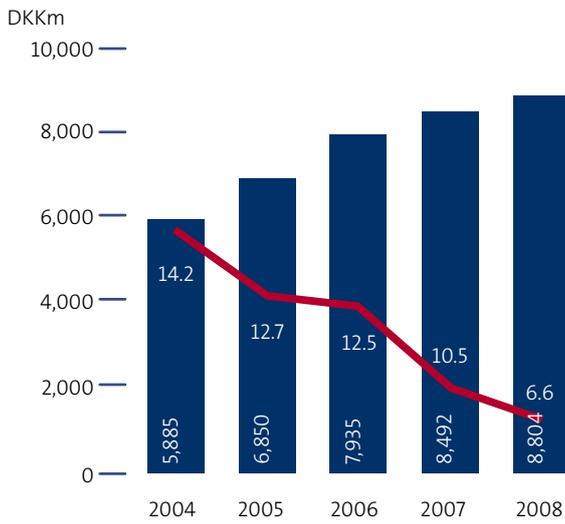
PROFIT BEFORE TAX

— % of annual net turnover



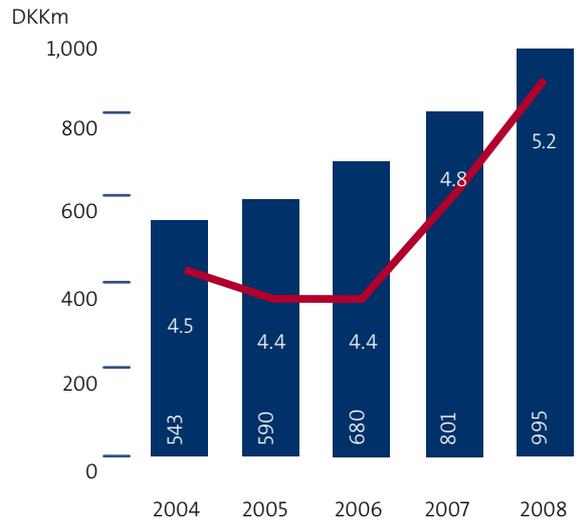
EQUITY AND MINORITY INTERESTS

— Return on equity



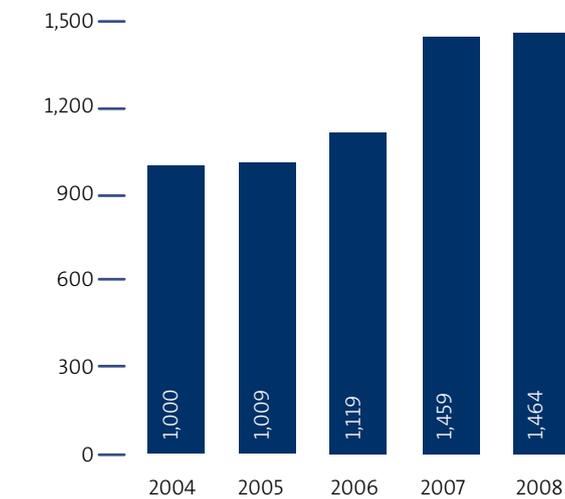
R&D COSTS

— % of net turnover



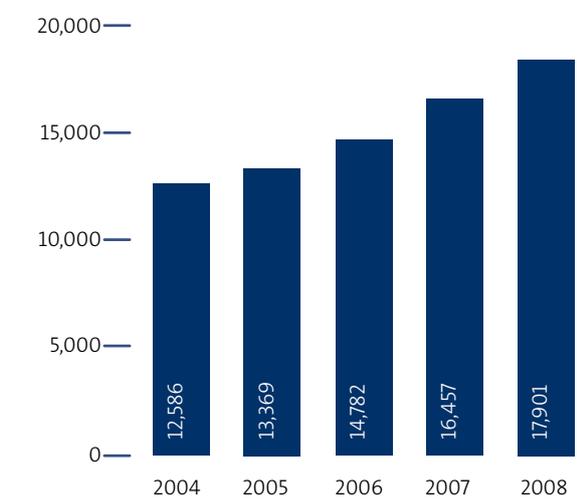
CAPITAL INVESTMENTS, TANGIBLE

DKKm



NUMBER OF EMPLOYEES

Antal



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PREFACE

2008 was an unusual year for the Grundfos Group. We achieved sales growth and our position as one of the world's absolute leading companies within high-tech pumps and pump systems is now unquestionable. However, the business conditions throughout the year have fluctuated widely and latterly, were quite turbulent.

In 2008, the turnover increased by DKK 2.2bn to a total of DKK 19.0bn, corresponding to an increase of 13.1 per cent. The first half of 2008 saw the biggest increase with the increase being significantly weaker during the last months of the year. The 2008 profit before tax at DKK 959m is somewhat lower than in 2007, when the profit before tax amounted to more than DKK 1.4bn.

The lower earnings are partly due to external circumstances with a widely fluctuating demand throughout the year and declining exchange rates for the main foreign currencies. In addition, the sudden slowdown in the world economy has made it necessary to change and adjust certain activities within a short period of time.

A growth in sales has been visible in all areas. For example sales in the Middle East where we are based in Dubai rose 47 per cent, Russia increased by 25 per cent, China was 22 per cent, India achieved 16 per cent and a 13 per cent increase in the German market can be attributed to particularly energy-efficient circulator pumps that have gained a foothold and finally, the organic growth of 12 per cent in the US is also satisfactory. However, Grundfos has to accept that the party is over now. We need to adapt to a world which is experiencing a serious recession and where the worst is perhaps yet to come.

The end of the year saw the negative effects of the financial crisis. And the outlook for 2009 is, of course, affected by the present worldwide financial and economic crisis. In the light of the general uncertainty caused by the financial turmoil, it is necessary to focus even more on controlling costs, working capital and the level of investment to allow us to make it through the crisis safe and sound. This requires hard work.

However, at Grundfos we insist on seeing the possibilities instead of just focusing on the limitations. We will, among other things, strengthen our focus on new markets, where there is large growth potential for energy efficient and environmentally friendly products. In many countries, significant growth packages have been adopted by the politicians and these can lead to investments in infrastructure projects such as wastewater systems and water supply. This gives Grundfos a chance to contribute with cleaner and more energy-efficient products.

In 2008, we launched an Innovation Intent which sets new and challenging goals for the entire organisation. Grundfos wants to contribute to ensure that population growth, urbanisation and the increasing demand for better housing comfort and cleaner water does not result in any unnecessary exploitation of natural resources. We increase our focus on business development and we have prepared an efficient globalisation plan by strengthening the Research & Development organisation in China. In addition, larger sales regions with focus on cross-border competence sharing have been established, including a so-called STAR region with focus on the world's growth markets and economies.

Grundfos has decided to increase its focus on the needs of the customers. The result is an increased partnership and a keen eye for their needs now and in the future. Production has also been further globalised. Last year saw the establishment of a new factory in San Luis Potosi in Mexico, a wastewater factory in Suzhou in China, and the construction of a new factory in Serbia is currently in the planning.

Grundfos' vision for the coming years is still to develop greater sustainability within all business areas. This includes the design of sustainable products with the lowest possible life cycle costs, a continuously decreasing CO₂ burden per manufactured and sold unit. We are extremely focused on ensuring that Grundfos maintains the position as the leading company within cleantech pump solutions for green and energy efficient buildings and on ensuring that Grundfos becomes one of the world's leading companies within innovative system solutions which supply quality water to the world's growing population at a competitive price.

This overall vision corresponds to the climate change agenda for 2009 on the occasion of the UN Climate Conference in Copenhagen in December. The world's political leaders have to find long-term answers to the climate challenges and the best way is to cooperate with committed citizens, organisations and companies. Grundfos is looking forward to contributing to and maintaining the objective of offering the most sustainable and energy-efficient solutions. We wish to do so by involving customers, suppliers, business partners and our 18,000 employees. Without them we cannot create durable and sustainable results. We look forward to the challenges that 2009 will present and thank everybody for their efforts and cooperation in 2008.

Niels Due Jensen
Group Chairman

Carsten Bjerg
Group President and CEO



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MANAGEMENT REPORT



FINANCES

GROWTH IN TURNOVER

In 2008, the Grundfos Group turnover increased by DKK 2.2bn or 13 per cent to DKK 19.0bn. The growth in turnover is slightly above the budgeted estimated increase of 9 per cent, and is therefore satisfactory.

The growth in turnover has been relatively constant throughout the year, however with weaker growth during the last months of the year. For 2008 as a whole, organic growth amounted to 12 per cent as against 10 per cent in 2007. Acquired growth in 2008 made up just under 3 per cent of turnover as against 1 per cent in 2007.

Like in 2007, the developments in exchange rates affected the turnover negatively by just under 2 per cent. In particular the US dollar and other currencies connected to the US dollar have contributed towards this outcome. Although the exchange rate for the US dollar was 4 per cent higher at the end of 2008 than at the beginning of the year, the average exchange rate has been approximately 7 per cent lower in 2008 than in 2007.

The 2008 profit before tax is DKK 959m, which corresponds to 5.0 per cent of the turnover. This level is somewhat lower than in 2007, where profit before tax was DKK 1.4bn or 8.2 per cent of the turnover. Although a significant share of the lower earnings is a result of external circumstances, this result cannot be considered satisfactory.

The lower earnings capacity is primarily due to a reduction in several of the Group's major sales currencies as well as increased prices on important raw materials including copper, aluminium, stainless steel and castings. The price for raw materials has declined considerably during the autumn, however in total the influence on the 2008 result is negative. In addition, efforts in a number of areas have increased, e.g. within product development and production.

THE PUMP MARKET

GROWTH IN ALL AREAS

In 2008, virtually all geographic business areas and business units presented double-digit growth rates, while the Grundfos Group as a whole realised growth figures of 13 per cent. We must therefore consider the sales result as

The Group's financials have also influenced profit before tax negatively compared with 2007. Interest expenses on loans have increased by approx. DKK 100m, partly as a result of an increased need for financing and partly as a result of interest rates in general having been higher in 2008 than in 2007. Finally, 2008 has experienced a decline in the exchange rates for the Group's holding of shares of approx. DKK 100m as against a modest decline in the exchange rates in 2007.

The Group's total R&D costs, including capitalised development projects amounted to a total of DKK 995m. This corresponds to 5.2 per cent of the turnover which is a little higher than the 2007 level of 4.8 per cent.

The capital expenditure in 2008 amounts to DKK 1.5bn in 2008, which is the same level as 2007.

The high level of activity throughout the year means that another approx. DKK 600m is tied up in working capital as both stocks and outstanding accounts have increased. Combined with relatively high capital expenditure, this has led to an increase in the Group's net interest-bearing debt of approx. DKK 700m to DKK 2.2bn at the end of 2008. The debt does, however, remain at a relatively low level when compared to the size of the Group. This is also seen by the fact that the equity ratio continues to remain at a high level – 49.8 per cent, against 50.8 per cent in 2007.

Grundfos is still a sound company which despite the financial crisis is well-prepared for the challenges of the coming years. In the light of the general uncertainty caused by the financial crisis, we do, however, find it necessary to focus more on controlling cost development, working capital and levels of investment.

being very satisfactory and it must be seen as an indication that our general strategies with focus on globalisation and differentiation are successful ones. Our conclusion is that we have consolidated our position as the world's leading pump manufacturer in 2008.



In terms of geographical results, the Group realised impressive growth rates in Central and East Europe – Russia alone experienced a growth of 25 per cent. In Germany, the growth reached 13 per cent – not least because of the sales strategy for energy-efficient circulator pumps which has proved to be very powerful.

The strategy followed in North America which combines organic market development and strategic acquisitions paid off with a remarkable growth of 12 per cent in a market which has mostly been characterised by very negative influences from the financial crisis.

Another growth engine in the Grundfos Group has been the Asian and Middle Eastern markets with India and China being the frontrunners. They have returned growth rates of 16 per cent and 22 per cent, respectively. As regards China, the sales result reflects this market's enormous potential as a powerful platform for the Grundfos Group's further considerable commitment. Both from an organisational and a structural point of view, we now consider China to be our second home market.

In 2008, the Group took further steps towards achieving an even more powerful position within the new markets in Eastern Europe and Central Asia. In May 2008, Grundfos Central Asia opened headquarters in Kazakhstan. We also decided to open a sales company in Vietnam.

The only market in which the Group has experienced an actual decline is in Japan where the recession has led to the Group realising negative growth for the first time in many years.

Growing interest in energy efficiency

If we evaluate the sales in the global business areas, it is evident that these have also lived up to our expectation.

Within Building Services, which is defined as pumps and pump systems for large and small buildings, the Group has realised a 20 per cent growth.

In 2008, the sale of energy-efficient circulator pumps increased significantly with Germany being the prime mover and where the interest in energy-saving pumps is huge. At the large international fair *Mostra Convegno* in Italy in 2008, the Grundfos ALPHA2 was the proud recipient of the Energy+ Award which was awarded by the European Commission's Intelligent Energy Europe programme. The Grundfos ALPHA2 won no less than two categories for being the most energy-efficient circulator pump in Europe.

One of Grundfos' focus areas is to establish itself in the market for heating systems based on renewable energy sources. The European market introduced new circulator pumps which are optimised for solar thermal heating systems and in 2008, the Group experienced great success in the American market for geothermal heating systems.

In 2008, Grundfos strengthened and developed its leading position in relation to the world's best known manufacturers of oil-fired boilers and gas boilers in the form of even closer cooperation to deliver green energy.

Speed control using frequency converters to control pump systems in commercial buildings is an example of the way in which currently existing technologies represent a large potential in the efforts to realise ambitious goals for CO₂ reduction. In 2008, Grundfos introduced an expansion of our successful TPE in-line series with integrated frequency converters and bus communication.

Following the acquisition of Peerless, Grundfos offers a very broad and in-depth range of products for commercial and large buildings, including fire fighting systems. This makes Grundfos one of the most complete suppliers of pumps for air conditioning, heating, district heating, cooling and water supply in commercial buildings.

As a result, Grundfos has experienced a successful year in this area even though the global financial crisis in 2008 has had a significant influence on the commercial buildings market.

Focused efforts in the industry

The market for pumps and pump systems within industrial applications has realised a satisfactory growth of 7 per cent for the Group.

In 2008, Grundfos focused our efforts within the engineering industry. The first Machinery Industry Business Centre was established in Asia where Grundfos has a leading position in the market in relation to large customers. Additional centres will be established for the European and American markets.

Another focus area within the industrial area has been the marine sector where a targeted effort including a powerful product offer was introduced initially in China and Korea.

The Group continued its targeted introduction of new industrial products – not least electronically regulated pumps – with the largest initiatives being made within the CR area and the launch of new standard motors and E-motors which expanded the power range up to 22 kW.

More products for wastewater and water supply

In the pumps and pump systems for wastewater market, the Group has realised satisfactory organic growth of 14 per cent.

In light of the climate debate, there has been much focus on business development within energy optimisation in public infrastructures.

During 2008, Grundfos created a new division within the Water Utility market which visualises and focuses on the differentiation of business models and the supply chain for this market.

Our strategy is to continue to strengthen this position through organic growth and selected acquisitions and/or partnerships. This is partly carried out through the introduction of new Grundfos developed products such as the SL wastewater pump which is used for the transportation of wastewater and raw water, and partly by offering market control and automatic monitoring equipment specifically through dedicated wastewater control and GRM (Grundfos remote monitoring). In addition, targeted and strategic acquisitions were made, including the Korean company Keum Jung Industrial Co.

at the beginning of 2008. This company was acquired to strengthen the Group's position in the attractive wastewater market in Asia.

Towards the end of the year, the Group entered into an agreement on the final takeover of Yeomans Chicago Corporation in the US which gives Grundfos access to the very large wastewater market in North America.

As a result, Grundfos is now able to offer a very in-depth and highly developed product range to the global wastewater market.

PRODUCTS AND TECHNOLOGY

GLOBALISATION AND COMPETENCE DEVELOPMENT

When calculating a company's contribution to the world, including the related environmental strain, the calculation is based on the sum of all the products and services which the company has brought to the market during its lifetime. It is therefore essential to Grundfos that our vision to influence the world's sustainability reflects positively and directly in our product range as well as in the development and build-up of competences.



The precondition for living up to this ambition is that Grundfos has world-class competences and processes and maintains a network to research institutions and companies in order to be able to translate our visions into action. Grundfos believes that a global R & D (Research & Development) network organisation is the best way to meet such preconditions.

With Grundfos' strong cultural and value-based background, the experience from 2008 has strengthened our belief that it is possible to establish such a network. In 2008, common technology and innovation planning activities for all R & D units were carried out for the first time, and the individual units started to build global relations enabling the network to solve tasks which are coordinated from Denmark.

In addition, the revitalisation of Grundfos' matrix organisation, which was implemented in 2008, has resulted in the establishment of a common global D & E (Development & Engineering) function which together with the global R & T (Research & Technology) function provide Grundfos with the possibility of obtaining further synergy effects within knowledge sharing, portfolio management and globalisation.

The cultural aspects in this global R & D organisation are absolutely crucial for result-oriented global cooperation and the trend is that the R&D managers in Grundfos move the focus from technical disciplines to cultural aspects. This means, among other things, that technical

and competence-oriented aspects are now – to a higher degree than before – being delegated to the professional networks as well as to the professional senior employees and managers.

Focus on monitoring

Within the Grundfos product development, there is a clear trend that it is not enough to focus on the pump as a product – Grundfos wants to achieve more with its manufactured products than just moving water. We want to make a positive difference – to the customer and to the environment. This requires a holistic product approach where the systems and contexts in which the products belong are fully optimised. This requires the establishment of continuous monitoring of whether the system supplies the required efficiency and reliability of operation. At the same time, our products must function optimally with other products connected to the customer's system.

As a result, Grundfos has developed a number of methods and techniques to monitor the condition of the system and also to predict undesirable events or a gradual reduction in the performance as a result of either wear or other external factors.

As Grundfos masters more relevant technical competences, it has become possible to develop methods to monitor the operation of the pump and its condition by comparing measured electric parameters during the operation with the theoretical parameters which are continuously



calculated by the pump's processor. An analysis of deviations between these two values makes it possible for the pump's expert system to conclude whether it is malfunctioning and, if this is the case, determine what is wrong.

This opens completely new opportunities of minimising the energy consumption and preventing expensive, dangerous or environmentally damaging system breakdowns. In 2008, the CR monitor is an example of a product which is tailored to this kind of system and condition monitoring.

We have implemented a large number of 3D flow calculations at specific sewage treatment plants in Europe and China and these are examples of the fact that to Grundfos the pump is not just an isolated product. This helps us to offer our customers better advice about the optimal position of the pumps and mixers which Grundfos supplies. The gain in electricity consumption and efficiency of the wastewater purification can be surprisingly large as the industrial standard so far has been to place pumps and mixers based on experience and research.

Establishment of new partnerships

Although Grundfos possesses the most relevant technical competences, it is of vital importance to maintain an external contact network. We therefore continuously evaluate whether we should develop alone or in cooperation with partners, or whether we should purchase components and sub-systems from external suppliers.

Today, the development of power electronics is carried out in close cooperation with the world's leading semiconductor companies. This was not relevant in the early 90s as Grundfos was a global pioneer in this area. Today, power electronics are far more widespread and our cooperation with others is considered by both parties to involve a better allocation of work, and is thus perceived as a win-win situation.

Grundfos' early commitment to minimise the energy consumption, e.g. by developing power electronics and sensors, really hits the spot in relation to the world's current challenges. Savings in energy consumption have even been referred to as "the fifth fuel" and to continue this trend, additional competences and products have been developed within wireless technology and sensors.

This is of special interest within solar energy where modern thermal heating systems typically include two Grundfos sensors. It is obvious that Grundfos is interested in developing additional technology and products which can contribute to bringing the thermal heating industry to a level where its potential is better utilised.

This sector typically uses a new combination of components known from traditional heating systems and because of this, only part of the actual potential in solar energy is released. Grundfos wishes to do something about this and as an example, we introduced a Solar PM circulator pump in 2008.

Electronics sell

As a result of the fact that today's trend is well in harmony with Grundfos' values and technologies, the share of electronic energy-saving Grundfos products has increased faster than expected in relation to total sales.

A product which integrates the mentioned technologies is the HM standard motor with frequency converter which now covers the area up to 22 kW. Others are the ALPHA2 circulator pump with the new adaptive control which, from a sales point of view, has exceeded our expectations, and the CUE wall mounted frequency-converter with in-built e-pump technology.

In addition to our constant focus on more environmentally friendly models of our main products, 2008 also offered product releases which helped our customers to solve application challenges and products which make it possible for a larger number of customers to use Grundfos products. Examples include the release of a SE DN100 wastewater pump and several stainless variations.

The overall vision for Grundfos' R&D department is for the global R&D organisation to build a high level of competence via a global network cooperation. By including universities and relevant sub-suppliers, it is possible for Grundfos to manufacture products which are based on the best knowledge and the highest quality but which are also realistic from a price point of view so that the products actually enter the markets and make a difference. This is the driving force and the motivation in the global development organisation.

PURCHASING, PRODUCTION AND LOGISTICS

GLOBALISATION CONTINUES

Grundfos is continuously striving to obtain closer contact with our customers. This is also the case within production and this means that once again in 2008 we have had the pleasure of opening new factories around the world, including a recently built factory in Mexico and a factory in China specifically for producing wastewater products.

Yet another production factory is on its way. In the autumn of 2008, Grundfos decided to invest in land in Serbia where we expect our next production factory to be built. One of the reasons for choosing Serbia is that the country is favourably located in relation to Russia and other growth markets.

Today, the Group owns manufacturing companies in the following countries: Brazil, Denmark, Finland, France, India, Italy, China, Korea, Mexico, Russia, Switzerland, Singapore, the UK, Taiwan, Germany, Hungary and the US. In addition, we have a large number of local assemblies around the world.

Having established many production facilities around the world over the years, we have gained great experience in this field. As a result, we were able to successfully establish electronic production in 2008 in our manufacturing company in Germany for the first time.

Following several years of considerable price increases on raw materials, 2008 saw more stable price developments for a number of component categories within the purchasing area.

The globalisation focus in 2008 has, among other things, resulted in the fact that global networks have been established as well as international purchasing offices in Thailand and China. Another focus area has been stock – an area which will continue to have high priority in 2009.

As several of the supply chains have been challenged, investments in the expansion of capacity have been made throughout the year. As there is an increasing tendency for more and more production being transferred to project related sales, work involving change and improvement of the processes in relation to this development have been carried out during the year.

A common feature of the manufacturing companies around the world is that – throughout the year – they have been involved in the development of their employees and the organisations as a whole by means of further spreading and embedding of the Business Excellence way of thinking, including specific work involving strategic scorecards. Selected areas have carried out pilot projects, and the gathering of experience will form part of their continued activities in 2009.

At the same time, strengthening “best practice” in production is a focus for the Grundfos’ Shop Floor Excellence programme. This is a programme which is based on the work with Lean in the manufacturing companies. The best production techniques as well as experience sharing and learning between the companies helps to improve Grundfos’ production even more, and we look forward to following these development and seeing the results in the coming years.

ORGANISATION AND LEADERSHIP

These years are characterised by high-paced global changes and they are redefining the context in which Grundfos operates. An important global trend, which has already influenced this development for some years, is the movement from an industry paradigm into a new paradigm where value creation is driven by knowledge. In addition to this, we need to be able to handle different generations of employees who, due to different backgrounds, cultures and needs, will work together in ever more complex constellations. At the same time, we have raised the “girder” with our Innovation Intent and set a highly ambitious level for Grundfos’ development up to 2025. This requires us to invent new solutions for new markets by means of new competences.

All of this makes new demands to the way we manage our company and the way we relate to each other. Our ability to handle this challenge is a key factor in our future success and it will take a lot of our focus in relation to the initiatives we are currently implementing.



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New Group strategy process

2008 saw the initiation and launch of our new Innovation Intent and the introduction of a new Group strategy process. While Innovation Intent determines the direction of our long-term innovation until 2025, the Group strategy determines the direction for the coming five years. The new Group strategy process is focused on a direction from the top but with major involvement from the strategic units in the Group to ensure ownership of the strategy and alignment across the individual units.

In June 2008, the first result of this process, the new Group strategy, was approved by the Grundfos Board of Directors. Now and in the coming years, there will be much focus on strengthening our ability to carry out and transform the strategy into action and results throughout the organisation.

Revitalisation of the matrix organisation

Globalisation and market orientation are central themes in the new Group strategy. To support this development, a new and revitalised matrix organisation was introduced at the beginning of 2008 with its focus on customers, technological leadership, shorter development periods and simplicity.

A new global Development & Engineering function was established, the segments were geared towards the market and a new Group Sales function was initiated. To ensure consistency and ownership in relation to the Group strategy, an Extended Group Management team was established with the participation of managers from various functions within the matrix. As a response to the Group strategy's special focus on China, Grundfos China was strengthened and set up as an independent, complete organisation outside the matrix organisation.

New global People & Strategy function

Strategies only become a reality through the work of motivated and passionate employees. This is the background for People & Strategy, an entirely new global Group function which was established in Grundfos in 2008.

The purpose of the function is to connect strategy development with the development of people globally. We must ensure that our strategy provides guidance and makes sense to everybody so that we as a team are able to create new, fantastic and sustainable results. We must also make sure to hold onto the distinct Grundfos identity

given to us by our culture and values even though we are growing fast and becoming more and more global.

During the year, we have taken the first steps towards implementing a new network and relation-based organisation where we operate via various networks together in relation to strategic projects. We wish to involve people from all parts of the organisation when new solutions are to be developed and implemented. A comprehensive and dynamic network is the best background for communicating, maintaining and strengthening the values and the culture in our company.

Talent development

A very large target area in 2008 has been to develop a completely new strategy for the development of talents in Grundfos. We want to be a company in which the very best love to seek challenges – including top talented managers, specialists and innovators.

In October 2008, we held a large global Talent Management workshop in Copenhagen. The setting was Copenhagen Business School and the participants were selected Grundfos managers and employees from all over the world as well as one researcher and several CBS top students. The purpose was to develop an initial wave of initiatives in a very short time. These initiatives are to implement the new Talent Management strategy in Grundfos – what we in Grundfos call “Talent Management Engine ver. 1”. The idea was to come up with innovative solutions which were immediately ready to be implemented. We have now paved the way and in 2009, we will take the first major step to realise the model which was developed at the workshop.

This talent development has not been at the expense of our many other employees. In 2008, we won prizes such as “best workplace”, and Grundfos Denmark together with Grundfos Germany were no. 8 on the Great Places to Work Institute's list of the 100 best big workplaces in Europe.

Management of innovation

As one of the first steps towards the realisation of our Innovation Intent, we have defined three innovation platforms each of which is aimed at a specific need in the market. We have to provide the answer to these market-driven needs through these platforms and it will require radical innovation.

2008 also saw us the first step towards the establishment of a governance model with the purpose of ensuring that we, in our core organisation, also master radical innovation while at the same time remaining among the best for incremental innovation.

As part of a programme at DTU and Stanford University, we have developed our own Breakthrough Innovation System which will be implemented during 2009 and beyond.

Training of the global organisation

Grundfos' Corporate Academy – The Poul Due Jensen Academy – focuses on the training of the global organisation in the global competences which are necessary in order for Grundfos to be able to implement its strategies. In addition, the academy plays an important role as the bearer of the Grundfos values and in implementing knowledge sharing across borders. In 2008, we have also had a very high level of activity with approx. 1,300 of the Group's employees participated in various training courses lasting typically four days – primarily within technology, sales and management. Furthermore, we have undertaken a number of training activities around the world and our focus on the development of e-learning programmes has been intensified.

In 2008, we have also prepared the ground for the further development of the academy and we have defined three future learning tracks which are to form the basis of a new range of programmes. They will involve further development of our sales track, a track for management and talent development and a completely new track which covers competence development within production and the supply chain.

To support the Group's globalisation activities, targeted efforts are being made to expand and develop the global training network in Grundfos which will consist of two levels in the future – the global academy with physical locations on selected main continents and local satellites certified by The Poul Due Jensen Academy. Also a global trainer community will be set up in which all training units in Grundfos can be members and work together to increase the general training levels and develop new competences within learning and training in Grundfos.

CORPORATE SOCIAL RESPONSIBILITY

CSR INTEGRATED IN THE BUSINESS STRATEGY

In the global world, society and companies are inextricably connected. We therefore believe that our success is based on creating value for Grundfos and thereby society. To us, CSR is an integral part of our business strategy. Business and sustainability are connected at all links within our value chain.

Since 2002, Grundfos' core values have been further supplemented by the principles in the UN's Global Compact and together they provide the foundation for Grundfos' holistic approach to CSR. We define CSR as the way in which we integrate social and environmental considerations in the operation of our business on and in our interaction with interested parties on a voluntary basis.

Grundfos' tradition for social responsibility dates back to the time when the company was established, but the world has changed and we still want to be at the cutting edge within CSR.

In 2008, Grundfos has therefore adopted a strategy for the next four years of our CSR activities. Our strategic themes focus on:

- Excellent CSR performance
- Climate
- Dialogue with interested parties
- Sound business ethics
- Access to water for the poorest people

In 2009, we will focus on implementing the strategy in the Group.

Global climate changes

The world is facing major challenges in relation to climate change and global warming. Grundfos possesses the technology and knowledge which is required to make a difference and to be part of the solution, especially in order to be able to reduce global energy consumption.

During 2008, we have been preparing our contribution to the UN Climate Summit which will take place in December 2009 in Copenhagen. We call the initiative “Future Now” because we believe that there is no time to postpone specific actions. We have to act now.

The purpose of “Future Now” is to showcase how a wide range of technologies can help reduce man’s negative impact on the environment. Through a number of activities, we wish to show the world how we strive to manufacture products which can make a significant contribution to wastewater purification, water supply and the reduction of CO₂ emission.

Setting our own house in order

In our efforts with regard to the environment, Grundfos’ focus is not just external. In 2008, we also wish to show responsible leadership by reducing our energy consumption and CO₂ emission both in relation to our operation and to our products.

In 2008, we initiated a comprehensive ‘Footprint’ project with the purpose of minimising Grundfos’ negative impact – or footprint – on the climate. With this project, we will identify the most important sources of our own CO₂ emissions, thereby obtaining a solid foundation on which to prioritise our efforts. Based on a thorough mapping of the emission sources in our value chain, we will maintain specific reduction goals for our companies.

The footprint project also comprises of our products, meaning that we will be reducing the CO₂ emissions produced by our production activities and the CO₂ emissions from our products during their service lives at the end-users. Work will be done to reduce the energy consumption and look into the possibilities of using CO₂ neutral energy sources.

With the environmental challenges that lie ahead, we believe that the responsibility for our environment must pervade everything we do – including during the construction and maintenance of our own premises. 2008 was the year when Grundfos introduced a policy for sustainable construction.

The Grundfos factory in Fresno in the sunshine state California has recently installed solar panels which will make the factory partly independent of other energy sources.

As a result, the Grundfos factory in Fresno can call itself the world’s largest pump factory heated by the rays of the sun.

During 2008, we have made a targeted effort to further systematise and organise our global environmental work. A fundamental requirement is for our companies to have environmental management systems and working environment management systems. Furthermore, we have strengthened our internal global environmental network to ensure that all of our companies share knowledge and best practice. In 2008, we have continued our intensive work with the EU’s new chemical legislation REACH to ensure constant compliance with these requirements.

Access to water for the poorest people

In many parts of the world, water is a scarce resource which results in a poor standard of living. In cooperation with the UN, NGOs and governments, Grundfos has for several years been a partner in sustainable, social and environmental development processes in many of the world’s poorest areas. We have projects in countries such as Thailand, Kyrgyzstan, Uganda, South Africa, Brazil and India. We call it “inclusive business”.

Since 2002, we have installed approx. 50,000 sustainable SQFlex pump solutions of which one third contribute to ensuring the clean water supply in the developing countries. SQFlex is either powered by wind energy, solar energy or a combination of these and this is the reason why it is possible to install this pump in remote areas with no access to electricity.

Since 2008, this comprehensive experience and knowledge resulted in the launch of a new business initiative called Grundfos LIFELINK.

The purpose of LIFELINK is to procure clean drinking water for millions of the world’s poorest people in a sustainable way by developing, manufacturing, selling and servicing automatic water systems which are powered by solar panels.

LIFELINK is based on a unique business model in which Grundfos cooperates with the banking and telecom sectors. The telecom sector provides the infrastructure so that the locals can pay for the water via their mobile telephones. The bank finances the water system, while Grundfos LIFELINK manufactures, sells and services these

systems. Via their water consumption, the locals will pay off their loan to the bank within a number of years and pay for the ongoing maintenance and service of their water system.

Through its global efforts to provide access to water, Grundfos has also in 2008 contributed significantly to the fulfilment of the UN Millennium Goals. Increased access to water has proved to be an important measure to combat poverty and hunger, reduce infant mortality, raise the state of health, improve children's access to schools, ensure environmentally friendly and sustainable development and build up new development partnerships.

Minority groups within the labour market

In 2008, the sheltered workshop in the Danish manufacturing company celebrated its 40th anniversary, and the company has recently published the book "Få hånd på praksis" (Get a grip on practice – a guide to re-entry into the job market) which is a guide to the best ways to integrate minority groups into companies.

In 2008, the Danish company has had continued its focus on minority groups and has completed more than 100 processes in total, where all participants have experienced an increase of competences. In 2008, we have initiated a new project for young people with few competences who have very limited work experience. The purpose is for the participants to attain a normal life and become part of the labour market.

In Denmark and in other parts of the world, Grundfos has become a role model for how to integrate minority groups in companies. Grundfos in China contributes to setting high standards in a society where it is innovative to employ employees with reduced capacity for work. In recent years, the company has employed an increasing number of employees from minority groups.

The global objective stating that three per cent of the total number of employees must be employees with reduced capacity for work has been met in 2008. The exception is the very special cases where a company has recently started up or has expanded considerably.

Fight against corruption

Today, most large partners require documentation for the implementation of policies and processes which support the fight against corruption. As an effective tool against corruption is crucial to Grundfos, we wish to live up to

such requirements and expectations in the same way as we make demands on our business partners.

We are still working on our Code of Conduct which is signed by all managers. We incorporate standard clauses in our director contracts and we train all of our Finance Managers and members of our Ethical Committee.

The Ethical Committee has now been active for two years. In 2008, the Ethical Committee received some specific enquiries. We are satisfied that none of these instances included any corruption attempts.

Grundfos continues to experience rapid growth and this means increased demands on our internal safety systems. As a result, Grundfos will increase its efforts within this area during 2009 with a newly established global Compliance and Audit function and an international team of internal controllers who will monitor the internal control environment in Grundfos.

Responsible supplier management

Grundfos acts based on a principle of responsible supplier management. We demand that both existing and new suppliers are capable of complying with the fundamental principles of the UN Global Compact. Based on these principles, we have completed a Supplier Code of Conduct in 2008 which will be implemented in 2009. The purpose is to enable us to help our suppliers to take on ethical and social responsibility.

During 2008, Grundfos has performed a number of targeted CSR audits at suppliers of materials which are directly used in the production of finished pumps. The purpose is – in cooperation with the suppliers – to identify potential target areas which may help strengthen the supplier's responsibility from a CSR related point of view and to initiate improvement measures.

During 2008, a number of audits have been performed at suppliers in Poland, China and Italy. We identified no violation of legislation or the UN Global Compact which required immediate sanctions. Grundfos can, however, contribute to improvements, e.g. by continuously sharing experience within maintenance and improvement of safety procedures and by actively inspiring new energy-saving projects among suppliers.

Grundfos' vision for Group purchasing in 2009 is to further strengthen the screening procedure of the total sup-



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plier portfolio to become better at identifying a need for increased attention. In addition, Grundfos wishes to develop tools which can help develop and strengthen the CSR related dialogue between Grundfos and our suppliers.

We are seeking influence

Grundfos strives to assume responsibility as an active dialogue partner in the global social debate. We have therefore actively contributed to and have had a contributory influence on the political agenda in 2008 with the aim of promoting sustainable development.

During 2008, Grundfos has participated in the public debate to promote a wider range of "green" legal requirements on several occasions.

As a member of The World Business Council for Sustainable Development, Copenhagen Climate Council and Danish Industries, among others, Grundfos contributes to influence the political life prior to the UN Climate Conference in Copenhagen. Also in 2008, we contributed to the dialogue about how the world's leading companies can contribute to create a powerful climate treaty.

In 2008, Grundfos has also played a decisive role as the chairman of The Danish Council for Sustainable Business which, among other things, has contributed to the drawing up of the Danish government's CSR action plan which was adopted in 2008.

Donations and the Poul Due Jensen Foundation

Grundfos supports the wider society in which we operate and we contribute by means of charitable donations.

During 2008, Grundfos' primary owner, the Poul Due Jensen Foundation, granted financial support for a number of charitable purposes within research, design and innovation, environment and nature as well as social responsibility. The Foundation thereby underlines Grundfos' social responsibility. In 2008, the Poul Due Jensens Foundation donated DKK 10,749,000.

In the Group companies charity and donations are also given a high priority. The purpose of the activities has mainly been to support vulnerable children, promote education and provide help to disaster areas.

GRUNDFOS NEW BUSINESS

DEVELOPMENT OF CLEANTECH COMPANIES IN PROGRESS

The mission of Grundfos New Business A/S is to develop new business areas which can provide important business opportunities as well as relevant competences, technologies and market approaches to the core business of Grundfos.

It is Grundfos New Business A/S' vision that new business projects are added and that these new business activities in time will contribute significantly and positively to Grundfos' overall business results and Grundfos' reputation as a responsible, innovative and sustainable company.

2008 focused on the development of six companies which all do business within the cleantech field.

Grundfos Sensor A/S develops, manufactures and markets unique sensors for the measuring of pressure, differential pressure and volume flow in aggressive media. The compact nature, flexibility and competitive price of the product makes it suitable for many purposes where accurate measurement for improved control and management used to only be a dream. The sensors contribute to saving energy, water and other valuable resources. The sensors are marketed in a number of industries and sales in 2008 showed a very positive trend.

Grundfos NoNOx A/S develops, manufactures and markets systems for the reduction of NOx in diesel engines, primarily within the automobile industry. The dosage technology has been further developed and is close to being completed. As a result, 2009 will be used for validation and production preparation. In 2008, several new customer agreements were won and a significant level of forward orders have been attained for the launch in 2010.

Grundfos NoNOx has developed products and markets during the year. A number of new agreements have been reached globally and the customer base has grown considerably.

The business experienced a good year with a sales volume above budget. The European part of the business developed nicely throughout the year, and Grundfos NoNOx supplied a large number of pumps to Beijing in relation to the Olympic Games. Grundfos NoNOx has a good position in the Chinese market.

The 2009 forecast is influenced by the negative financial winds which are expected to have a large impact on the sale of trucks in 2009.

Grundfos BioBooster A/S has developed a new unique concept for the treatment of wastewater which is compact, modular, industrialised and mobile. The concept makes it possible to treat wastewater de-centrally – at source – thereby helping to save valuable local water resources. Several orders were received in 2008 with the most significant one coming from the Norwegian pharmaceutical company Pronova BioPharma's new factory in Kalundborg, Denmark. The long-term objective for Grundfos BioBooster is to make the treatment of wastewater at source possible whether it relates to manufacturing companies, villages and suburbs or commercial buildings.

Infarm A/S develops, manufactures and markets solutions for the handling of liquid manure in the agricultural industry and at the pig farms. Infarm's solution can reduce the evaporation of ammonia and the odour problems and divide liquid manure into manageable components and thereby spare the environment excessive fertilisation and odour problems.

2008 saw a breakthrough in the sale of Infarm's NH₄⁺ solution for the reduction of ammonia and also in the development of Infarm's complete liquid manure handling solution Smellfighter. Infarm's long-term objective is to convert a waste product, liquid manure, into useful components such as fertilizer, clean water and energy products.

Microrefinery A/S is presently a development activity. When wastewater is treated, e.g. in a BioBooster plant, a new waste product is produced: sludge. The sludge often contains considerable amounts of organic material. Microrefinery develops a system which is capable of converting the organic content in the sludge into a useful biodiesel and other energy components, while clean water and a concentrate of the remaining minerals is produced based on the aqueous content. In this way, a waste product is converted into a valuable product.

Grundfos LIFELINK A/S was established in 2008. While the other New Business units emerged from unique technologies, Grundfos LIFELINK is based on a unique business model which uses and combines a number of known, modern technologies such as telecommunications and solar energy in combination with micro financing in a sustainable way. Focus in 2008 has been aimed at the creation of establishments and the setup of a number of partnerships in Kenya. The purpose of LIFELINK is to provide a secure water supply in a sustainable way for millions of poor people all over the world.



THE FUTURE

Expectations for 2009

2009 and the years to come will be very different from previous years of progress and growth in the world. The global financial crisis will have consequences and everybody must be prepared for turbulence and to take the necessary measures. Grundfos is a healthy and well-established company. We will continue our innovation and develop new solutions which will benefit our existing and future customers. We will use our financial position and innovative ability to present new ideas and solutions which match the needs for a greener future. But we will at the same time consolidate our business. It is essential in a situation like this where the world is experiencing a serious recession.

The financial crisis is here and it is difficult to define ambitious goals for turnover and earnings in such a turbulent time. We have not seen such unpredictability and volatility in recent times. Grundfos expects that turnover and earnings for 2009 will be somewhat lower than in 2008. We have to be cost-conscious, demonstrate the capacity to change and be flexible in all parts of our company. This is a precondition for being able to handle the crisis. We will use the crisis to seek new areas in which our products can create green results and be financially attractive. It requires hard work.

Continued focus on the climate

Grundfos will still be strongly committed to the climate discussion. The world's responsible politicians and business executives are faced with other and equally urgent and serious challenges. Today, nobody is allowed not to care because it will be our children and grandchildren who will pay the price for unsolved climate problems tomorrow. The entire world is in a phase where the politicians are in a special situation. When money is invested in the global economy, it should be done with a clear climate-friendly aim. Much of the existing technology can make a difference even now.

Energy savings, cleaner energy, better buildings, water technology and much more can have an effect and Grundfos will insist on action and commitment from ourselves and from everybody else. Grundfos has developed and can supply a number of solutions which are aimed at these challenges. We therefore wish to influence the international and the national political process in order to create profitable markets for a more sustainable environmentally responsible and energy-friendly technology in various parts of the world.

Long-term objectives

Grundfos' long-term objectives remain intact. Our Innovation Intent, which we launched in 2008, is aimed at creating additional solutions for some of the future needs. We will still be working on new technological platforms for the purpose of creating business in additional areas beyond that of pumps and we want to specialise in sustainable solutions for the building sector. Finally, we strive to be an employer of choice for the best qualified employees.

At the moment, it is fortunately not necessary to convince the market of the advantages of our products as pumps are and will continue to be the obvious way to transport water and other liquids. However, Grundfos will continue to be committed to cleantech in every aspect. We have to become an even greener company with our main focus on sustainability.

Financial crisis or not, the world's population will grow and so will the demand for quality water for poor areas, increased housing comfort and for energy-efficient industry. We will offer our sustainable solutions to meet these requirements. And we want to continue being the front runners with new, innovative and sustainable technologies which can provide additional and more varied solutions to meet the needs of both the individual customer and of the world.

The future is now.

THE POUL DUE JENSEN FOUNDATION 2008

CHARITY AND SCIENCE AT THE TOP OF THE AGENDA

During 2008, Grundfos' primary owner, the Poul Due Jensen Foundation, granted financial support for a number of charitable purposes. To underline the connection with Grundfos, it has become standard practice to now also call the Poul Due Jensen Foundation the Grundfos Foundation. In 2008, the Board of Directors specified four areas to which the Foundation would make donations.

A. Research

Support for research in which Grundfos takes a professional interest and which promotes high-tech research in Denmark.

B. Design and innovation

Support for the promotion of Danish design and innovation.

C. Environment and nature

Support for sustainable and resource-promoting activities.

D. Social responsibility

Support for vulnerable children and families and support for conflict research and integration.

Embedded in Denmark, the Grundfos Foundation is the Group's largest contributor to purposes which are not directly business-oriented.

In 2008, the Foundation's donations focused specifically on research. Common to much of the research involvement is that it relates to cultural exchanges. How can we ensure better integration? How is cultural diversity encouraged and not considered an obstacle within business and culture?

In partnership with the department for International Business Economics at Alborg University, a five-year research and development project for the strengthening of intercultural management has been initiated. The project involves a part-time "Grundfos professor", two Ph.D. projects and a number of joint seminars and conferences.

During 2009, a long-standing cooperation project with the CEPOS think tank will be completed.

The central project is "Better integration of immigrants" and in addition to research; conferences and seminars will be held on topics such as cohesion and discrimination and the availability of training.

The presentation of the Grundfos Prize has become a tradition in Grundfos and it helps to underline the Group's major responsibility within scientific research. In 2008, the prize was awarded to Professor Anne Strunge Meyer from the Technical University of Denmark.

DanChurchAid, The National Council for the Unmarried Mother and Her Child, BROEN, The Social Legal Aid and the Salvation Army are examples of organisations who have received donations from the Grundfos Foundation.



The Grundfos Prize was awarded in recognition of Professor Anne Strunge Meyer's great research efforts within the development of new products and processes using nature's enzymes as well as using plant material which is not normally used.



Lars Lydholm, head of the information department of the Salvation Army said: "Belief and skin colour will never be a criterion for receiving help from the Salvation Army. Not everybody agrees with us in this interpretation but this is the Salvation Army's life blood. Thank you for noticing and supporting our message of non-discrimination."



List of donations in 2008 (amounts in DKK 1,000)	
DanChurchAid	175
Institute Sct. Joseph (Institut Skt. Joseph)	250
The House of Natural Science (Naturvidenskabernes Hus) (rate)	7,500
BROEN, Horsens, Denmark, relief work for vulnerable children	75
The Social Legal Aid	50
Autism Denmark	46
The Grundfos Prize	1,000
Aalborg University (rate)	605
The NGO for Children exposed to Violence at Home	150
Metropolis (migration project)	100
Danish Design Centre	150
AMID (integration)	50
Water & Food Award	200
Villa Sonja Community	123
The Ecological Inspiration House (Det Økologiske Inspirationshus)	75
The National Council for the Unmarried Mother and Her Child	100
The Salvation Army	100
Total	10,749



The Grundfos Foundation is a central sponsor in connection with the construction of the House of Natural Science (Naturvidenskabernes Hus) in Bjerringsbro.

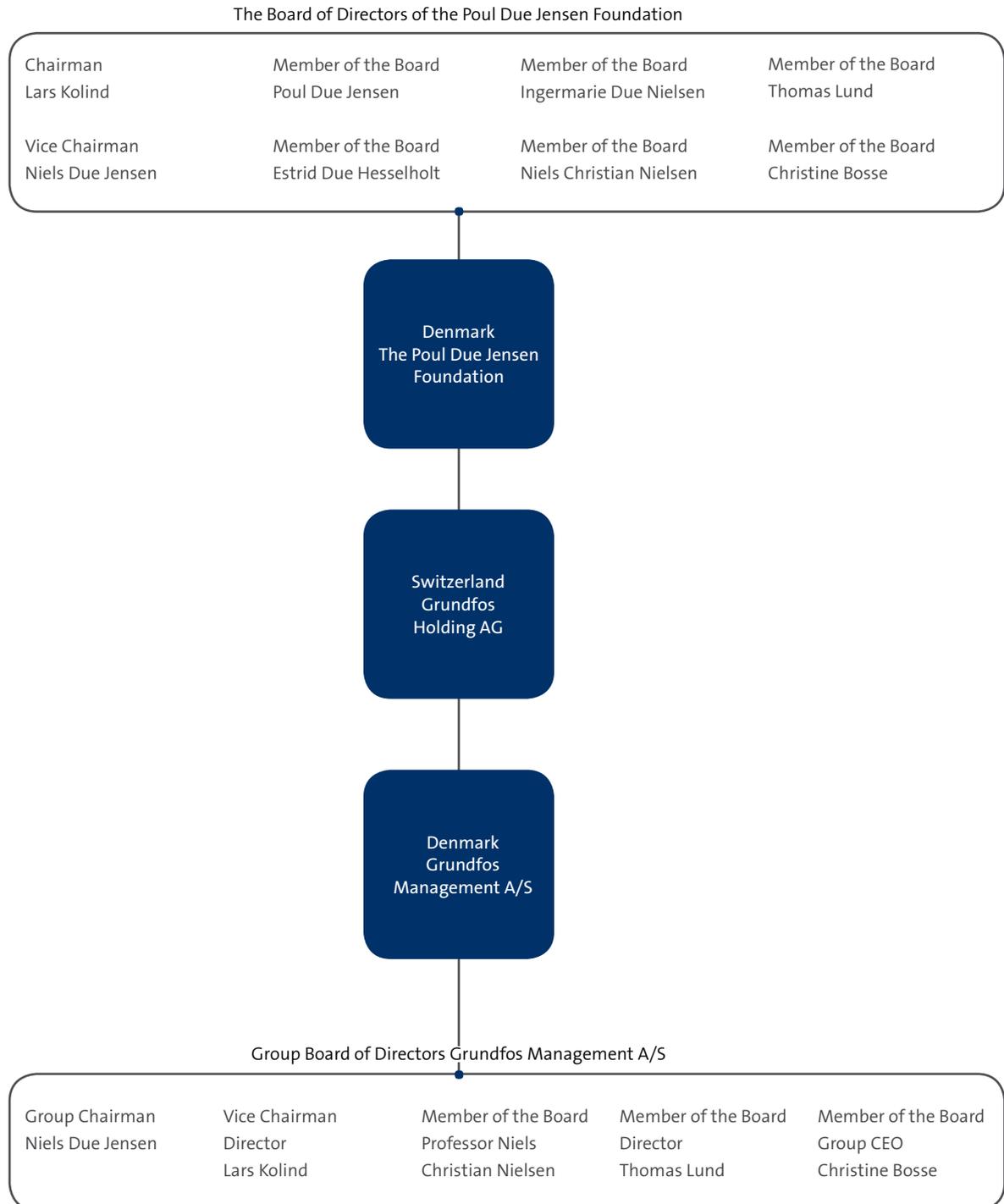


Villa Sonja Community in Nicaragua.

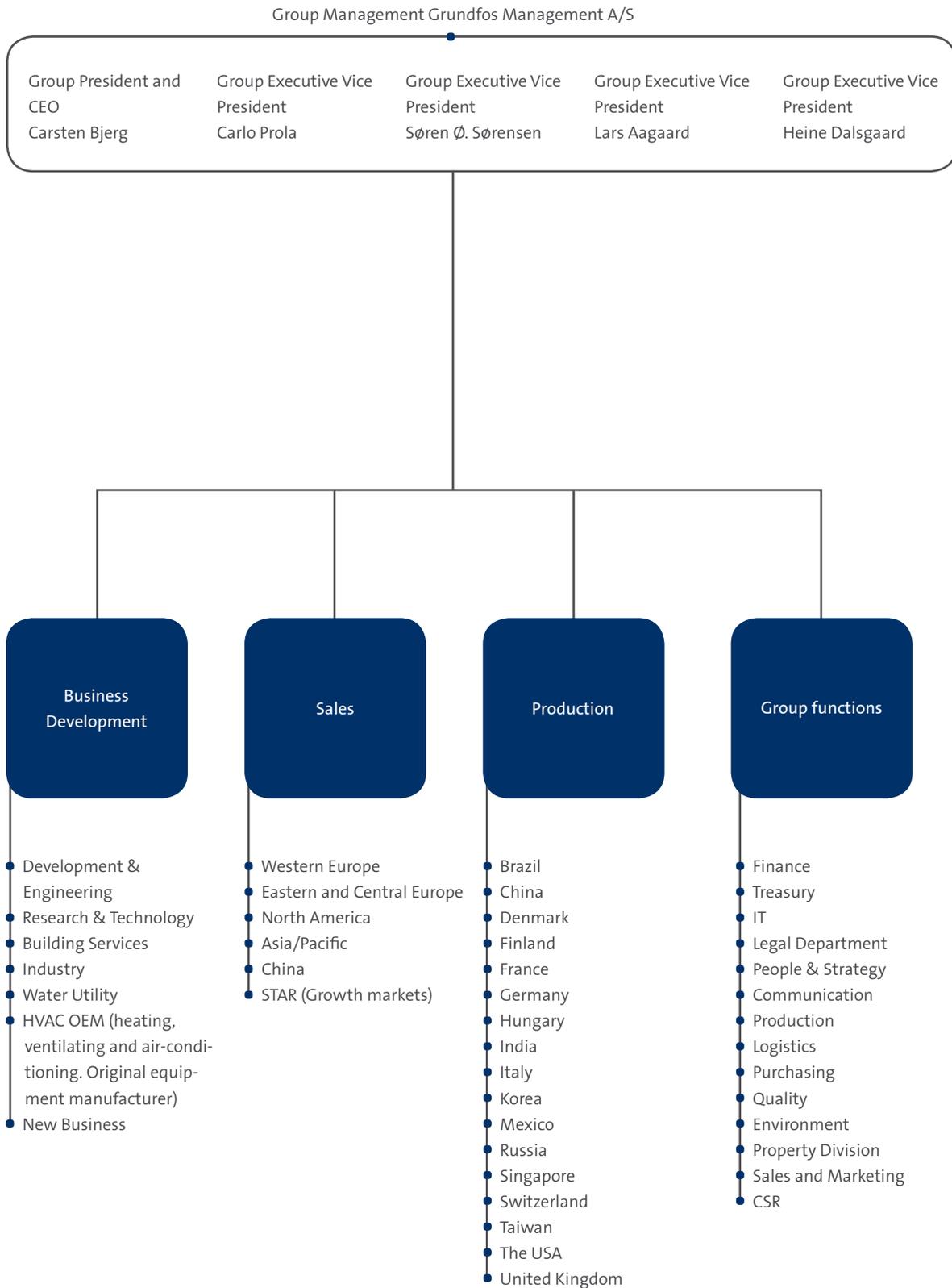


□ MANAGEMENT AND COMPANY STRUCTURE

MANAGEMENT STRUCTURE



GROUP STRUCTURE



GROUP BOARD OF DIRECTORS AND MANAGEMENT

Group Executive Vice President Carlo Prola, Grundfos
Group Executive Vice President Heine Dalsgaard, Grundfos
Professor Niels Christian Nielsen, CBS
Group Executive Vice President Søren Ø. Sørensen, Grundfos
Group Executive Vice President Lars Aagaard, Grundfos
Group Chairman Niels Due Jensen, Grundfos
Director Thomas Lund, Dansk Teknologi
Chairman Lars Kolind, The Poul Due Jensen Foundation
Group President and CEO Carsten Bjerg, Grundfos
Group President Christine Bosse, TrygVesta





FINANCIAL MATTERS

FINANCIAL REVIEW

Profit and loss account

In 2008, Group net turnover amounted to DKK 19.0bn compared to DKK 16.8bn in 2007, which is a 13.1 per cent increase.

Costs within the fields of production, research and development, sales and administration have risen more than the net turnover, i.e. 16.3 per cent. The operating profit has thus been reduced from DKK 1.6bn in 2007 to DKK 1.3bn, corresponding to 17.2 per cent.

Other operating expenses make up DKK 64m in 2008 compared to DKK 118m in 2007. The reduction is due to lower expenses for the Group's employee share ownership plan, as no shares were offered at favourable prices to the Group's employees in 2008 as they had been in 2007.

Cost of financing shows a significant increase from DKK 117m in 2007 to DKK 310m in 2008. The increase is partly due to a negative return on shares (DKK -111m in 2008 as against DKK 0m in 2007) and partly due to higher interest rates and increased financing requirements.

The consolidated profit before tax thus amounts to DKK 959m in 2008 as against DKK 1,373m in 2007.

In addition to the R&D costs amounting to DKK 872m charged to the profit and loss account (2007: DKK 629m), DKK 123m (2007: DKK 172m) has been capitalised as development projects in progress. Total R&D costs thus make up 5.2 per cent of the 2008 net turnover as against 4.8 per cent in 2007.

Pre-tax profit in per cent of net turnover amounts to 5.0 per cent in 2008, which is a reduction from 8.2 per cent in 2007.

The consolidated profit (after tax) is DKK 569m compared to DKK 860m in 2007 – a 34 per cent reduction.

The effective Group tax rate in 2008 is 41 per cent compared to 37 per cent in 2007. This change is primarily due to non-deductible share losses and deficits in foreign subsidiaries.

Balance sheet

The balance sheet total increased by 6 per cent in 2008, amounting to DKK 17,674m at year-end (2007: DKK 16,720m). The increase is thus lower than the net turnover increase of 13.1 per cent.

Fixed assets increased by DKK 511m (7 per cent). In 2008, investments in tangible fixed assets amounted to DKK 1,464m (2007: DKK 1,459m).

The current assets increased by 5 per cent. The largest items, inventories and accounts receivable, increased by DKK 323m and DKK 305m, respectively. In percentages, the increases of these items are 9 per cent and 7 per cent, respectively (2007: 17 per cent and 6 per cent).

As a result of the high investment level, increase of operating capital and the lower profit after tax of DKK 569m (2007: DKK 860m), the Group's net interest-bearing debt increased in 2008 to DKK 2,155m (2007: DKK 1,436m).

Compared to 2007, the equity ratio, including minority interests, has decreased from 50.8 per cent to 49.8 per cent. Like previous years, the equity ratio was 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 1.8bn (2007: DKK 2,0bn). Had these funds been used to reduce debts, the equity ratio would have been 55.4 per cent as against 57.5 per cent last year.

Cash flow statement

The cash flow statement shows an increase in liquid funds from operations of DKK 892m as against DKK 1,218m in 2007. The reduction of DKK 326m is primarily due to a decline of DKK 291m in Group profit.

In 2008, DKK 1,661m (2007: DKK 1,857m) was invested, of which DKK 1,464m (2007: DKK 1,459m) was spent on acquiring tangible fixed assets and DKK 85m (2007: DKK 218m) on acquiring companies.

Cash flow from investment activities thus exceeds cash flow from operating activities by DKK 769m (2007: DKK 639m). The Group principle of self-financing the year's capital investments was thus not adhered to in 2008.

The annual accounts of the Poul Due Jensen Foundation

The Foundation's 2008 accounts, which, like the 2007 accounts, recognise share of profit and value of the shareholding in Grundfos Holding AG by the equity method, show a profit of DKK 490m as against DKK 750m in 2007.

At the end of 2008, the Foundation's equity amounts to DKK 7,691m as against DKK 7,422m at the end of 2007.





FINANCIAL INFORMATION

As a result of the Grundfos Group's international activities, Group profit and equity are influenced by a number of financial risks. The Group's financial risks are managed centrally at the Group's finance company. Foreign exchange risks in the operating companies are usually covered by the finance company, which also manages interest rate 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 determined by instructions from the Board of Directors and the Management.

Liquidity risk

At the end of 2008, the Group's liquid reserve included cash resources of DKK 788m (2007: DKK 894m), securities of DKK 1,000m (2007: DKK 1,060m) and unused borrowing facilities at banks. The securities portfolio was made up of DKK 855m worth of bonds (2007: DKK 836m) and DKK 145m worth of securities (2007: DKK 224m).

In 2008, the Group's net interest-bearing debt was increased by DKK 719m (2007: DKK 613m) to DKK 2,155m (2007: DKK 1,436m).

At the end of 2008, the total interest-bearing debt amounts to DKK 3,943m (2007: DKK 3,390m). Of this, 51 per cent is long-term debt (2007: 49 per cent).

Interest rate risk

The Group's interest rate risk is primarily related to bonds and loans. When expressed by an increase in the interest rate of 1 percentage point, the exposure of the bond portfolio, amounting to a total of DKK 855m (2007: DKK 836m), is approx. DKK 24m (2007: approx. DKK 32m). The Group's total borrowing consists of 67 per cent fixed-rate loans (2007: 63 per cent).

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 raised in the Group companies must only have a potential maximum negative effect of 10 per cent on the company's budgeted profit for the coming year. Derivative financial instruments applied to reduce the interest rate risk totalled DKK 2,195m on the balance sheet date (2007: DKK 1,781m).

Foreign exchange risk

It is Group policy that Group operating companies mainly raise loans in their local currencies. This ensures that the foreign exchange risk of the Group 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 877m at the balance sheet date (2007: DKK 1,062m).

As at 31 December 2008, the Group's loans are composed of the following currencies:

	2008	2007
EUR	44%	43%
DKK	28%	22%
CNY	6%	0%
USD	3%	13%
GBP	3%	5%
Others	16%	17%

Currency hedging of the Group's budgeted flow of goods is concerned with Group manufacturing companies. The most important currencies are the Euro, the American Dollar, the British Pound Sterling, the Japanese Yen and the Hungarian Forint. Forward exchange contracts and currency options used to reduce the currency in connection with the flow of goods amount to DKK 4,451m by the end of 2008 (2007: DKK 2,791m). Of this, a contract volume of DKK 275m (2007: DKK 178m) has been recognised for hedging 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 profit and balance sheet.

Credit risk

The maximum 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, 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 in accordance with the provisions of the Danish Financial Statements Act for large C class companies and Danish accounting standards.

The accounting policies for the Annual Report and the Group Annual Report remain unchanged in comparison with last year.

General information about recognition and measurement

Assets are recognised in 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 minus any instalments and plus/minus 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 of 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, are recognised.

Consolidation

The Group Annual Report comprises the Poul Due Jensen Foundation (Parent Foundation) and the companies (subsidiaries), where the Parent Foundation directly or indi-

rectly 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 accounts of the Parent Foundation and the individual subsidiaries. Adjustments are made for inter-company revenue and expenditure, shareholdings, intragroup balances and dividends, as well as unrealised internal income and loss. The accounts used for the consolidation are prepared in accordance with the Group's accounting policies.

Newly acquired subsidiaries are recognised in the profit and loss account as from the date 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 date of acquisition. Provisions are made for planned and published reorganisation in the acquired company in connection with 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 recognised as revenue for a number of years, up to 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 is adjusted annually and recorded as separate items in the profit and loss account and the 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 exchange rate at 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 ACCOUNT

The profit and loss accounts of 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 at the beginning of the financial year are recognised directly in the equity. 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 adjusted to eliminate the effect 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 that secure the market value of recognised assets or liabilities are recognised in the profit and loss account in the same item 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. Income and costs regarding such hedging transactions are transferred from the equity at the realisation of the hedged items and are recognised in the same item as the hedged item.

As regards other derivative financial instruments, which are not hedging instruments, changes are continuously recognised in the profit and loss account at market value.

Public 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 development projects that are capitalised are offset in the cost of the assets to which the grants are given.

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 so that the net turnover corresponds to the sales value of the work carried out in the financial year.

Production costs

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

Research and development costs

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

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

Development costs incurred for the maintenance and optimisation of existing products or production processes are charged to the profit and loss account. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for recognition 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, the management, Group costs etc., including salaries and depreciation.

Amortisation of Group goodwill

As amortisation of Group goodwill cannot be distributed on functions in order to give a true and fair view, such amortisation is shown as an individual item in the profit and loss account.

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 profits after tax in associated companies is recognised in the profit and loss account by the equity method.

Income from fixed asset investments

In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

Financials

Financials comprise interest received and interest paid, realised and unrealised capital losses and capital gains on securities, and exchange rate adjustments of financials in foreign currencies.

Tax on profit for the year

The anticipated tax on the taxable income of 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, however, is recognised in the equity.

All Danish subsidiaries are taxed jointly. The current Danish corporation tax is distributed among the jointly taxed companies in relation to their taxable income (full distribution with refunds regarding tax-related deficits).

Dividend tax on dividends from foreign subsidiaries is charged to the profit and loss account in the year in which the dividend is generated.

Changes in deferred tax as a consequence of changed tax rates are recognised in the profit and loss account.

THE 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 in the balance sheet.

Development projects are recognised as intangible fixed assets where they are concerned with products that are clearly defined and identifiable, and where the technical rate of utilisation, adequate resources and a potential future market or development possibility in the company can be shown, and where the intention is to produce, market or use the product in question. Other R&D costs are recognised as costs in the profit and loss account, at the time when the costs are incurred.

Capitalised development projects are measured at cost less accumulated amortisation or at the recoverable amount, whichever is lower.

After completion of the development work, capitalised development projects are amortised by the straight-line method over the anticipated economic life of the asset. The amortisation period is normally 5-10 years.

Other intangible fixed assets

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

Amortisation of intangible fixed assets is by the straight-line method over the anticipated economic life of the asset, which – based on individual assessment – is 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 cost with the addition of revaluations and deduction of accumulated depreciation and write-downs. The most recent revaluation of buildings was on 1 April 1982. Land is not depreciated.

Technical installations and machinery and other technical installations are measured at cost less accumulated depreciation and write-downs.

The cost price comprises the purchase price, expenses directly connected to the acquisition and expenses for the preparation of the asset until the time when the asset is ready for use. Tangible fixed assets produced in-house are measured at cost, including a proportion of the indirect production costs.

Tangible fixed assets are depreciated by the straight-line method through the anticipated useful and economic 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 technical installations.....	3-10 years

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

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

Fixed asset investments

Investments in associated companies are measured by the equity method in the balance sheet 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 cost price in accordance with the FIFO principle or net realisable value, whichever is lower. The cost price of goods for resale, raw materials and consumables includes the purchase price with the addition of delivery costs. The cost price of manufactured goods and work in progress includes expenses for raw materials, consumables and direct wages as well as indirect production costs.

Obsolete goods, including slow-moving goods, are written down. The net realisable value of inventories is calculated as estimated selling price less cost of completion and expenses incurred to make the sale.

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 of minor receivables is estimated on the basis of their age.

Contracted work-in-progress is measured at sales value of the completed part of the contracts as at 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 capital gains are included in the profit and loss account under financials.

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

Dividend

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 by the balance sheet 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 expected to be converted into current tax.

Provisions

Pension liabilities

The Group has made pension agreements with a considerable number of its employees. The majority of the agreements are for defined contribution schemes, whereas defined benefit schemes have been agreed for employees in a few 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 British 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 is recognised in the balance sheet under pension liabilities.

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

Actuarial gains and losses in excess of either 10 per cent of the calculated pension liability or 10 per cent of the market value of the pension fund assets are amortised over the remainder of the employee's estimated work life in the Group. Actuarial gains and losses below 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 pension liabilities – 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 bank loans, etc. are valued at the time of borrowing at the received net proceeds 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 debts, etc. are measured at amortised cost.

Cash flow statement

The cash flow statement is prepared by the indirect method based on profit for the year, and shows cash flows from operating, investment and financing activities as well as the Group's available funds at opening and closing.

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

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

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

Available funds include cash resources and securities with only negligible currency risks.

THE PARENT FOUNDATION

Income from investments in subsidiaries

The prorated share of the associated companies' profit following elimination of internal margins is recognised in the parent foundation's profit and loss account.

Other operating expenses

Other operating expenses comprise revenue and expenditure of a secondary nature, including gains from the sale of shares and provisions regarding the buy-back obligations relating to employee shares.

Investment in affiliated companies

Investments in affiliated companies are measured by the equity method at the prorated owned share of the companies' equity.

Net revaluation of investments in affiliated companies is brought forward under the equity to the revaluation reserve by 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 2008 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 Foundation's assets, liabilities, financial position, profit and cash flow.

Bjerringbro, 23 March 2009

The Board of Directors of the Poul Due Jensen Foundation



Lars Kolind
Chairman



Niels Due Jensen
Vice Chairman



Niels Christian Nielsen
Member of the Board



Poul Due Jensen
Member of the Board



Thomas Lund
Member of the Board



Estrid Due Hesselholt
Member of the Board



Christine Bosse
Member of the Board



Ingermarie Due Nielsen
Member of the Board

INDEPENDENT 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 1 January to 31 December 2008, which comprises the management statement, management report, accounting policies, profit and loss account, balance sheet, statement of changes in equity and the notes for the Group as well as the Parent Foundation and the consolidated cash flow statement. The annual report has been prepared in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Statements Act and Danish Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 at 31 December 2008, and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2008 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Århus, 23 March 2009

DELOITTE
Statsautoriseret Revisionsaktieselskab

H.P. Møller Christiansen,
State-authorized Public Accountant

Lars Østergaard Gye,
State-authorized Public Accountant

PROFIT AND LOSS ACCOUNT

1 JANUARY - 31 DECEMBER 2008

Amounts in DKK 1,000

	Note	2008	2007
Net turnover	1	19,019,464	16,814,358
Production costs	2, 3	(12,055,379)	(10,430,511)
Research and development costs	2, 3	(872,059)	(628,807)
Gross profit		6,092,026	5,755,040
Sales and distribution costs	2, 3	(3,223,727)	(2,776,489)
Administrative costs	2, 3	(1,446,526)	(1,290,518)
Amortisation of Group goodwill		(88,422)	(78,431)
Operating profit		1,333,351	1,609,602
Other operating expenses		(63,932)	(118,035)
Share of profit, associated companies		(16)	(1,239)
Income from fixed asset investments		20,976	20,993
Cost of financing, net	4	(331,461)	(138,477)
Profit before tax		958,918	1,372,844
Tax on profit for the year	5	(390,391)	(513,148)
Consolidated profit after tax		568,527	859,696
Minority shareholders' share of profits in subsidiaries		(89,666)	(123,341)
Profit for the year		478,861	736,355

BALANCE SHEET

AS AT 31 DECEMBER 2008

Amounts in DKK 1,000

Assets

Fixed assets	Note	2008	2007
Intangible fixed assets			
Completed development projects		315,255	186,608
Group goodwill		754,391	841,829
Other intangible fixed assets		37,757	32,017
Development projects in progress		129,383	239,832
	6	1,236,786	1,300,286
Tangible fixed assets			
Land and buildings		2,670,213	2,577,237
Technical installations and machinery		2,267,731	2,010,087
Other technical installations		519,826	469,859
Tangible fixed assets in progress		740,768	597,867
	7	6,198,538	5,655,050
Fixed asset investments			
Investments in associated companies		0	0
Securities		650,671	630,714
Other accounts receivable		89,873	79,089
	7	740,544	709,803
Total fixed assets		8,175,868	7,665,139
Current assets			
Inventories	8	3,758,113	3,434,786
Accounts receivable			
Trade debtors and B/E debtors		3,577,046	3,271,281
Deferred tax assets	9	113,438	91,125
Other accounts receivable		700,473	674,420
Accruals and deferred income		211,393	260,230
		4,602,350	4,297,056
Securities		349,442	429,019
Cash at bank and in hand		788,227	893,817
Total current assets		9,498,132	9,054,678
Total assets		17,674,000	16,719,817

Amounts in DKK 1,000

■ Liabilities

	Note	2008	2007
Equity			
Registered capital		505,000	505,000
Retained profit		7,186,179	6,916,713
		7,691,179	7,421,713
Minority interests (mainly the founder's family)		1,113,301	1,069,823
Provisions			
Liabilities under guarantee	10	132,304	120,483
Buy-back obligation relating to employee shares	10	498,522	502,449
Pension liabilities	10	252,521	289,485
Other provisions	10	222,372	220,161
Deferred tax	9	206,364	187,390
		1,312,083	1,319,968
Long-term liabilities			
Mortgage debt		1,073,720	893,392
Bank loans		926,145	742,229
Other monetary creditors		26,590	33,552
Corporation tax		11,523	0
	11	2,037,978	1,669,173
Short-term liabilities			
Bank overdrafts and loans		1,916,871	1,720,745
Trade creditors		1,680,385	1,798,674
Debts to associated companies		116	228
Corporation tax		118,376	96,255
Other liabilities		1,765,413	1,582,146
Accruals and deferred income		38,298	41,092
		5,519,459	5,239,140
Total liabilities		17,674,000	16,719,817

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STATEMENT OF CHANGES IN EQUITY

1 JANUARY - 31 DECEMBER 2008

Amounts in DKK 1,000

	Registered capital	Retained profit	Total equity
Equity, opening 2007	505,000	6,434,264	6,939,264
Profit for the year		736,355	736,355
Exchange rate adjustments, subsidiary companies, etc.		(113,271)	(113,271)
Changes in minority interests		6,341	6,341
Value adjustment of hedging instruments, opening		(391,795)	(391,795)
Value adjustment of hedging instruments, closing		178,745	178,745
Tax on equity items		66,074	66,074
Equity, closing 2007	505,000	6,916,713	7,421,713
Profit for the year		478,861	478,861
Exchange rate adjustments, subsidiary companies, etc.		(61,115)	(61,115)
Changes in minority interests		5,584	5,584
Value adjustment of hedging instruments, opening		(178,745)	(178,745)
Value adjustment of hedging instruments, closing		(27,101)	(27,101)
Tax on equity items		51,982	51,982
Equity, closing 2008	505,000	7,186,179	7,691,179

CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER 2008

Amounts in DKK 1,000

	Note	2008	2007
Consolidated profit after tax		568,527	859,696
Reversal of entries with no liquidity effect	16	1,721,499	1,550,202
Changes in working capital	17	(632,657)	(563,538)
Cash flow from operating activities before financials		1,657,369	1,846,360
Income from fixed asset investments		20,976	20,993
Cost of financing, net		(331,461)	(138,477)
Cash flow from ordinary activities		1,346,884	1,728,876
Corporation tax paid		(454,443)	(511,220)
Cash flow from operating activities		892,441	1,217,656
Acquisition of companies	18	(84,549)	(217,924)
Investment in tangible fixed assets		(1,463,913)	(1,459,131)
Disposal of tangible fixed assets		49,553	67,562
Investment in intangible fixed assets		(135,842)	(182,535)
Purchase and sale of securities		(26,237)	(64,909)
Cash flow from investment activities		(1,660,988)	(1,856,937)
Change in long-term liabilities		363,401	208,906
Change in short-term liabilities		182,981	357,222
Distribution of dividend		(9,758)	(7,281)
Unrealised exchange rate adjustments		42,771	67,851
Cash flow from financing activities		579,395	626,698
Change in liquid funds		(189,152)	(12,583)
Available funds including securities, opening	19	1,326,821	1,335,419
Available funds including securities stated as current assets, closing	20	1,137,669	1,322,836

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2008

Amounts in DKK 1,000

NOTE 1

Net turnover	2008	2007
Europe	12,687,517	11,434,529
North and South America	2,267,563	1,795,569
Eastern Asia	3,027,815	2,841,558
The Middle East/Africa	1,036,569	742,702
Net turnover	19,019,464	16,814,358

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	2008	2007
Total Group payments to employees and Board of Directors	4,440,482	3,973,448
Pensions	334,888	287,609
Social contributions	512,606	437,062
	5,287,976	4,698,119
Staff costs are recognised as follows:		
Production costs	2,594,928	2,399,834
Research and development costs	512,230	424,430
Sales and distribution costs	1,445,854	1,250,352
Administrative costs	734,964	623,503
	5,287,976	4,698,119
The staff costs of the year include directors' fees to the Board of the Foundation totalling	6,227	2,859
Average number of full-time employees	17,482	15,749
Number of employees, closing	17,901	16,457

Amounts in DKK 1,000

NOTE 3

Depreciation, amortisation and write-downs	2008	2007
Amortisation, intangible fixed assets	204,433	132,648
Depreciation, tangible fixed assets	841,389	746,491
	1,045,822	879,139
Depreciation, amortisation and write-downs are recognised as follows:		
Production costs	729,347	610,748
Research and development costs	77,071	64,197
Sales and distribution costs	72,954	60,768
Administrative costs	78,028	64,995
Group goodwill	88,422	78,431
	1,045,822	879,139
NOTE 4		
Cost of financing, net		
Price adjustment etc. from bonds	(16,332)	(2,551)
Price adjustment etc. from shares	(110,637)	(283)
Other cost of financing	(316,984)	(201,480)
Total cost of financing	(443,953)	(204,314)
Interest income from bonds	8,829	8,267
Other interest income	103,663	57,570
Total interest income	112,492	65,837
Cost of financing, net	(331,461)	(138,477)
NOTE 5		
Tax on profit for the year		
Current tax	345,827	437,227
Deferred tax	37,251	66,366
Deferred tax adjustment due to changed rate of taxation	0	(17,095)
Adjustment re previous years	7,313	26,650
Tax on profit for the year	390,391	513,148
Restatement of rate of taxation for the year:		
Danish rate of taxation	25%	25%
Deviations in tax in foreign companies in relation to Danish rate of taxation	3%	5%
Non-taxable income and non-deductible expenses	6%	2%
Non-deductible write-downs on goodwill	2%	1%
Reduction of tax rates	0	(1%)
Other, including adjustments re previous years	2%	5%
Non-recognised tax losses	3%	0
Rate of taxation for the year	41%	37%

Amounts in DKK 1,000

NOTE 6

Intangible fixed assets	Completed dev. projects	Group goodwill	Other intang. assets	Dev. projects in progress
Cost				
Opening	261,710	1,184,143	119,913	239,832
Acquisition/sale of activities			4,702	
Exchange rate adjustments		(5,941)	(2,250)	
Additions of the year	192,308	18,773	18,654	122,519
Disposals of the year		(47,403)	(8,298)	(232,968)
Closing	454,018	1,149,572	132,721	129,383
Acc. depreciation				
Opening	75,102	342,314	87,896	0
Exchange rate adjustments		(402)	(1,655)	
Deprec./wr-downs of the year	63,661	88,422	11,690	40,660
Depreciation on disposals		(35,153)	(2,967)	(40,660)
Closing	138,763	395,181	94,964	0
Book value 31 Dec. 2008	315,255	754,391	37,757	129,383
Book value 31 Dec. 2007	186,608	841,829	32,017	239,832

NOTE 7

Tangible fixed assets and fixed asset investments	Land and buildings	Technical inst. and machinery	Other technical inst.	Tangible fixed assets in course of constr.	Assoc. companies	Securities	Other debtors
Cost							
Cost	3,894,571	6,669,161	1,303,278	597,867	15,300	635,941	80,559
Acquisition/sale of activities	24,491	27,031	5,130	3,360		2,913	2,511
Exchange rate adjustments	(110,654)	(332,382)	(33,318)	(8,018)		524	(934)
Additions of the year	256,928	827,267	232,159	604,197		127,977	9,641
Disposals of the year	(15,754)	(165,871)	(143,755)	(456,638)		(104,635)	
Closing	4,049,582	7,025,206	1,363,494	740,768	15,300	662,720	91,777
Revaluations							
Opening	21,845						
Revaluations	21,845						

Amounts in DKK 1,000

NOTE 7 (CONTINUED)	Land and buildings	Technical inst. and machinery	Other technical inst.	Tangible fixed assets in course of constr.	Assoc. companies	Securities	Other debtors
Acc. depreciation							
Opening	1,339,179	4,659,074	833,419	0	15,300	5,227	1,470
Acquisition/sale of activities	3,366	26,683	3,636				
Exchange rate adjustments	(72,026)	(321,265)	(35,271)			76	434
Deprec./wr-downs of the year	141,701	537,446	162,242		16	6,746	
Depreciation on disposals	(11,006)	(144,463)	(120,358)				
Brought forward to provisions regarding associated company					(16)		
Closing	1,401,214	4,757,475	843,668	0	15,300	12,049	1,904
Book value 31 Dec. 2008	2,670,213	2,267,731	519,826	740,768	0	650,671	89,873
Book value 31 Dec. 2007	2,577,237	2,010,087	469,859	597,867	0	630,714	79,089

The cash value for land and buildings in Denmark at the latest tax assessment of real property amounts to DKK 888m (book value: DKK 585m).

The book value of capitalised leased facilities as at 31 December 2008 amounts to DKK 18m. (2007: DKK 36m).

The market value of securities as at 31 December 2008 amounts to DKK 610m. (2007: DKK 604m).

NOTE 8

Inventories	2008	2007
Raw materials and consumables	1,797,151	1,577,337
Work in progress	675,383	636,878
Manufactured goods and goods for resale	1,285,579	1,220,571
Inventories	3,758,113	3,434,786
NOTE 9		
Deferred tax/deferred tax assets		
Deferred tax broken down:		
Fixed assets	272,391	263,198
Current assets	(109,310)	(71,810)
Provisions	(61,202)	(89,617)
Liabilities	(12,469)	(8,117)
Deficit	(8,470)	(9,231)
Other	11,986	11,842
	92,926	96,265
The above has been recognised in the balance sheet as:		
Deferred tax assets	113,438	91,125
Deferred tax (liability)	206,364	187,390

Amounts in DKK 1,000

NOTE 10

Other provisions	Liabilities under guarantee	Buy-back obligations empl. shares	Pension liabilities	Other provisions
Opening 2008	120,483	502,449	289,485	220,161
Exchange rate adjustments	(1,522)	0	(23,877)	(2,765)
Acquisition of companies	208	0	0	0
Provisions spent during the year	(8,488)	(67,886)	(22,323)	(32,826)
Provisions reversed	(3,855)	0	(19,642)	(22,651)
Provisions of the year	25,478	63,959	28,878	60,453
Closing 2008	132,304	498,522	252,521	222,372

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

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

Released before 2009	68,084
2009	133,276
2010	83,368
2011	84,168
2013	129,626

The buy-back obligation calculated at market value amounts to DKK 470m. (2007: DKK 574m).

Not calculated actuarial losses in connection with pension liabilities amount to DKK 71m. (2007: DKK 28m).

NOTE 11

Long-term liabilities	2008	2007
Debt falling due after more than one year but less than five years:		
Mortgage debt	246,199	230,567
Bank loans	926,145	741,252
Other monetary creditors	26,590	33,552
Corporation tax	11,523	0
Debt falling due after more than five years:		
Mortgage debt	827,521	662,825
Bank loans	0	977

Amounts in DKK 1,000

NOTE 11 (CONTINUED)

Distribution of currencies and interest as at 31 December 2008:

Currency	Interest	Amounts in DKKm
EUR	4.3%	1,218
DKK	4.7%	531
CNY	3.8%	148
GBP	6.3%	59
Other	4.6%	70
Total		2,026

NOTE 12

Financial instruments

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

	Volume	Deferred entering in the profit and loss
EUR	2,113	(13)
USD	1,355	28
GBP	453	73
AUD	145	23
Other	110	(6)
Total	4,176	105

As at 31 December 2008, 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 2,195m (2007: DKK 1,781m) amount to a loss of DKK 7m (2007: gain of DKK 1m).

Raw material contracts (nickel, copper and aluminium) entered into for hedging purposes amount to a loss of DKK 101m. (2007: Gain of DKK 149m). Electricity contracts entered into for hedging purposes amount to a loss of DKK 20m. (2007: DKK 0m).

NOTE 13

Auditors' remuneration

	2008	2007
Fee to Deloitte for auditing	15,125	12,549
Fee to Deloitte for other services	14,996	11,537

Amounts in DKK 1,000

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 member of the Board of Directors Niels Due Jensen has a controlling interest. The Group's purchases from DUBA-B8 A/S amounted to DKK 12m in 2008. Furthermore, the Group has received DKK 4m from DUBA-B8 A/S as rent receipts.

Some of the Board members have been paid a remuneration which is included under staff costs in note 2.

Apart from this, there have been no transactions between the minority shareholders and the Grundfos Group, except distribution of dividend and payment of salaries and directors' fees.

NOTE 15

Securities, contingent liabilities, etc.

The Group has mortgaged property at a book value of DKK 480m and machinery and equipment at a book value of DKK 837m, a total of DKK 1,317m as security for loans, which on the balance sheet date, show outstanding debts of DKK 1,018m.

	2008	2007
Operational leasing contracts and lease obligations for the coming years amount to	303,804	304,744

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

	2008	2007
Depreciation	1,045,822	879,139
Liabilities under guarantee and other provisions	(25,215)	39,192
Share of profit, associated companies	16	1,239
Income from other securities and investments, which are fixed assets	(20,976)	(20,993)
Cost of financing, net	331,461	138,477
Tax on profit for the year	390,391	513,148
Reversal of entries with no liquidity effect	1,721,499	1,550,202

Amounts in DKK 1,000

NOTE 17		
Changes in working capital	2008	2007
Changes in inventories	(288,269)	(399,021)
Changes in accounts receivable	(343,547)	(334,644)
Changes in suppliers, etc.	37,721	263,154
Unrealised exchange rate adjustments	(38,562)	(93,027)
Changes in working capital	(632,657)	(563,538)
NOTE 18		
Acquisition of companies		
Fixed assets	(41,974)	(105,367)
Inventories	(35,058)	(104,775)
Accounts receivable	(34,727)	(113,319)
Cash at bank and in hand	(10,091)	(6,187)
Provisions	3,083	79,050
Long-term liabilities	5,404	1,365
Short-term liabilities	37,496	190,433
Net assets	(75,867)	(58,800)
Group goodwill	(18,773)	(165,311)
Cost	(94,640)	(224,111)
Of this, cash at bank and in hand	10,091	6,187
Cash cost	(84,549)	(217,924)
NOTE 19		
Available funds, opening		
Cash at bank and in hand	1,322,836	1,367,274
Unrealised exchange rate adjustments	3,985	(31,855)
Available funds, opening	1,326,821	1,335,419
NOTE 20		
Available funds, closing		
Securities	349,442	429,019
Cash at bank and in hand	788,227	893,817
Available funds, closing	1,137,669	1,322,836

PROFIT AND LOSS ACCOUNT FOR THE POUL DUE JENSEN FOUNDATION

1 JANUARY - 31 DECEMBER 2008

Amounts in DKK 1,000

	Note	2008	2007
Administrative costs	1	(2,913)	(2,169)
Income from investments in subsidiaries		540,311	710,658
Premium from sale of shares		586	223,174
Provision for buy-back of employee shares		(63,932)	(173,661)
Interest income	2	19,103	12,811
Cost of financing	3	(2,903)	(3,284)
Profit before tax		490,252	767,529
Tax on profit for the year	4	(542)	(17,574)
Profit for the year		489,710	749,955
Proposed profit appropriation			
Distribution		10,849	13,600
Brought forward to revaluation reserve by the equity method		517,963	688,675
Retained profit		(39,102)	47,680
		489,710	749,955

BALANCE SHEET FOR THE POUL DUE JENSEN FOUNDATION

Amounts in DKK 1,000

Assets

	Note	2008	2007
Fixed assets			
Fixed asset investments			
Investment in affiliated companies		7,798,848	7,489,780
Accounts receivable from affiliated companies		50,068	54,624
Securities		70	70
Total fixed assets	5	7,848,986	7,544,474
Current assets			
Accounts receivable			
Accounts receivable from affiliated companies		362,002	408,814
Other accounts receivable		39,507	25,951
		401,509	434,765
Cash at bank and in hand		771	9,859
Total current assets		402,280	444,624
Total assets		8,251,266	7,989,098
Liabilities			
Equity			
Registered capital		505,000	505,000
Net revaluation by the equity method		7,162,850	6,854,282
Capital available		23,329	62,431
		7,691,179	7,421,713
Provisions			
Buy-back obligation relating to employee shares		498,522	502,449
Deferred tax		2,015	2,559
		500,537	505,008
Long-term liabilities			
Mortgage debt	6	50,068	54,624
		50,068	54,624
Short-term liabilities			
Bank overdrafts and loans		4,556	4,354
Debts to affiliated companies		2,461	1,530
Other liabilities		2,465	1,869
		9,482	7,753
Total liabilities		8,251,266	7,989,098

STATEMENT OF CHANGES IN EQUITY FOR THE POUL DUE JENSEN FOUNDATION

1 JANUARY - 31 DECEMBER 2008

Amounts in DKK 1,000

	Registered capital	Reserve equity method	Capital available	Total equity
Equity, opening 2007	505,000	6,419,513	14,751	6,939,264
Profit for the year		688,675	47,680	736,355
Exchange rate adjustments, subsidiary companies, etc.		(113,271)		(113,271)
Changes in minority interests		6,341		6,341
Value adjustment of hedging instruments, opening		(391,795)		(391,795)
Value adjustment of hedging instruments, closing		178,745		178,745
Tax on equity items		66,074		66,074
Equity, closing 2007	505,000	6,854,282	62,431	7,421,713
Profit for the year		517,963	(39,102)	478,861
Exchange rate adjustments, subsidiary companies, etc.		(61,115)		(61,115)
Changes in minority interests		5,584		5,584
Value adjustment of hedging instruments, opening		(178,745)		(178,745)
Value adjustment of hedging instruments, closing		(27,101)		(27,101)
Tax on equity items		51,982		51,982
Equity, closing 2008	505,000	7,162,850	23,329	7,691,179

NOTES TO THE ACCOUNTS OF THE POUL DUE JENSEN FOUNDATION

Amounts in DKK 1,000

NOTE 1

Administrative costs	2008	2007
Including:		
Directors' fees	950	600
Fee to Deloitte for auditing	36	30
Fee to Deloitte for other services	97	92

NOTE 2

Interest income

Interest income from affiliated companies amounts to DKK 18,673 thousand as against DKK 12,484 thousand in 2007.

NOTE 3

Cost of financing

Cost of financing to affiliated companies amounts to DKK 0 thousand as against DKK 35 thousand in 2007.

NOTE 4

Tax on profit for the year	2008	2007
Current tax	1,086	15,015
Deferred tax	(544)	2,559
Tax on profit for the year	542	17,574

NOTES TO THE ACCOUNTS OF THE POUL DUE JENSEN FOUNDATION

Amounts in DKK 1,000

NOTE 5

	Investment in affiliated companies	Accounts receivable from affiliated companies	Securities
Fixed asset investments			
Cost			
Opening	539,484	54,624	70
Additions	500		
Disposals		(4,556)	
Closing	539,984	50,068	70
Value adjustments			
Opening	6,950,296	0	0
Profit for the year	540,311		
Dividend received	(22,348)		
Exchange rate adjustments	(61,115)		
Other adjustments	(148,280)		
Closing	7,258,864	0	0
Book value 31 Dec. 2008	7,798,848	50,068	70
Book value 31 Dec. 2007	7,489,780	54,624	70

The book value of investment in associated companies includes goodwill amounting to DKK 61,568 thousand against DKK 66,309 thousand in 2007.

NOTE 6

Long-term liabilities	2008	2007
Amounts falling due after more than five years:		
Mortgage debt	29,628	35,091

PROFIT AND LOSS ACCOUNT IN EUROS

1 JANUARY - 31 DECEMBER 2008

Amounts in EUR 1,000

	2008	2007
Net turnover	2,550,309	2,256,817
Production costs	(1,616,499)	(1,399,979)
Research and development costs	(116,934)	(84,398)
Gross profit	816,876	772,440
Sales and distribution costs	(432,268)	(372,659)
Administrative costs	(193,964)	(173,213)
Amortisation of Group goodwill	(11,856)	(10,527)
Operating profit	178,788	216,041
Other operating expenses	(8,573)	(15,843)
Share of profit, associated companies	(2)	(166)
Income from fixed asset investments	2,813	2,818
Cost of financing, net	(44,445)	(18,586)
Profit before tax	128,581	184,264
Tax on profit for the year	(52,347)	(68,875)
Consolidated profit after tax	76,234	115,389
Minority shareholders' share of profits in subsidiaries	(12,023)	(16,555)
Profit for the year	64,211	98,834

GROUP STRUCTURE



Argentina , Bombas Grundfos de Argentina S.A.	France , Pompes Grundfos S.A.
Australia , Alldos Oceania Pty. Ltd.	Germany , Alldos Eichler GmbH
Australia , Grundfos Pumps Pty. Ltd.	Germany , Biral GmbH
Austria , Grundfos Pumpen Vertrieb Ges.m.b.H.	Germany , DAB Pumpen Deutschland GmbH
Belgium , N.V. Grundfos Bellux S.A.	Germany , Deutsche Vortex GmbH & Co. KG
Brazil , Mark Grundfos Ltda.	Germany , Europump GmbH
Bulgaria , Grundfos Bulgaria EOOD	Germany , Grundfos GmbH
Canada , Grundfos Canada Inc.	Germany , Grundfos Pumpenfabrik GmbH
Chile , Bombas Grundfos Chile Limitada	Germany , Hilge GmbH & Co. KG
China , Alldos Water Technology Co. Ltd.	Greece , Grundfos Hellas A.E.B.E.
China , DAB Pumps (Qingdao) Co. Ltd.	Hungary , Grundfos Hungária Kft.
China , Grundfos Pumps (Shanghai) Co. Ltd.	Hungary , Grundfos Hungary Manufacturing Ltd.
China , Grundfos Pumps (Hong Kong) Limited	India , Grundfos Pumps India Private Limited
China , Grundfos Pumps (Suzhou) Co. Ltd.	Indonesia , PT Grundfos Pompa
China , Grundfos Pumps (Wuxi) Ltd.	Ireland , Grundfos (Ireland) Ltd.
China , Hong Kong, Austrian and Continental Engineers Limited	Italy , Alma Pumps spa.
Denmark , GCV PU 1 A/S	Italy , DAB Real Estate S.R.L.
Denmark , GNH 2009 A/S	Italy , DWT DAB Group
Denmark , Grundfos A/S	Italy , DWT Finance Srl.
Denmark , Grundfos BioBooster A/S	Italy , Grundfos Pompe Italia S.r.l.
Denmark , Grundfos DK A/S	Italy , Grundfos Submersible Motors Srl.
Denmark , Grundfos Holding Danmark A/S	Italy , Leader Pumps Group S.p.A.
Denmark , Grundfos LIFELINK A/S	Italy , WACS System SRL
Denmark , Grundfos Microrefinery A/S	Japan , Grundfos Pumps K.K.
Denmark , Grundfos New Business A/S	Kazakhstan , Grundfos Kazakhstan LLP
Denmark , Grundfos NoNOx A/S	Korea , Chung Suk Co. Ltd.
Denmark , Grundfos Sensor A/S	Korea , Grundfos Pumps Korea Ltd.
Denmark , Infarm A/S	Korea , Keum Jung International Co. Ltd.
Denmark , Sintex A/S	Latvia , Grundfos Pumps Latvia Ltd.
Estonia , Grundfos Pumps Eesti OÜ	Lithuania , UAB Grundfos Pumps
Finland , OY Grundfos Environment Finland AB	Luxemburg , Badrin Investment SA
Finland , OY Grundfos Pumput AB	Malaysia , Grundfos Pumps SDN. BHD
France , Grundfos NoNOx SAS	Mexico , Bombas Grundfos de Mexico Manufacturing S.A. de C.V.
France , Pompes Grundfos Distribution S.A.	Mexico , Bombas Grundfos de Mexico S.A. de C.V.

Mexico , Grundfos Mexico Servicios S.A. de C.V.	Thailand , Grundfos (Thailand) Ltd.
Mexico , Peerless Pump Mexico S.A. de C.V.	Thailand , Grundfos Holding Co. Ltd.
New Zealand , Grundfos Pumps NZ Ltd.	The Czech Republic , Grundfos s.r.o.
Norway , Grundfos Pumper A/S	The Netherlands , Biral Pompen B.V.
Poland , Grundfos Pompy Sp.Z.o.o.	The Netherlands , DAB Pumps B.V.
Portugal , Bombas Grundfos (Portugal) S.A.	The Netherlands , Grundfos Distribution Service B. V.
Romania , Grundfos Pompe Romania S.R.L.	The Netherlands , Grundfos Nederland B.V.
Russia , Grundfos Istra LLC	The Netherlands , Grundfos Waterdam B.V.
Russia , OOO DAB Pumps	The Philippines , Grundfos Pumps (Philippines) Inc.
Russia , OOO Grundfos	The Ukraine , TOV Grundfos Ukraine LLC
Singapore , Grundfos (Singapore) Pte. Ltd.	The USA , Grundfos CBS Inc.
South Africa , Alldos (Pty) Ltd.	The USA , Grundfos Pumps Corporation
South Africa , Brisan Turbo (Pty) Ltd.	The USA , Grundfos Pumps Manufacturing Corporation
South Africa , Grundfos Pty. Ltd.	The USA , Grundfos US Holding Corporation
Spain , Bombas Grundfos España S.A.U.	The USA , Leader Pumps Inc.
Spain , DAB Pumps Iberica S.L.	The USA , Peerless Pump Company
Sweden , Grundfos AB	The USA , Yeomans Chicago Corporation
Sweden , Wåge AB	Turkey , Grundfos Pompa Sanyı ve Ticaret Ltd. Sti.
Switzerland , Alldos International AG	United Arab Emirates , Grundfos Gulf Distribution FZE'
Switzerland , Arnold AG	United Kingdom , Alldos Ltd.
Switzerland , Biral AG	United Kingdom , DAB Pumps Limited
Switzerland , Grundfos Handels AG	United Kingdom , Grundfos EuroPump Services Ltd.
Switzerland , Grundfos Pumpen AG	United Kingdom , Grundfos Manufacturing Ltd.
Switzerland , Hilge-Pumpen AG	United Kingdom , Grundfos Pumps Ltd.
Taiwan , Grundfos Handels AG, Taiwan Branch	United Kingdom , Proton Water Services Limited
Taiwan , Grundfos Pumps (Taiwan) Ltd.	United Kingdom , Watermill Products 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 84.9 per cent of the share capital in Grundfos Holding AG, Switzerland, while the founder's family owns 12.1 per cent and the employees own 3.0 per cent.

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

- Grundfos Pumps Pty. Ltd., Australia – 70 per cent.
- PT Grundfos Pompa, Indonesia – 98 per cent.
- Grundfos (Thailand) Ltd., Thailand – 74 per cent.
- Philipp Hilge International GmbH & Co. KG, Germany – 94 per cent.
- Keum Jung International Co. Ltd. – 53 per cent.

Associated companies:

- Bjerringbro Savværk Holding A/S, Denmark – 30 per cent.

GRUNDFOS IN BRIEF

Water gives life to people, animals and plants and is a necessity for industry to maintain production. 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 expanding. Extensive know-how and intensive research and product development allow us to develop new, trend-setting products, which meet the ever-increasing requirements of 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 motors 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 adapting their performance accordingly – all of which results in a significant reduction in energy consumption.

In addition, we have developed a number of groundbreaking technologies within a sustainable perspective, including Grundfos NoNOx, which reduces the air pollution from heavy diesel vehicles; Grundfos BioBooster, which effectively cleans industrial wastewater at source; Grundfos LIFELINK, a solar-powered water treatment unit for drinking water in the poorest areas of the world; and Grundfos Microrefinery, which will generate valuable energy in the form of diesel from sludge.

At all stages of production, quality is controlled effectively as we have a high degree of own production. The control of production helps to ensure high productivity, a good

working environment and minimum impact on the environment.

With their knowledge and commitment, the employees are the most important resource in the Grundfos Group. Therefore, the Group strives to offer its employees further training and to create a challenging environment that promotes the development of new products with an increased utility value that provide the highest quality levels to our customers.

The Group's global nature is our customers' guarantee for continuous and easy access to pumps, spare parts and service. In order to increase the reliability of delivery and improve the possibility of meeting requirements made to pump solutions locally, the Group is continuously developed through decentralisation of production, the establishment of new sales and service companies and the establishment of regional research and development units.

Being a globally responsible company, Grundfos strongly emphasises the importance of being in harmony with the environment. All over the world, we strive to create and strengthen lasting ties with employees and business 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 earnings ensures that the Grundfos Group remains an independent company.

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



HISTORICAL MILESTONES OF 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.

1990



Grundfos inaugurates the Technology Centre, which engages in research into 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 investment in product development and branding is mirrored by the investment in training within sales/marketing and service, among others.

2003



Niels Due Jensen hands over the position of Group President and CEO 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.

2007



Carsten Bjerg is appointed Group President.

BE > THINK > INNOVATE >

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

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