GROUP ANNUAL REPORT 2011

The Grundfos Group and The Poul Due Jensen Foundation
CVR no.: 83 64 88 13

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GRUNDFOS

Content

The Poul Due Jensen Foundation, which is the principal shareholder of the Grundfos Group, is pleased to note that with steady sales and manufacturing efforts, the company has achieved satisfactory growth figures, an ongoing focus on research and technology is translated into new and ground-breaking products, and finally, the company has revitalised its values in close collaboration with thousands of employees all over the world. Like many other industrial companies, Grundfos must be flexible and ready to embrace change in a world market where events cannot be predicted.

The Poul Due Jensen Foundation is a commercial foundation, and its main purpose is to ensure a healthy development within Grundfos. The charter of the Foundation clearly states that it is to ensure and expand the financial platform for the continued existence and development of the Grundfos Group on a healthy commercial and economic basis. The 2011 result fully meets these intentions.

The Poul Due Jensen Foundation is satisfied that the management and employees of the company have managed to achieve very good results despite the general slowdown in the world economy. The company knows how to invest in new, innovative technology in its own production facilities and in the actual product development, and this gives Grundfos a unique position as the leader within its field. In addition, we are happy to note that Grundfos is able to maintain its level of ambition in relation to environmental objectives and perseveres in its persistent effort to make the world even more sustainable. Grundfos' good result and strong position show that it is possible to combine sustainable thinking and sound business.

We would like to thank all managers and employees of all Grundfos companies for the great efforts you have made and commitment you have demonstrated throughout the year. Also, we would like to express our appreciation to customers and business partners.

Niels Due Jensen
Chairman of the Board of The Poul Due Jensen Foundation

Global leader and trendsetter

In spite of the European debt crisis and turbulent markets we continue to create satisfactory and noticeable results for ourselves and our customers.

In 2011, we sold more pumps than ever before in Grundfos' history. This means that we are now helping even more people meet their very basic need for water and comfort, and together with our customers we contribute to make the world more sustainable. This is basically what we are working to achieve every day and this is what was put into words in 2011 in a newly formulated objective. What we can do for the world is our most important mission, and we are by no means done solving it.

"Grundfos is a global leader within advanced pump solutions and a trendsetter within water technology. We contribute to global sustainability through groundbreaking technologies, which improve the quality of life for people and take care of the planet."

Turbulence has become an everyday occurrence

Turbulence and change have become part of our everyday lives. At present, Europe in particular is characterised by a debt crisis that affects consumer confidence and companies' wishes and ability to make investments. This leads to stagnation and no growth. Nevertheless, Grundfos continues to create good results because of our ongoing efforts in new markets and products. These efforts require a strong financial position, independence and flexibility. While Europe is hit by crisis, other parts of the world are characterised by growth and new opportunities. Now, at the beginning of 2012, the uncertainty in the world around us may never have been greater. Economies around the world are faced with very big challenges, and Grundfos too will be affected by the way in which these challenges are handled by our politicians. And they are by no means faced with an easy task. We predict lower growth figures in the European markets for quite a few years yet, and we will be faced with the challenge of creating growth ourselves without the help of a growing market. New thinking and great efforts will be required in order to meet new objectives and implement new solutions. This journey will be intensified during 2012. At the same time, however, we are pleased that we managed to globalise our business in time and that we have already established strong positions in those parts of the world where economic growth will occur in the coming years. Already in 2011, the biggest sales growth has been achieved in our emerging markets in Asia, Eastern Europe and the Middle East. A 17 per cent growth rate has been achieved in China, 15 per cent in Japan and 7 per cent in Korea. Also the smaller markets in Asia have presented good growth, including Thailand, Indonesia and Vietnam. In Eastern Europe, the Russian market stands out positively with a 25 per cent sales growth. But also Poland, the Czech Republic, Kazakhstan, Hungary, the Ukraine and the Baltic countries have experienced good growth. The Middle Eastern markets present growth rates of 15 per cent, Turkey has realised an impressive 55 per cent growth rate, South Africa 22 per cent and Argentina 43 per cent. We also note with satisfaction that the US, too, has made good progress.

Need for more sustainability

In spite of the economic turbulence, an increasing number of people express growing awareness of the Earth's climate and the use of the Earth's resources. Also, there are severe signs of climate change. Increasingly unsettled weather and severe drought and flooding underline the need for us, as people and companies, to adapt to these changes. At the same time, the world's population is growing, and our way of life requires more energy. Many people are aware of these challenges, and there is a growing interest in investing in energy-efficient and energy-saving products and systems. We contribute to create the necessary interest and awareness of these issues. Pumps present one of the greatest potentials for saving energy. For example, the right motor technology can reduce the electricity consumption in pumps by up to 60 per cent. Millions of Grundfos pumps all over the world are saving energy as they are far more efficient than the pumps they replace or other alternatives in the market. Grundfos pumps also supply millions of people with clean water, and water and energy as such are the two key elements in our way of thinking and doing business.

A good result

In 2011, Group net turnover amounted to DKK 21.2bn compared to DKK 19.6bn in 2010, which is an 8 per cent increase. The biggest increase occurred during the first six months with just under 10 per cent, while the last six months of the year noted a 6 per cent increase. Costs within the fields of production, research and development, sales and administration increased by 11 per cent. This is due to the implementation of a number of strategic projects, which are all designed to further strengthen our competitiveness in the long term. The operating profit is thus DKK 2.0bn as against DKK 2.2bn in 2010. We place great emphasis on independence and self-sufficiency and thus our capacity to invest in the future. We have therefore reduced our long-term debt by DKK 0.8bn and short-term debt owed to banks by DKK 0.3bn. The Group's interest-bearing net deposits now amount to DKK 2.8bn as against DKK 2.2bn at the beginning of the year. Our equity ratio has improved from 59.9 per cent to 63.3 per cent. Cash flow from operations amounts to DKK 2.2bn.

Continued research and technology development
As tradition has it, we invest the majority of our profits in the continued development of Grundfos as a technology leader and a healthy and sound company. We note with satisfaction that an increasing number of our competitors are now beginning to give priority to energy efficiency and sustainability. This strengthens the awareness of this major challenge in the market, leading to healthy competition developing the most environmentally friendly solutions. We maintain our ambition of being ahead of everybody else in our product development, and we continue to make substantial investments in research and technology development. In 2011, we invested more than 5 per cent of our turnover in research and development, and many new solutions will contribute to us being able to maintain our strong market position and win new market shares. In 2012, we plan to present a number of high-technology, user-friendly and energy-efficient products that will give us a strong position and renew the entire business in a number of areas.

Values must be acted out
During the past year, we presented our revitalised values to all employees. We have been a value-based company for many years, and our values represent both our history and our future. They must be a practical tool and must be acted out every day by every single employee. Our values are a tool that helps us focus on being the company that we would like to be and which our customers and business partners expect us to be. The values will only have this effect if all employees consider them to be relevant and if they make sense in relation to everyday activities. For one day, all 17,600 employees all over the world engaged with great enthusiasm in discussions about what the values mean and should mean to us. This way, we made sure that the values are relevant and up-to-date and that Grundfos is not just a place where we are working but an assignment that we are working on. We now act out our revitalised values in our everyday activities – sustainable, open and trustworthy, people in focus, independent, partnership and relentlessly ambitious.

Relentlessly ambitious
The latter value has just been formulated, but it very much characterises what created Grundfos. A relentless effort to constantly seek to do everything even better and create even greater value for our customers and end users. This must translate into continued growth, and many great growth opportunities lie ahead of us. In 2011, for example, we opened a global competence centre within the utility area which is to assist our many companies in gaining an even firmer foothold within wastewater and water supply. In 2012, we will initiate a large-scale launch of new products that will set new standards and cement our position as market leader. It is against this background, among other things, that – despite the European debt crisis – we expect to achieve progress and satisfactory growth in the coming year.

Group expectations for 2012 include an increase in turnover of approx. 7 per cent. We plan to continue the high level of activity in all parts of the organisation, and 2012 will also see the involvement in a number of strategic projects that, in the short term, will lead to higher costs. Performance is not expected to improve in 2012, however we expect a performance level similar to that of 2011 or slightly lower.

Carsten Bjerg, Group President
Lars Kolind, Group Chairman

For 2011, in connection with the publication of our annual report, we have decided to publish an annual statement that informs about the most significant events in the Grundfos Group. The annual statement may be ordered from all company offices or from the web site www.grundfos.com/reports.

Financial status

2011 was a good year for Grundfos. We still focus on increasing growth, but also on a strong financial position, as this ensures our independence.

Introduction
In the 2010 Group annual report, we expressed our expectations for 2011 with a 7-8 per cent growth in turnover and an operating profit on a par with 2010. We are pleased to note that our expectations for the turnover have been met. The operating profit for 2011 of DKK 2.0bn is, however, approx. 10 per cent below the 2010 level of DKK 2.2bn, which is due to a focus on a number of long-term strategic initiatives.

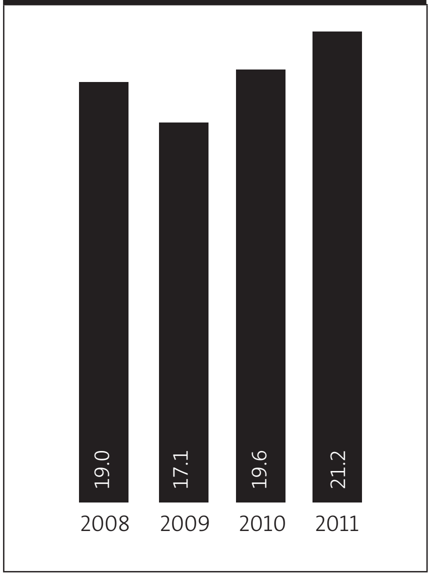
Although the result is slightly lower than expected, it remains at a high level, and we therefore consider 2011 a good year for Grundfos.

The 2011 Group annual accounts are affected by adjustments made re previous years. Reference is made to the statement made under accounting policies.

Profit and loss account
In 2011, Group net turnover amounted to DKK 21.2bn compared with DKK 19.6bn in 2010, which is an 8 per cent increase. The increase in turnover was most significant during the first six months with just under 10 per cent, while the last six months of the year only saw a 6 per cent increase compared with the same period in 2010.

The 2011 increase in turnover of 8 per cent was slightly positively affected by an increase in exchange rates as less than 1 per cent of the increase was attributable to changes in exchange rates.

Turnover, DKKbn



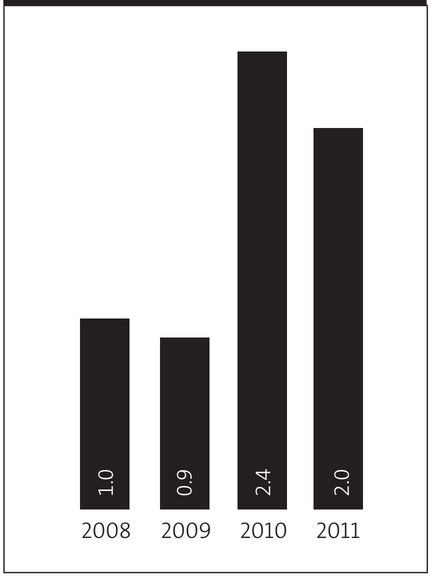
The 2011 gross profit was DKK 8.3bn as against DKK 7.9bn in 2010, corresponding to 39.1 per cent of the 2011 turnover as against 40.3 per cent in 2010. The decline is mainly due to rising production costs, including rising prices of raw materials that were not fully balanced by increased sales prices.

Costs of production, R&D as well as sales and administration increased from DKK 17.2bn in 2010 to DKK 19.1bn, corresponding to 11 per cent. The relatively large increase is, among other things, due to an increased focus on a number of strategic projects. Therefore, the operating profit is DKK 2.0bn in 2011 as against DKK 2.2bn in the record year 2010.

The cost of financing (net) for the year of DKK 28m is DKK 59m lower than in 2010, partly because a considerable amount of the Group's interest-bearing gross debt was redeemed during the year.

The consolidated profit before tax thus amounts to DKK 2.0bn in 2011 as against DKK 2.4bn in 2010.

Profit before tax, DKKbn



The reduction is mainly due to the fact that 2010 was positively affected by DKK 0.3bn due to the sale of activities.

Pre-tax profit in per cent of net turnover amounts to 9.5 per cent in 2011, which is a reduction from 12.2 per cent in 2010.

The Group's profit (after tax) is DKK 1.4bn as against DKK 1.8bn in 2010. The decline is partly due to a reduction in the profit before tax and partly an increase in the Group's effective tax rate from 26 per cent in 2010 to 29 per cent in 2011.

Balance sheet

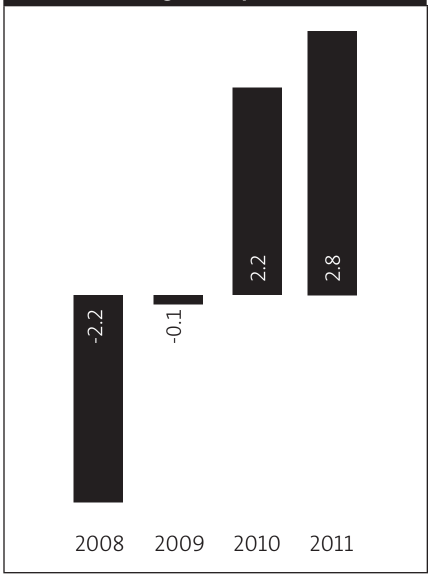
The Group balance sheet total is DKK 19.4bn at year-end, which remains unchanged in comparison with 2010. Fixed assets have increased by a modest DKK 0.3bn (2 per cent).

Current assets have been reduced by DKK 0.3bn, which is primarily attributable to a reduction in cash reserves which have been used to redeem debt. Inventories and trade debtors have increased by DKK 0.4bn. The rise, which is a result of the increased turnover, is balanced out by a decline in other accounts receivable.

In 2011, long-term debt was reduced by DKK 0.8bn, while short-term debt was reduced by DKK 0.3bn.

At year-end, the Group's interest-bearing net deposits amounted to DKK 2.8bn as against DKK 2.2bn at the end of 2010.

Interest-bearing net deposits, DKKbn

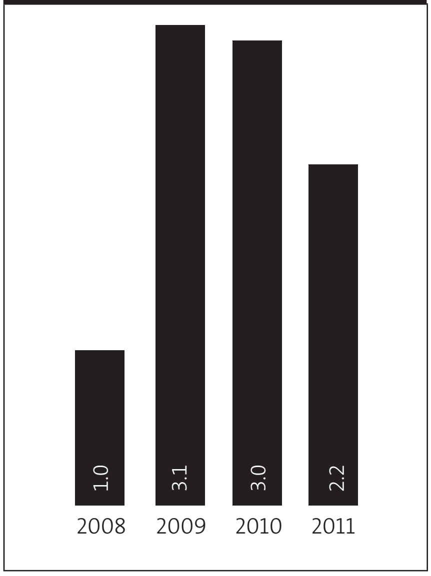


Compared to 2010, the equity ratio, including minority interests, has risen from 59.9 per cent to 63.3 per cent. Like previous years, the equity ratio was affected by the decision made in accordance with Group policies to maintain available funds and securities, which, at the balance sheet date, amount to approx. DKK 3.8bn (2010: DKK 4.4bn). Had these funds been used to pay the remaining interest-bearing debt, our equity ratio would have been 66.9 per cent (2010: 67.3 per cent).

Cash flow statement

The cash flow statement shows a cash flow from operating activities of DKK 2.2bn, which is DKK 0.8bn lower than in 2010. The difference is mainly due to the fact that the working capital in 2011 increased by DKK 0.3bn, while in 2010, it was reduced by DKK 0.3bn.
In 2011, DKK 1.4bn (2010: DKK 1.1bn) was spent on investment activities, of which DKK 1.2bn (2010: DKK 0.6bn) was spent on the purchase of tangible fixed assets. Thus, the level of investment has been significantly increased; yet, it remains below the level of the years before the financial crisis.

Cash from operating activities, DKKbn



Cash flow from operating activities thus exceeds cash flow from investment activities by DKK 0.8bn (2010: DKK 1.6bn). The Group principle of self-financing the year's capital investments was thus adhered to in both 2010 and 2011.

Sustainability

Turbulence and change have become part of our DNA. Now, even more than before, we are focusing on following a new strategy and making clear priorities.

Firstly, sustainability has been part of Grundfos' DNA from the time the company was set up, and therefore, sustainability remains an integral part of our objective and values. Secondly, sustainability is an essential part of our business. And thirdly, focus on sustainability is also a way of minimising risks and reducing costs throughout the value chain.

In 2008, *Innovation Intent* was launched, and this defines our direction toward 2025. *Innovation Intent* describes the way in which we wish to develop our business, and that we must continue to be number one within the field of circulator pumps and that, in 2025, one third of our turnover will derive from products other than pumps. In relation to the *Innovation Intent* focus area of reducing our own footprint, a *Climate White Paper* was prepared. With this, we set ourselves ambitious targets to grow while at the same time keeping our CO_2 emissions unchanged.

In 2011, we prepared a sustainability strategy which identifies six essential focus areas to ourselves and interested parties:

- Environmental footprint
- Sustainable product solutions
- People competences
- Workplace
- Community
- Responsible business conduct

At present, a large number of Group policies, management tools etc. incorporate the sustainability perspective to varying degrees. Although the strategy is new, the focus areas are well-known to Grundfos. Yet, the strategy helps us maintain a common focus and clearly determine our priorities – by involving both internal and external stakeholders. In 2012, we will focus on putting the strategy into practice – and as an important part of this effort discuss the most important indicators for following and driving our continued development towards being an even more sustainable Grundfos.

Sustainability means that we commit ourselves to our employees and the interests of the environment and local community.

This covers all our activities, ranging from collection of raw materials to the end of a product's life cycle.

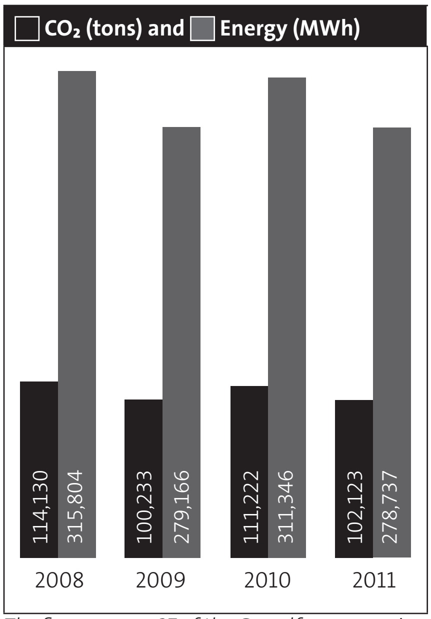
This is made possible by running a healthy and balanced business that creates products and solutions which can help overcome the challenges that the world is facing today.

Here, information is given about some of the most important results within our focus areas. They are supplemented by further data that can be found at www.grundfos.com/about us.

Environmental footprint

We will reduce our environmental footprint throughout the entire value chain, including at suppliers.

CO_2 and energy. As part of publishing the *Climate White Paper*, we set ourselves an ambitious target to never emit more CO_2 than in 2008; that is, independently of our growth. Thus, it is our clear ambition to break the link between growth and CO_2 emissions. In 2011, too, we managed to achieve that ambition. At the same time as achieving historically high growth rates in 2010 and 2011, our CO_2 emissions have decreased.



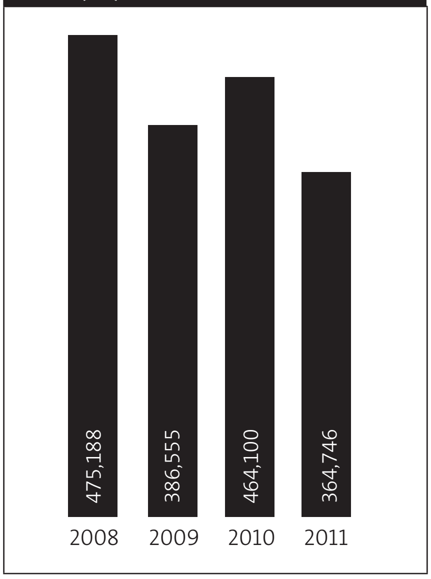
The figures cover 27 of the Grundfos companies, corresponding to approx. 90 per cent of the CO_2 emissions.

How did we succeed? First of all, our employees have embraced the challenge. Secondly, concrete targets have been set for the individual companies, supplemented by monthly follow-up activities and comparisons among companies.

Also, during 2011 our knowledge about transport-related CO_2 emissions has increased, prepared by external suppliers, where previously, we focused on our own transport. Now, we have data for approx. 80 per cent of the CO_2 emissions from our external suppliers, which corresponds to 41,000 tons.

Water consumption. The individual companies have set individual targets for this area too. A new initiative in 2011 is monthly follow-up activities for the figures, thus enabling the companies to know whether they are on the right track. Focus has been on the fact that water does not only include water used in production, but also water used for irrigation, for example – and that drinking water must not be used for this purpose. In some companies, this focus has enabled them to almost halve their water consumption.

Water (m³)



The figures cover 26 of the Grundfos companies, corresponding to approx. 75 per cent of the water consumption.

Certification. We require all manufacturing companies to be certified according to both ISO 14001 (environment) and OHSAS 18001 (working environment). These certifications are voluntary for the other Group companies, but several sales companies have decided to obtain certification.

Sustainable product solutions

We will raise the bar for sustainable product solutions within energy efficiency and water, focusing on the entire product life cycle. Also, we will provide outstanding service with focus on sustainability.

This is why we continue to intensify our efforts in the fields of research and development. We still have a strong focus on minimising the energy consumption of our products. We have already launched the first EuP ready products, and 2012 will be the year in which we will launch a completely new range of circulator pumps that will be the first ones to live up to future EuP rules for this type of products. The development activities also show that Grundfos plays a role in relation to controlling, surveilling and treating water.

People competences

We will attract, retain and develop world-class people to take on the sustainability agenda.

“Great People” is a central strategic theme in the Group. During recent years, focus has been concentrated on talent development, employee development as well as diversity and mobility, and this has also been the case in 2011. In addition, focus has very much been on revitalising our values.

Grundfos values. Our values, which date back to the company's founder, provide us with a very strong foundation. The values are at the core of our identity. However, the world around us is changing, and so are we. Therefore, from time to time, we have to make sure that the values are relevant to the business as it is today, and that they represent the mindset and the language of our employees, both today and tomorrow. This process has taken much time and energy throughout 2011. This was most evident when all companies and employees held a 24-hour workshop, eagerly discussing the values and their meaning. We now act out our revitalised values in our everyday activities – sustainable, open and trustworthy, people in focus, independent, partnership and relentlessly ambitious.

Talent development. We have our own Talent Management Programme which covers the career paths as either manager, innovator or specialist. Since the beginning, 209 talents have been appointed, of which 79 are global talents. In 2011 alone, 55 new talents have been added, of which 21 are global.

Competence development. Our own academy – The Poul Due Jensen Academy in Bjerringbro – is supplemented by satellites in Russia, China, India and North America. In 2011, an effort has been made to combine training at the academies with online training. As a result, the number of training sessions in 2011 almost doubled in comparison with 2010, and the number of course participants increased by almost 50 per cent.

Workplace

We will promote a diverse work force within a safe and healthy work environment to foster an inclusive culture.

Work environment. It is important for us to offer the best possible health and safety at work. Over a number of years, we have therefore concentrated on preventing work accidents. In 2011, focus was on creating a network across the organisation in order to ensure efficient knowledge sharing and create a global and proactive safety culture.

Diversity. Grundfos is a global Group, which uses innovation to contribute to global sustainability through our business. In order to realise diversity, it is necessary to focus on the full potential of all employees. To meet this target, we initially want to increase the number of non-Danes and women in management positions in order to obtain the best and widest recruitment platform. For example, we strive to ensure that, as a minimum, one woman or non-Dane is among the candidates for key positions in the organisation. When filling a position at Group level, we always consider whether it is possible to place the posi-

tion in question outside Denmark.
It is our objective to increase the number of female managers from the current 17 per cent to a minimum of 25 per cent in 2017.

In addition, we want the share of non-Danes in Group functions to increase from the current 23 per cent to 40 per cent in 2017 and 60 per cent in 2022.

Employees on special terms. We have a long-standing tradition for being a socially responsible workplace. Grundfos' objective is for a minimum of 3 per cent of our workforce to be employed on special terms. This includes employees with reduced capacity for work and long-term unemployed people. During the past four years, this number has been approx. 4 per cent.

Community
We will make a positive impact in our surrounding communities and establish local partnerships.

We want to make a positive difference – also in the communities where we manufacture and sell our products. Therefore, it is a tradition that local companies get involved in partnerships with, for example, local schools and training programmes regarding water, for instance. This area receives high priority in local communities, mainly based on our value to show consideration for our business partners and acknowledge local awareness of where the need is the greatest.

Water2Life is the name of an employee programme launched in 2010. In Kenya, some 10,000 people have gained access to clean water through Grundfos LIFELINK water systems for which the employees have made donations. In addition to employee contributions, Grundfos pays half of each system, and the project is run in collaboration with the Red Cross, which is in charge of hygiene and sanitation training in the villages.

Responsible business conduct
We will ensure that we live up to all applicable laws, rules, regulations and voluntary commitments, e.g. through our work with Grundfos Code of Conduct.

Code of Conduct. The work involved in good business ethics concentrates on our "Code of Conduct", which focuses on subjects such as bribery, conflicts of interest, entertainment and gifts, fair competition, human rights, employee rights, environment, political contributions, acceptable accounting and confidentiality.
2011 saw the preparation of a Code of Conduct handbook. The handbook has been created on the basis of internal analyses, workshops and discussions and includes international expectations and new trends within the area. The handbook will be published in 2012 and subsequently rolled out in the entire Group.

Purchasing. The Supplier Code of Conduct is a supplement to our Code of Conduct. The Supplier Code of Conduct is used to communicate our expectations to our suppliers as regards sustainability and is, among other things, based on the principles of the UN Global Compact.

In 2010, we also decided to perform special CSR audits as a supplement to the other audits that are completed. In 2011, eight CSR audits were performed as against two CSR audits in 2010.

Results and reporting
For 2011, we have decided to change the reporting format – this can be most clearly seen from the fact that the sustainability report has been omitted. We would like to create an even clearer connection between our visions and results on the sustainability agenda. We do that by making stricter requirements to our data – both in relation to relevance and integration between various systems and procedures.

In the coming years, the annual report will contain more key figures that focus on measuring the environmental and social bottom line too.

International guidelines and obligations
Since 2002, we have been supporting the *UN Global Compact* – the world's most comprehensive initiative for companies' social responsibility. The purpose of the Global Compact is to involve private companies in solving some of the major social and environmental challenges that follow on from globalisation. We support and engage in concrete activities regarding the implementation of the 10 principles within the areas of human rights, employee rights, environment and anti-corruption.

In addition, Grundfos supports *Caring for Climate* – a voluntary supplement to those members of the Global Compact who wish to take a lead in the effort against climate change. Focus is on promoting concrete solutions to reduce the emission of greenhouse gases while at the same time influencing the political agenda. In 2011, we also joined the *UN Global Compact CEO Water Mandate*. As a company, we are responsible for contributing to solve the global water challenge in collaboration with governments, UN organisations, NGOs and other interested parties.

Read more about our sustainability strategy and CO_2 reductions in the "Grundfos Annual Statement". If you require further data, please read more at www.grundfos.com/about us. Here, you will find information about our social and environmental indicators, for example regarding waste, work accident prevention, training hours, gender distribution among employees and employee appraisal interviews.

The Poul Due Jensen Foundation (the Grundfos Foundation)

The Poul Due Jensen Foundation is a commercial foundation. In addition, the Foundation makes donations to non-profit purposes every year.

POUL DUE JENSEN'S FOND
GRUNDFOS-FONDEN

As the principal shareholder of Grundfos, The Poul Due Jensen Foundation is a commercial foundation, and its main purpose is to ensure a healthy development within the Group by investing in research, development and growth. The charter of the Foundation states that it is to ensure and expand the financial platform for the continued existence and development, on a healthy commercial and economic basis of the company that factory owner Poul Due Jensen set up (Grundfos companies in a number of countries).

Yet, the Foundation also wishes to support non-profit purposes via donations. In 2011, The Poul Due Jensen Foundation continued its collaboration with selected partners via its donations; new partners have been added to the list of beneficiaries and help draw attention to the Foundation's profile.

Over the last couple of years, the premises for granting donations according to the charter of the Foundation have been divided into four categories – natural science, innovation and design, sustainability/environment and humanitarian efforts. In addition, there has been a tendency to concentrate on relatively fewer, yet bigger projects that may cover several of the Foundation's four premises.

Examples of this can be found in some of the bigger development projects. When, for example, DanChurchAid or the American organisation, Water Missions International (WMI) plan a project in East Africa, planning takes place in collaboration with the Foundation in order to employ a holistic approach.

The natural science element is considered through water technology and water purification, while innovation is taken into account via the lavatories and hygiene procedures that have been designed by Water Missions International. Environmental concern is expressed through agricultural activities and sustainable forestry, and the humanitarian effort is coordinated through a general focus on health and, most importantly, learning.

The term "community development" is often used to describe this holistic approach. The holistic approach has also turned out to be a good starting point for coordinating and creating synergy with other target areas within Grundfos, the most obvious one being the experience exchange concerning CSR – Corporate Social Responsibility. Within the technology area, projects supported by the Foundation have helped test and adapt new technologies, for example Grundfos LIFELINK.

Both internally in Grundfos and externally, focus is on the Foundation's activities, and this is reflected in one of the projects that receives support from The Poul Due Jensen Foundation, a Ph.D. project at Copenhagen Business School, which focuses on the cross field that exists between offering support to NGO activities and engaging in business development.

"Socio-economic companies" that undergo a development process from receiving economic support to being self-supporting are among the projects that are supported by the Foundation.

The Annual Accounts for The Poul Due Jensen Foundation

The Foundation's 2011 accounts, which, like the 2010 accounts, recognise share of profit and value of the shareholding in affiliated company by the equity method, show a profit of DKK 1.3bn as against DKK 1.6bn in 2010.

The Foundation's total assets amount to DKK 11.3bn as against DKK 10.6bn in 2010. The value of the shareholding in Grundfos Holding A/S, which directly or indirectly owns all other companies in the Group, amounts to DKK 10.3bn.

At year-end, the Foundation's equity amounts to DKK 10.9bn as against DKK 10.3bn at the end of 2010. At the end of 2011, the Foundation's liquid resources amount to DKK 1.1bn as against DKK 0.3bn at the end of 2010. This increase is mainly attributable to a dividend of DKK 770m received from Grundfos Holding A/S.

For 2012, the Foundation's profit after tax is expected to be at the same level as 2011 or slightly lower.

Board of the Foundation

Niels Due Jensen
Chairman

Ingelise Bogason
Vice Chairman

Lars Kolind
Member of the Board

Poul Due Jensen
Member of the Board

Jens Moberg
Member of the Board

Jens Maaløe
Member of the Board

Estrid Due Hesselholt
Member of the Board

Ingemarie Due Nielsen
Member of the Board

List of donations in 2011 (amounts in DKK 1,000)	
Aalborg University, Intercultural management in theory and practice	605
The Ecological Council, Debate project about agriculture	130
Fanny Posselt, water and learning initiatives	400
Niels Peter Rygaard, The global orphanage project (training project, orphanages)	200
DTU, support to sheet tribometer	273
Jutland village development in Nepal	1,200
Jette Kaae and Helge Pedersen, support for young men at the CODEP ITI school	550
Eventure Association, development project in Zambia	500
Risø, Technical University of Denmark, The Grundfos Prize 2011	750
Frederik C. Krebs, The Grundfos Prize 2011	250
Susanne Burlund/Stig E. Nielsen, drinking water for the M-Lisada orphanage, Uganda	500
Human House A/S, drinking water for the Kashani orphanage near Mombasa	300
Human House A/S, Shanzu project, centre for handicapped people near Mombasa	120
The Women's Museum's Inter-cultural Network for Women, Mentors and collaboration on advisory services	100
Egmont Højskolen (Danish Folk High School), Handicapped Japanese young people from the disaster area	50
Det sociale netværk, Ungekompasset og Rejseholdet (The Social Network, Youth Compass and Flying Squad)	483
Engineers without borders, water installation in Kenya	300
Danish Design Council (design award and travel grant)	100
National Council for the Unmarried Mother and Her Child, Denmark, Christmas donation	150
The Salvation Army, Denmark, Christmas donation	150
DANNER-Huset (Shelter and crisis centre), Christmas donation	150
The Olkiloriti Masai AID Association, support to water supply plant in the Masai community in Tanzania	300
CARE, Travelling Exhibition “100 places to remember before they disappear”	70
Projektet Flydende By (floating training centre), Copenhagen	131
Children's Welfare, digital communication	159
Water Missions International, development projects in Indonesia & Cambodia	1,500
Spejdernes lejr 2012, (scout camp, inclusion of maladjusted young people)	200
Total	**9,621**

Key figures for the Grundfos Group

Amounts in DKKm

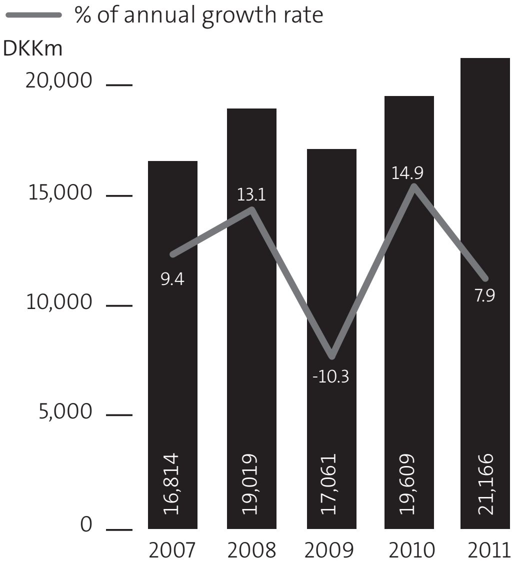
Profit and loss account	**2011**	**2010**	**2009**	**2008**	**2007**
Net turnover	21,166	19,609	17,061	19,019	16,814
Operating profit	2,035	2,212	960	1,333	1,610
Earnings before interest and tax (EBIT)	2,039	2,488	960	1,269	1,490
Cost of financials	(28)	(87)	(87)	(310)	(117)
Profit before tax	2,011	2,401	873	959	1,373
Consolidated profit after tax	1,421	1,778	576	569	860
Profit for the year (excluding minorities)	**1,250**	**1,576**	**502**	**479**	**736**
Balance sheet					
Assets					
Intangible fixed assets	1,256	1,138	1,171	1,237	1,300
Tangible fixed assets	6,074	5,873	6,046	6,198	5,655
Fixed asset investments	1,718	1,785	878	741	710
Current assets	10,379	10,627	9,625	9,498	9,055
Total assets	**19,427**	**19,423**	**17,720**	**17,674**	**16,720**
Liabilities					
Equity	10,949	10,288	8,400	7,574	7,305
Minority interests	1,340	1,341	1,140	1,098	1,055
Provisions	1,222	1,207	1,257	1,422	1,430
Long-term liabilities	906	1,732	2,515	2,038	1,669
Short-term liabilities	5,010	4,855	4,408	5,542	5,261
Total liabilities	**19,427**	**19,423**	**17,720**	**17,674**	**16,720**
Number of employees at year-end	17,481	16,609	15,799	17,901	16,457
Capital investments, tangible	1,202	624	855	1,464	1,459
Capital investments, intangible	313	257	171	160	348
Total capital investments	1,515	881	1,026	1,624	1,807
Research and development costs, incl. capitalised	1,224	1,018	931	986	801
Interest-bearing net accounts receivable/(liabilities)	2,759	2,217	(62)	(2,155)	(1,436)
Profit before tax as a percentage of net turnover	9.5 %	12.2 %	5.1 %	5.0 %	8.2 %
Return on equity	11.9 %	16.8 %	6.3 %	6.7 %	10.6 %
Equity ratio	63.3 %	59.9 %	53.8 %	49.1 %	50.0 %

Definition of key figures:

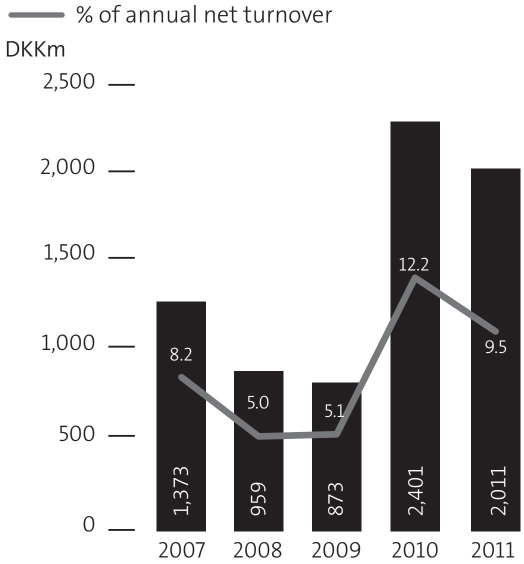
Return on equity: Consolidated profit as a percentage of the average equity inclusive of minority interests.

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

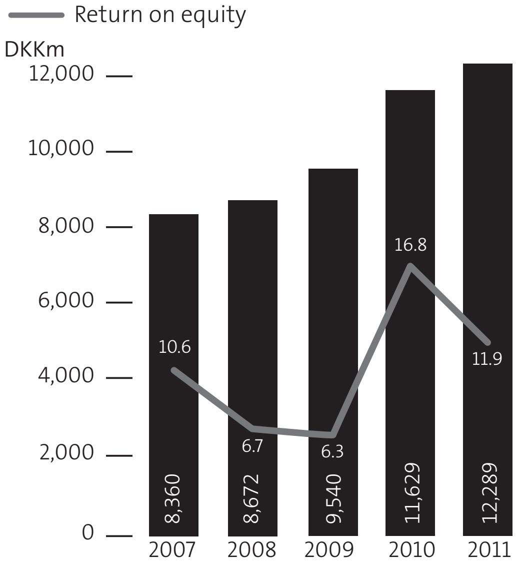
NET TURNOVER



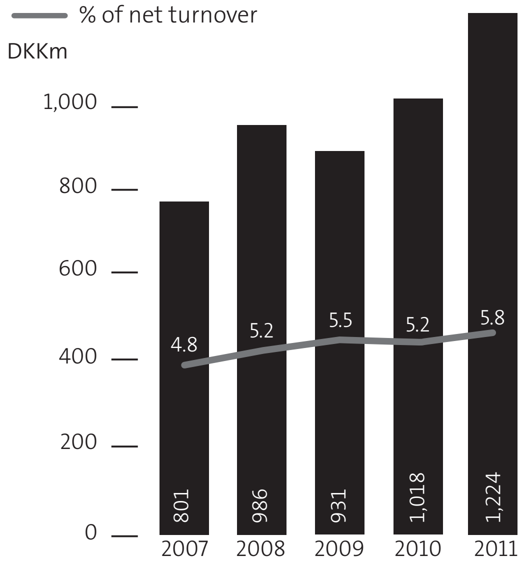
PROFIT BEFORE TAX



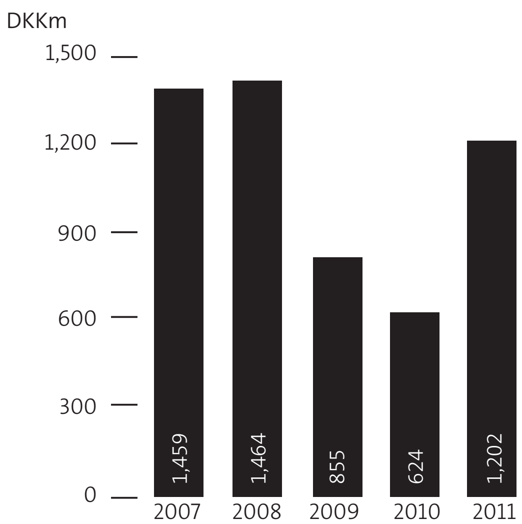
EQUITY AND MINORITY INTERESTS



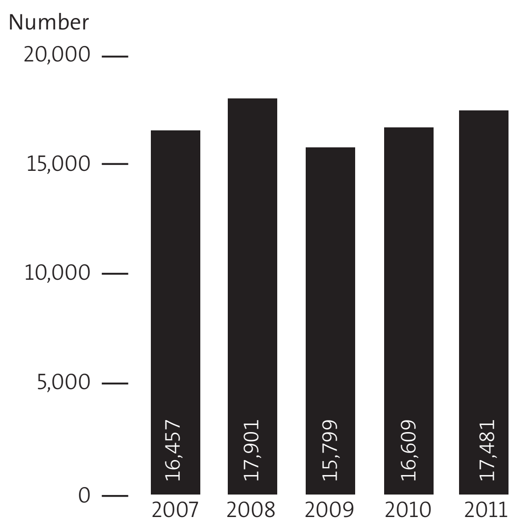
R&D COSTS



CAPITAL INVESTMENTS, TANGIBLE



NUMBER OF EMPLOYEES AT YEAR-END



Management statement

On today's date, the Board of Directors has reviewed and approved the 2011 Annual Report covering the financial year 1 January – 31 December 2011 for The Poul Due Jensen Foundation.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the Group's and Parent Foundation's assets, liabilities and financial position as at 31 December 2011 and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2011.

It is also our opinon that the management report gives a true and fair view of the matters covered by the statement.

Bjerringbro, 7 March 2012

The Board of Directors of The Poul Due Jensen Foundation

Niels Due Jensen, Chairman

Jens Maaløe, Member of the Board

Ingelise Bogason, Vice Chairman

Lars Kolind, Member of the Board

Poul Due Jensen, Member of the Board

Estrid Due Hesselholt, Member of the Board

Jens Moberg, Member of the Board

Ingermarie Due Nielsen, Member of the Board

Independent auditor's report

To The Poul Due Jensen Foundation

Report on consolidated annual accounts and annual accounts

We have audited the consolidated annual accounts and annual accounts of The Poul Due Jensen Foundation for the financial year 1 January to 31 December 2011, which comprises the 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 consolidated annual accounts and annual accounts have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated annual accounts and annual accounts

Management is responsible for the preparation of consolidated annual accounts and annual accounts in accordance with the Danish Financial Statements Act. Management is also responsible for internal control deemed by management to be necessary in order to prepare consolidated accounts and annual accounts free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated annual accounts and annual accounts based on our audit. We have conducted our audit in accordance with international auditing standards and further requirements according to Danish auditing legislation. This requires us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated annual accounts and annual accounts are free from material misstatement.

An audit includes the completion of auditing procedures in order to obtain audit evidence for amounts and disclosures contained in the consolidated annual accounts and annual accounts. The auditing procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts and annual accounts, 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 consolidated annual accounts and annual accounts. The purpose is to design auditing procedures that are appropriate in the circumstances, but not expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies chosen by Management and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated annual accounts and annual accounts.

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 consolidated annual accounts and the annual accounts give a true and fair view of the Group's and Parent Foundation's assets, liabilities and financial position as at 31 December 2011 and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2011 in accordance with the Danish Financial Statements Act.

Statement on the management report

We have read the management report in accordance with the Danish Financial Statements Act. We have not undertaken any further action besides the audit of the consolidated annual accounts and annual accounts.

On this basis, in our opinion the information in the management report is compliant with the consolidated annual accounts and annual accounts.

Copenhagen, 7 March 2012

Deloitte
Statsautoriseret Revisionspartnerselskab

Anders Dons
State-authorised public accountant

Kirsten Aaskov Mikkelsen
State-authorised public accountant

Group Management





Heine Dalsgaard
Group Executive
Vice President

- FINANCE
  - Corporate Finance
  - Legal Affairs
  - Information Services

Lars Aagaard
Group Executive
Vice President

- OPERATIONS
  - Manufacturing & Supply Chain
  - Purchase
  - Quality & Environment
  - Properties

Carsten Bjerg
Group President & CEO

- GROUP PRESIDENT
  - People & Strategy
  - Corporate Social Responsibility
  - Corporate Communication
  - China
  - Emerging markets
  - Separation Brands (DWT Group, Biral)

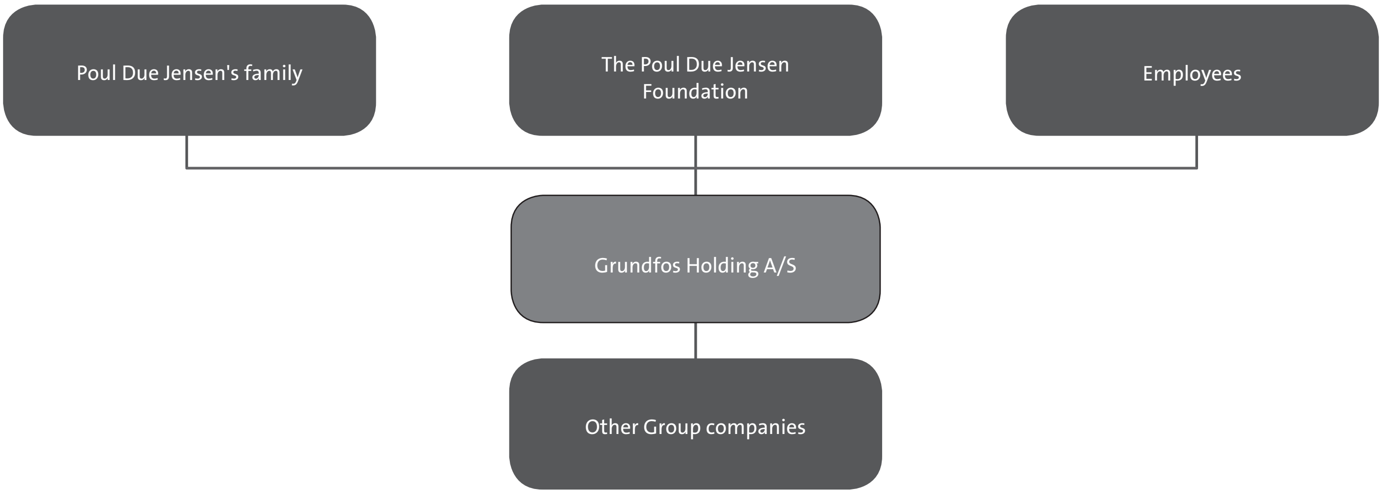
Søren Ø. Sørensen
Group Executive
Vice President

- SALES & MARKETING
  - Group Sales
  - Western European Region
  - Central European Region
  - Asian-Pacific Region
  - North American Region

Peter Røpke
Group Executive
Vice President

- BUSINESS DEVELOPMENT
  - Building Services
  - Industry
  - Water Utility
  - HVAC OEM
  - Development & Engineering
  - Research & Technology
  - New Business

Group structure



Group Board of Directors

Lars Kolind	**Jens Moberg**	**Niels Due Jensen**	**Bo Risberg**	**Ingelise Bogason**	**Jens Maaløe**
Group Chairman	Vice Chairman	Member of the Board	Member of the Board	Member of the Board	Member of the Board

Accounting policies

The Grundfos Group

The annual accounts and the consolidated annual accounts are presented in accordance with the provisions of the Danish Financial Statements Act for large C class companies.

The accounting policies for the annual accounts and the consolidated annual accounts remain unchanged in comparison with last year.

During 2011, adjustments have been made re previous years, as certain employee obligations have not been recognised in the balance sheets in previous accounting years. The effect of these adjustments after tax are recognised directly in the equity and minority interests, opening 2011. Comparatives and five-year overview have been adjusted too. Total adjustments amount to DKK 173m before tax and DKK 132m after tax and have been handled in accordance with the provisions for so-called "fundamental errors in previous accounting years".

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 accounts are 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 it is realised, including value adjustment 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 policies
The consolidated annual accounts comprise The Poul Due Jensen Foundation (Parent Company) and the companies (subsidiaries), where the Parent Company directly or indirectly owns more than 50 per cent of the voting shares or in another way has a dominant participation. Companies in which the Group owns between 20 and 50 per cent of the voting shares and has a dominant position are considered affiliated companies.

The consolidated annual accounts are 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.

When subsidiaries are sold, they cease to be recognised in the profit and loss account at the time of transfer, and earnings or losses at the time of sale are recognised in the profit and loss account. Earnings or losses are specified as the difference between the sale total and the accounting value of the net assets sold, including non-depreciated goodwill and estimated costs of sale or phasing out.

Minority interests
The items of subsidiaries are fully recognised in the consolidated annual accounts. 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 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.

Profit and loss account

Net turnover
Net turnover is recognised in the profit and loss account, provided that delivery and the passing of risk to the buyer have taken place before the end of the year, and provided that the income can be reliably calculated and is expected. Net turnover is measured exclusive of VAT, duties, returns and discounts that are directly connected with the sale.

Current projects on external accounts are entered under net turnover subject to the percentage-of-completion method so that the net turnover corresponds to the sales value of the work carried out in the financial year.

Production costs
Production costs comprise payroll costs, cost of sales as well as indirect costs, including salaries, amortisation, depreciation and write-downs which are incurred in order to realise the net turnover for the year.

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

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 of the development of new products are recognised in the profit and loss account, unless the criteria for entry in the balance sheet are met for the individual development project.

Sales and distribution costs
Sales and distribution costs include costs relating to the sale and

distribution of the Group's products, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

Administrative costs
Administrative costs comprise costs of the administrative functions, staff, management, etc., including salaries and depreciation.

Staff costs
Staff costs include the Group's total costs of wages, salaries, pensions and other social insurance costs. Staff costs also include costs in accordance with the Group's employee share programme, including the regulation of provisions for coverage of the Foundation's obligation to buy back shares from employees.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant employees. Costs relating to the employee share programme are distributed across functions in relation to the distribution of other staff costs.

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 income
Other operating income includes income of a secondary nature in relation to the Group's primary activities, including premiums from the sale of companies.

Share of profit, affiliated companies
The Group's share of profits after tax in affiliated 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).

Tax at source regarding repatriation of dividend from foreign subsidiaries is charged as expenditure in the year in which the dividend is generated.

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

Balance sheet

Intangible fixed assets

Development projects
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 development 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.

Cost includes wages, salaries, services and amortisation that are directly and indirectly attributable to the company's development activities.

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 five to ten years.

In case of development projects that are considered to have great sales potential and where the anticipated economic life of the developed products and technologies so warrant, the amortisation period will normally exceed five years.

Group goodwill
Group goodwill is recognised at first recognition in the balance sheet at cost as described under consolidation policies.

Group goodwill is amortised according to the straight-line method over the anticipated economic life. The amortisation period for Group goodwill is up to 20 years.

In case of strategic acquisitions, and where the economic life so warrants, the amortisation period exceeds five years.

Other intangible fixed assets
Other intangible fixed assets are measured at cost less accumulated depreciation and write-downs.

Amortisation on other intangible fixed assets is made according to the straight-line method over the anticipated economic life of the asset, which – based on individual assessments – is up to five years.

Tangible fixed assets
Land and buildings are measured at cost less accumulated depreciation and write-downs. 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 recorded at initial 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

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

Writing down of intangible and tangible fixed assets
The accounting value of intangible and tangible fixed assets are reviewed in general to determine whether there is any indication of impairment in addition to that expressed by writing down.

If this is the case, the recoverable amount of the asset is determined, and writing down is performed to the recoverable amount provided that it is lower than the accountable amount.

The recoverable amount of the asset is determined as the value of the net sales price and the capital price, whichever is the higher.

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, as the intention is to keep them until maturity.

Listed shares are measured at market value. Non-listed shares are measured at the estimated market value, unless it is not possible to reliably determine such a value.

Inventories
Inventories are measured at cost in accordance with the FIFO principle or net realisable value, whichever is lower.

The cost of goods for resale, raw materials and consumables includes the purchase price with the addition of delivery costs. The cost of manufactured goods and work in progress includes expenses for raw materials, consumables and direct wages as well as indirect production costs.

Indirect production costs include a proportion of the capacity costs incurred which have led to the current position and condition of goods in progress and manufactured goods. The indirect production costs calculated include costs of operation, maintenance and depreciation relating to production facilities, as well as administration and factory management.

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

Accounts receivable
Accounts receivable are measured at amortised cost less writing

down 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.

Prepayments and deferred income recognised under assets include costs incurred relating to the following accounting year. Prepayments and deferred income are measured at cost.

Securities (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.

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.

Provisions

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

Buy-back obligation relating to employee shares
Provisions are made to cover the obligation that rests with the Group regarding 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.

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.

Benefit schemes, organised in independent pension funds are characterised by the employees being 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 2 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 accounts, 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
These provisions include other obligations, including anniversary lump sums, legal disputes, unhedged insurance risks, etc.

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 liabilities relating to investments in affiliated companies are not calculated.

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.

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

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

Other liabilities, including trade creditors, other debts etc. are measured at amortised cost.

Prepayments and deferred income recognised under liabilities include income received relating to the following accounting year. Prepayments and deferred income are measured at 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.

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.

Profit and loss account

1 January - 31 December 2011
Amounts in DKKm

	Note	2011	2010
Net turnover	1	21,166	19,609
Production costs	2, 3	(12,880)	(11,699)
Gross profit		**8,286**	**7,910**
Research and development costs	2, 3	(1,087)	(997)
Sales and distribution costs	2, 3	(3,342)	(2,948)
Administrative costs	2, 3	(1,771)	(1,603)
Amortisation of Group goodwill		(51)	(150)
Operating profit		**2,035**	**2,212**
Other operating income		0	276
Share of profit, affiliated companies		4	0
Income from fixed asset investments		41	41
Financial income	4	99	136
Financial costs	5	(168)	(264)
Profit before tax		**2,011**	**2,401**
Tax on profit for the year	6	(590)	(623)
Consolidated profit after tax		**1,421**	**1,778**
Minority shareholders’ share of profits in subsidiaries		(171)	(202)
Profit for the year		**1,250**	**1,576**

Balance sheet

As at 31 December 2011
Amounts in DKKm

■ Assets

	Note	2011	2010
Fixed assets			
Intangible fixed assets			
Completed development projects		259	274
Group goodwill		478	529
Other intangible fixed assets		185	153
Development projects in progress		334	182
	7	**1,256**	**1,138**
Tangible fixed assets			
Land and buildings		2,936	2,840
Technical installations and machinery		2,044	2,259
Other technical installations		302	327
Tangible fixed assets in progress		792	447
	8	**6,074**	**5,873**
Fixed asset investments			
Investments in associated companies		6	0
Securities		1,299	1,389
Deferred tax assets	9	171	164
Other accounts receivable		242	232
	10	**1,718**	**1,785**
Total fixed assets		**9,048**	**8,796**
Current assets			
Inventories	11	**3,143**	**2,833**
Accounts receivable			
Accounts receivable from sales		3,756	3,580
Other accounts receivable		808	1,104
Prepayments and accrued income		159	136
		4,723	**4,820**
Securities		**578**	**595**
Cash at bank and in hand		**1,935**	**2,379**
Total current assets		**10,379**	**10,627**
Total assets		**19,427**	**19,423**

Amounts in DKKm

■ Liabilities

	Note	2011	2010
Equity			
Registered capital		505	505
Retained profit		10,444	9,783
		10,949	**10,288**
Minority interests (mainly the founder's family)	12	**1,340**	**1,341**
Provisions			
Liabilities under guarantee	13	171	161
Buy-back obligation relating to employee shares	13	358	305
Pension liabilities	13	317	311
Other provisions	13	298	312
Deferred tax liabilities	9	78	118
		1,222	**1,207**
Long-term liabilities			
Mortgage debt		83	729
Bank loans		784	940
Other monetary creditors		36	59
Corporation tax		3	4
	14	**906**	**1,732**
Short-term liabilities			
Short-term element of long-term liabilities		108	317
Bank overdrafts and loans		42	101
Trade creditors		2,246	2,067
Corporation tax		114	163
Other liabilities		2,378	2,070
Prepayments and accrued income		122	137
		5,010	**4,855**
Total liabilities		**19,427**	**19,423**

Financial instruments	15
Auditors' remuneration	16
Related parties	17
Securities, contingent liabilities, etc.	18
Financial risks	23

Statement of changes in equity

1 January - 31 December 2011
Amounts in DKKm

	Registered capital	Retained profit	Total equity
Equity 01.01.2010	**505**	**8,012**	**8,517**
Revision, opening, cf. accounting policies		(117)	(117)
Revised equity 01.01.2010	**505**	**7,895**	**8,400**
Profit for the year		1,576	1,576
Exchange rate adjustments, subsidiary companies, etc.		262	262
Changes in minority interests		21	21
Dividend paid		(3)	(3)
Reversed value of hedging instruments, opening		(366)	(366)
Reversed tax on equity items, opening		90	90
Recognised value of hedging instruments, closing		403	403
Recognised tax on equity items, closing		(95)	(95)
Equity 31.12.2010	**505**	**9,783**	**10,288**
Profit for the year		1,250	1,250
Exchange rate adjustments, subsidiary companies, etc.		(144)	(144)
Changes in minority interests		(21)	(21)
Dividend paid		(18)	(18)
Reversed value of hedging instruments, opening		(403)	(403)
Reversed tax on equity items, opening		95	95
Recognised value of hedging instruments, closing		(122)	(122)
Recognised tax on equity items, closing		24	24
Equity 31.12.2011	**505**	**10,444**	**10,949**

Cash flow statement

1 January - 31 December 2011
Amounts in DKKm

	Note	2011	2010
Consolidated profit after tax		1,421	1,778
Adjustments	19	1,732	1,602
Changes in working capital	20	(299)	337
Cash flow from operating activities before financials		2,854	3,717
Income from fixed asset investments		41	41
Financial income		99	105
Financial costs		(136)	(264)
Cash flow from ordinary activities		2,858	3,599
Corporation tax paid		(654)	(631)
Cash flow from operating activities		**2,204**	**2,968**
Sale of companies		0	152
Investment in tangible fixed assets		(1,202)	(624)
Disposal of tangible fixed assets		35	56
Investment in intangible fixed assets		(313)	(254)
Purchase and sale of securities		70	(700)
Cash flow from investment activities		**(1,410)**	**(1,370)**
Net cash flow from operating and investment activities		**794**	**1,598**
Repayment of long-term liabilities		(838)	(861)
Repayment of short-term liabilities		(268)	(534)
Distribution of dividend		(134)	(29)
Cash flow from financing activities		**(1,240)**	**(1,424)**
Change in liquid funds		**(446)**	**174**
Available funds, opening	21	2,381	2,205
Available funds, closing	22	**1,935**	**2,379**

Notes to the accounts

As at 31 December 2011
Amounts in DKKm

NOTE 1

Net turnover	2011	2010
Europe	13,078	12,202
North and South America	2,621	2,425
Asia	4,390	3,884
The Middle East/Africa	1,077	1,098
Net turnover	**21,166**	**19,609**

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	2011	2010
Total Group payments to employees and Board of Directors	4,741	4,408
Pensions	359	328
Social contributions	553	526
	5,653	**5,262**
Staff costs are recognised as follows: Production costs	2,640	2,489
Research and development costs	556	499
Sales and distribution costs	1,601	1,468
Administrative costs	856	806
	5,653	**5,262**
The staff costs of the year include fees to members of the Board of the Foundation for directorships in the Foundation and other Group units totalling	7	6
Average number of full-time employees	**17,095**	**16,178**
Number of employees, closing	**17,481**	**16,609**

Amounts in DKKm

NOTE 3

Depreciation, amortisation and write-downs	2011	2010
Intangible fixed assets	192	316
Tangible fixed assets	891	935
	1,083	**1,251**
Recognised in the profit and loss account under the following items: Production costs	722	744
Research and development costs	161	202
Sales and distribution costs	77	75
Administrative costs	72	80
Group goodwill	51	150
	1,083	**1,251**

NOTE 4

Financial income	2011	2010
Price adjustment, etc. from shares	0	49
Price adjustment, etc. from bonds	0	5
Interest income from bonds	13	11
Other financial income	86	71
	99	**136**

NOTE 5

Financial costs	2011	2010
Price adjustment, etc. from shares	22	0
Price adjustment, etc. from bonds	9	0
Other financial costs	137	264
	168	**264**

Amounts in DKKm

NOTE 6

Tax on profit for the year	2011	2010
Current tax	505	662
Deferred tax	93	(21)
Adjustment re previous years	(8)	(18)
Tax on profit for the year	**590**	**623**
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	(2 %)	(2 %)
Non-taxable income and non-deductible expenses	1 %	(2 %)
Non-deductible write-downs on goodwill	1 %	1 %
Non-refundable tax at source	2 %	2 %
Other, including adjustments re previous years	1 %	2 %
Non-recognised tax losses	1 %	0 %
Rate of taxation for the year	**29 %**	**26 %**

Amounts in DKKm

NOTE 7 Intangible fixed assets	Completed development projects	Group goodwill	Other intangible fixed assets	Development projects in progress	Total
Cost					
Cost 01.01.2011	581	976	303	182	2,042
Exchange rate adjustments			2		2
Additions of the year	71		93	223	387
Disposals of the year	(98)		(7)	(71)	(176)
Cost 31.12.2011	**554**	**976**	**391**	**334**	**2,255**
Acc. amortisation/wr-downs of the year					
Acc. amortisation/wr-downs 01.01.2011	307	447	150	0	904
Exchange rate adjustments			2		2
Amortisation of the year	86	51	55		192
Amortisation and write-downs on disposals of the year	(98)		(1)		(99)
Acc. amottisation/wr-downs 31.12.2011	**295**	**498**	**206**	**0**	**999**
Accounting value 31.12.2011	**259**	**478**	**185**	**334**	**1,256**
Accounting value 31.12.2010	**274**	**529**	**153**	**182**	**1,138**

Amounts in DKKm

NOTE 8 Tangible fixed assets	Land and buildings	Technical installa-tions and machinery	Other technical installa-tions	Tangible fixed assets in progress	Total
Cost					
Cost 01.01.2011	4,489	7,981	1,360	447	14,277
Exchange rate adjustments	22	73	4	(8)	91
Additions of the year	293	444	113	692	1,542
Disposals of the year	(9)	(177)	(105)	(339)	(630)
Cost 31.12.2011	**4,795**	**8,321**	**1,372**	**792**	**15,280**
Acc. depr./write-downs of the year					
Acc. depr./write-downs 01.01.2011	1,649	5,722	1,033	0	8,404
Exchange rate adjustments	53	109	5		167
Depreciation of the year	162	598	131		891
Depreciation and write-downs on disposals of the year	(5)	(152)	(99)		(256)
Acc. depreciation/write-downs 31.12.2011	**1,859**	**6,277**	**1,070**	**0**	**9,206**
Accounting value 31.12.2011	**2,936**	**2,044**	**302**	**792**	**6,074**
Accounting value 31.12.2010	**2,840**	**2,259**	**327**	**447**	**5,873**

Accounting value of financially leased facilities as at 31.12.2011 amount to DKK 17m (2010: DKK 34m).

Amounts in DKKm

NOTE 9

Deferred tax assets/deferred tax liabilities	2011	2010
Deferred tax broken down:		
Fixed assets	(238)	(229)
Current assets	270	211
Provisions	(38)	38
Liabilities	80	41
Deficit	11	6
Other	8	(21)
	93	**46**
The above has been recognised in the balance sheet as:		
Deferred tax assets	171	164
Deferred tax liabilities	(78)	(118)
	93	**46**

NOTE 10

Fixed asset investments	Investments in affiliated companies	Securities	Deferred tax assets	Other accounts receiv-able	Total
Cost					
Cost 01.01.2011	18	1,367	164	240	1,789
Exchange rate adjustments			1	2	3
Additions of the year	2	21	35	19	77
Disposals of the year		(92)	(29)	(10)	(131)
Cost 31.12.2011	**20**	**1,296**	**171**	**251**	**1,738**
Acc. depr./write-downs of the year					
Acc. depr./write-downs 01.01.2011	18	(22)	0	8	4
Exchange rate adjustments				(1)	(1)
Revaluations of the year	(4)				(4)
Write-downs of the year		19		2	21
Acc. depr./write-downs 31.12.2011	**14**	**(3)**	**0**	**9**	**20**
Accounting value 31.12.2011	**6**	**1,299**	**171**	**242**	**1,718**
Accounting value 31.12.2010	**0**	**1,389**	**164**	**232**	**1,785**

The market value of securities as at 31.12.2011 amounts to DKK 1,331m (2010: DKK 1,354m).

Amounts in DKKm

NOTE 11

Inventories	2011	2010
Raw materials and consumables	1,744	1,481
Work in progress	388	455
Manufactured goods and goods for resale	1,011	897
Inventories	**3,143**	**2,833**

NOTE 12

Minority interests (mainly the founder's family)	2011	2010
01.01	**1,341**	**1,155**
Revision, opening, cf. accounting policies	0	(15)
Revised balance 01.01	**1,341**	**1,140**
Changes to minority	14	(19)
Price adjustment	(18)	41
Profit for the year	171	202
Financial instruments	(51)	4
Dividend paid	(117)	(27)
31.12	**1,340**	**1,341**

NOTE 13

Provisions	Liabilities under guarantee	Buy-back obligation relating to employee shares	Pension liabilities	Other obligations
01.01.2011	**161**	**305**	**270**	**202**
Revision, opening, cf. accounting policies	0	0	41	110
Revised balance 01.01.2011	**161**	**305**	**311**	**312**
Exchange rate adjustments	(3)	0	1	3
Provisions spent during the year	(15)	(54)	(17)	(11)
Provisions reversed	(20)	(31)	(24)	(49)
Provisions of the year	48	138	46	43
31.12.2011	**171**	**358**	**317**	**298**

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

Amounts in DKKm

NOTE 13 **Provisions – continued**

Buy-back obligation relating to employee shares
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:

	2011	2010
Released	151	117
2011	0	74
2013	131	114
2017	76	0
	358	**305**

The buy-back obligation calculated at market value amounts to DKK 530m (2010: DKK 213m).

Pension liabilities
Not calculated actuarial losses in connection with pension liabilities amount to DKK 216m (2010: DKK 162m).

NOTE 14

Long-term liabilities	2011	2010
Debt falling due after more than one year but less than five years: Mortgage debt	75	77
Bank loans	784	940
Other monetary creditors	9	33
Corporation tax	3	4
	871	**1,054**
Debt falling due after more than five years: Mortgage debt	8	652
Other monetary creditors	27	26
	35	**678**
Long-term liabilities	**906**	**1,732**

Distribution of currencies and interest as at 31.12.2011:

Currency	2011	Average interest rate
EUR	97	4.9 %
DKK	629	3.6 %
CNY	123	5.0 %
GBP	37	5.9 %
Other	20	2.3 %
Total	**906**	

Amounts in DKKm

NOTE 15 **Financial instruments**

For hedging purposes, the Group has entered into the following financial contracts, which on the balance sheet date can be broken down into the following principal items:

	Volume 2011	Deferred entering in the profit and loss account before tax 2011	Volume 2010	Deferred entering in the profit and loss account before tax 2010
Currency contracts EUR	955	(31)	973	0
Currency contracts USD	1,752	(115)	1,252	6
Currency contracts GBP	373	(22)	286	3
Currency contracts AUD	210	1	226	(25)
Currency contracts, other	90	(9)	84	(5)
Interest rate swaps	243	(23)	327	(19)
Raw material contracts (millions of kg)	13	63	17	492
Electricity contracts (MWh)	86	(2)	176	2
Total		**(138)**		**454**

NOTE 16

Auditors' remuneration	2011	2010
Fee to Deloitte for statutory auditing	14	14
Fee to Deloitte for tax advisory services	9	10
Fee to Deloitte for other services	5	6
Auditors' remuneration	**28**	**30**

NOTE 17 **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.

Amounts in DKKm

NOTE 18

Securities, contingent liabilities, etc.	2011	2010
The Group has mortgaged property at a book value of DKK 16m and machinery and equipment at a book value of DKK 8m, a total of DKK 24m as security for loans, which, on the balance sheet date, show outstanding debts of DKK 72m.		
Operational leasing contracts and lease obligations for the coming years amount to	537	486

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 19

Adjustments	2011	2010
Depreciation	1,083	1,251
Liabilities under guarantee and other provisions	35	(82)
Other operating income	0	(276)
Share of profit, associated companies	4	0
Income from other securities and investments, which are fixed assets	(41)	(41)
Unrealised exchange rate adjustments on securities	31	(32)
Financial costs	137	264
Financial income	(99)	(105)
Tax on profit for the year	590	623
Adjustments	**1,732**	**1,602**

NOTE 20

Changes in working capital	2011	2010
Changes in inventories	(310)	(210)
Changes in accounts receivable	(208)	(460)
Changes in suppliers, etc.	312	879
Unrealised exchange rate adjustments	(93)	128
Changes in working capital	**(299)**	**337**

Amounts in DKKm

NOTE 21

Available funds 01.01.2011	2011	2010
Cash at bank and in hand	2,379	2,137
Unrealised exchange rate adjustments	2	68
Available funds 01.01.2011	**2,381**	**2,205**

NOTE 22

Available funds 31.12.2011	2011	2010
Cash at bank and in hand	1,935	2,379
Available funds 31.12.2011	**1,935**	**2,379**

NOTE 23

Financial risks

As a result of the Grundfos Group's international activities, Group profit and equity are influenced by a number of financial risks. Foreign exchange risks in the operative companies are covered centrally, where interest and liquidity risks are also controlled, 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
Financial independence is a main concern of the Group, and the Group therefore always seeks to maintain an adequate cash reserve. In addition to unused borrowing facilities, this item may be calculated as follows:

	2011	2010
Cash at bank and in hand	1,935	2,379
Securities, current assets	578	595
Securities, fixed assets	1,299	1,389
	3,812	**4,363**
The securities portfolio consists of:		
Bonds	1,691	1,775
Shares	186	209
	1,877	**1,984**

Interest rate risk
The Group's interest rate risk is primarily related to bank deposits, bonds and loans. Bank deposits have a short investment horizon, while on the other hand the exposure of the bond portfolio, amounting to a total of DKK 1,691m (2010: DKK 1,775m) – when expressed by an increase of the interest rate by 1 percentage point – is approx. DKK 28m (2010: approx. DKK 53m). The Group's total borrowing was reduced by DKK 1,070m in 2011 (2010: DKK 1,278m). The Group's total borrowing consists of 86 per cent fixed-rate loans (2010: 74 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. Derivative financial instruments applied to reduce the interest rate risk totalled DKK 243m (2010: DKK 327m) on the balance sheet date.

Amounts in DKKm

NOTE 23 **Financial risks – continued**

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 2,733m (2010: DKK 1,733m) on the balance sheet date.

As at 31 December, the Group's loans are composed of the following currencies:	2011	2010
EUR	62 %	46 %
DKK	14 %	36 %
CNY	12 %	8 %
GBP	5 %	3 %
Others	7 %	7 %

The Group's policy is to secure the currency exchange rates for the most essential internal Group flow of goods. The most important currencies are the American Dollar, the British Pound Sterling, the Japanese Yen and the Hungarian Forint. At the end of 2011, currency contracts to reduce the foreign exchange risk in connection with the flow of goods amount to DKK 3,563m (2010: DKK 2,970m). Of this, a contract volume of DKK 182m has been recognised for hedging of balance sheet items as at the balance sheet date. (2010: DKK 149m).

Raw material risk
The Group's policy is to fix prices for the manufacturing companies' use of the most important industrial metals. At the end of 2011, raw material futures contracts to reduce the raw material risk amount to 13m kg (2010: 17m kg).

Credit risk
The maximum credit risk includes the balance sheet items regarding the Group's trade debtors, securities and bank receivables. 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.

Profit and loss account for The Poul Due Jensen Foundation

1 January - 31 December 2011
Amounts in DKKm

	Note	2011	2010
Administrative costs	1	(9)	(4)
Income from investments in subsidiaries		1,288	1,519
Premium from sale of shares		0	1
Provision for buy-back of employee shares		(25)	43
Financial income	2	9	3
Financial costs	3	(3)	(2)
Profit before tax		**1,260**	**1,560**
Tax on profit for the year	4	0	23
Profit for the year		**1,260**	**1,583**
Proposal for distribution of the profit for the year:			
Distribution		10	7
Brought forward to revaluation reserve by the equity method		1,288	1,519
Retained profit		(38)	57
		1,260	**1,583**

Balance sheet for The Poul Due Jensen Foundation

As at 31.12.11
Amounts in DKKm

■ Assets

	Note	2011	2010
Fixed assets			
Fixed asset investments			
Investment in affiliated companies		10,260	10,331
Accounts receivable from affiliated companies		0	40
Total fixed assets	5	**10,260**	**10,371**
Current assets			
Accounts receivable			
Accounts receivable from affiliated companies		1,045	267
Other accounts receivable		4	2
		1,049	**269**
Cash at bank and in hand		**6**	**2**
Total current assets		**1,055**	**271**
Total assets		**11,315**	**10,642**

■ Liabilities

	Note	2011	2010
Equity			
Registered capital		505	505
Net revaluation by the equity method		9,443	9,514
Capital available		1,001	269
		10,949	**10,288**
Provisions			
Buy-back obligation relating to employee shares	6	358	305
		358	**305**
Long-term liabilities			
Liability to credit institution	7	0	40
		0	**40**
Short-term liabilities			
Short-term element of long-term liabilities		0	5
Other liabilities		8	4
		8	**9**
Total liabilities		**11,315**	**10,642**

Statement of changes in equity for The Poul Due Jensen Foundation

1 January - 31 December 2011
Amounts in DKKm

	Registered capital	Reserve equity method	Available capital	Total equity
Equity 01.01.2010	**505**	**7,925**	**87**	**8,517**
Revision, opening, cf. accounting policies		(117)		(117)
Revised equity 01.01.2010	**505**	**7,808**	**87**	**8,400**
Profit for the year		1,519	57	1,576
Dividend received		(125)	125	0
Exchange rate adjustments, subsidiary companies, etc.		262		262
Other adjustments		18		18
Reversed value of hedging instruments in subsidiaries, opening		(366)		(366)
Reversed tax on equity items, opening		90		90
Recognised value of hedging instruments in subsidiaries, closing		403		403
Recognised tax on equity items, closing		(95)		(95)
Equity 31.12.2010	**505**	**9,514**	**269**	**10,288**
Profit for the year		1,288	(38)	1,250
Dividend received		(770)	770	0
Exchange rate adjustments, subsidiary companies, etc.		(144)		(144)
Other adjustments		(39)		(39)
Reversed value of hedging instruments in subsidiaries, opening		(403)		(403)
Reversed tax on equity items, opening		95		95
Recognised value of hedging instruments in subsidiaries, closing		(122)		(122)
Recognised tax on equity items, closing		24		24
Equity 31.12.2011	**505**	**9,443**	**1,001**	**10,949**

Capital available is that part of the equity in the Foundation which can be paid out in accordance with the provisions on this in the charter of the Foundation.

Notes to the accounts of The Poul Due Jensen Foundation

As at 31 December 2011
Amounts in DKKm

NOTE 1

Administrative costs	2011	2010
Including: Directors' fees	3	1

NOTE 2

Financial income	2011	2010
Affiliated companies	9	3
Financial income	**9**	**3**

NOTE 3

Financial costs	2011	2010
Liability to credit institution	3	2
Financial costs	**3**	**2**

NOTE 4

Tax on profit for the year	2011	2010
Current tax	0	0
Deferred tax	0	0
Adjustment re previous years	0	23
Tax on profit for the year	**0**	**23**

Amounts in DKKm

NOTE 5 Fixed asset investments	Investment in affiliated companies	Accounts receivable from affiliated companies
Cost		
Cost 01.01.2011	720	40
Disposals		(40)
Cost 31.12.2011	**720**	**0**
Value adjustments		
Value adjustments 01.01.2011	9,728	0
Revision, opening, cf. accounting policies	(117)	
Revised value adjustments 01.01.2011	**9,611**	**0**
Profit for the year	1,288	
Dividend received	(770)	
Exchange rate adjustments	(144)	
Other adjustments	(445)	
Value adjustments 31.12.2011	**9,540**	**0**
Accounting value 31.12.2011	**10,260**	**0**
Accounting value 31.12.2010	**10,331**	**40**

The accounting value of investment in affiliated companies includes goodwill amounting to DKK 87m (2010: DKK 94m)

Please see page 50 for a list of subsidiaries.

Amounts in DKKm

NOTE 6

Provisions	Buy-back obligation, employee shares
01.01.2011	**305**
Provisions spent during the year	(54)
Provisions reversed	(31)
Provisions of the year	138
31.12.2011	**358**

Buy-back obligation relating to employee shares
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:

	2011	2010
Released	151	117
2011	0	74
2013	131	114
2017	76	0
	358	**305**

The buy-back obligation calculated at market value amounts to DKK 530m (2010: DKK 213m).

NOTE 7

Long-term liabilities	2011	2010
Amounts falling due after more than five years: Liability to credit institution	0	18

Group structure

Denmark
THE POUL DUE JENSEN FOUNDATION

Denmark
GRUNDFOS HOLDING A/S

OTHER GROUP COMPANIES

Argentina, Bombas Grundfos de Argentina S.A.
Australia, Alldos Oceania Pty. Ltd.
Austria, Grundfos Pumpen Vertrieb Ges.m.b.H.
Belgium, N.V. Grundfos Bellux S.A.
Bosnia-Herzegovina, Grundfos Bosnia-Herzegovina
Brazil, Bombas Grundfos do Brasil Ltda.
Bulgaria, Grundfos Bulgaria EOOD
Canada, Grundfos Canada Inc.
Canada, Peerless Pump Canada
Chile, Bombas Grundfos Chile Ltda.
China, Alldos Water Technology Co. Ltd.
China, DAB Pumps (Qingdao) Co. Ltd.
China, Grundfos Holding China
China, Grundfos Pumps (Hong Kong) Ltd.
China, Grundfos Pumps (Shanghai) Co. Ltd.
China, Grundfos Pumps (Suzhou) Co. Ltd.
China, Grundfos Pumps (Wuxi) Ltd.
China, Hong Kong, Austrian and Continental Engineers Ltd.
Croatia, Grundfos Croatia LLC
Czech Republic, Grundfos s.r.o.
Denmark, Grundfos A/S
Denmark, Grundfos BioBooster A/S
Denmark, Grundfos DK A/S
Denmark, Grundfos Finance A/S
Denmark, Grundfos LIFELINK A/S
Denmark, Grundfos Microrefinery A/S
Denmark, Grundfos New Business A/S
Denmark, Grundfos Sensor A/S
Denmark, Infarm A/S
Denmark, Sintex A/S
Egypt, Grundfos Holding Egypt
Egypt, Grundfos Sales Egypt
Egypt, Grundfos Service Egypt
Finland, OY Grundfos Environment Finland AB
Finland, OY Grundfos Pumput AB
France, Pompes Grundfos Distribution S.A.
France, Pompes Grundfos S.A.
Germany, Biral GmbH
Germany, DAB Pumpen Deutschland GmbH
Germany, Deutsche Vortex GmbH & Co. KG
Germany, Europump GmbH
Germany, Grundfos GmbH
Germany, Grundfos Pumpenfabrik GmbH
Germany, Grundfos Water Treatment GmbH
Germany, Hilge GmbH & Co. KG
Greece, Grundfos Hellas A.E.B.E.
Hungary, Grundfos Financial Services Kft.
Hungary, Grundfos Hungária Kft.
Hungary, Grundfos Hungary Manufacturing Ltd.
India, Grundfos Pumps India Private Ltd.
Indonesia, PT Grundfos Pompa
Ireland, Grundfos (Ireland) Ltd.
Italy, DAB Pumps S.p.A.
Italy, DWT Finance Srl.
Italy, Grundfos Pompe Italia S.r.l.
Italy, Grundfos Submersible Motors Srl.
Italy, Tesla Srl.
Italy, WACS System SRL
Japan, Grundfos Pumps K.K.
Kazakhstan, Grundfos Kazakhstan LLP
Kenya, Grundfos LIFELINK Ltd.
Korea, Chung Suk Co. Ltd.
Korea, Grundfos Pumps Korea Ltd.
Korea, Keum Jung Industrial Co. Ltd.
Latvia, Grundfos Pumps Latvia Ltd.
Malaysia, Grundfos Pumps SDN. BHD
Mexico, Bombas Grundfos de Mexico Manufacturing S.A. de C.V.
Mexico, Bombas Grundfos de Mexico S.A. de C.V.
Mexico, Grundfos Mexico Servicios S.A. de C.V.
Mexico, Peerless Pump Mexico S.A. de C.V.
Netherlands, Biral Pompen B.V.
Netherlands, DAB Pumps B.V.
Netherlands, Grundfos Distribution Service B.V.
Netherlands, Grundfos Nederland B.V.
Netherlands, Grundfos Waterdam B.V.
New Zealand, Grundfos Pumps NZ Ltd.
Norway, Grundfos Pumper A/S
Philippines, Grundfos Pumps (Philippines) Inc.
Poland, Grundfos Pompy Sp.Z.o.o.
Portugal, Bombas Grundfos (Portugal) S.A.
Romania, Grundfos Pompe Romania S.R.L.
Russia, Grundfos Istra LLC

Russia, OOO DAB Pumps
Russia, OOO Grundfos
Saudi Arabia, Grundfos Service Saudi Arabia
Serbia, Grundfos Serbia
Singapore, Grundfos (Singapore) Pte. Ltd.
Slovenia, Grundfos Slovenija
South Africa, Alldos (Pty) Ltd.
South Africa, DWT Pumps, Motors and Electronics Ltd.
South Africa, Grundfos Pty. Ltd.
Spain, Bombas Grundfos España S.A.U.
Spain, DAB Pumps Iberica S.L.
Sweden, Grundfos AB
Switzerland, Alldos International AG
Switzerland, Arnold AG
Switzerland, Biral AG
Switzerland, Grundfos Handels AG
Switzerland, Grundfos Holding AG
Switzerland, Grundfos Insurance Management AG
Switzerland, Grundfos Pumpen AG
Taiwan, Grundfos Handels AG, Taiwan Branch
Taiwan, Grundfos Pumps (Taiwan) Ltd.
Thailand, Grundfos (Thailand) Ltd.
Thailand, Grundfos Holding Co. Ltd.
Turkey, Grundfos Pompa Sanyi ve Ticaret Ltd. Sti.
Ukraine, TOV Grundfos Ukraine LLC
United Arab Emirates, Grundfos Gulf Distribution FZE WLL
United Kingdom, DAB Pumps Ltd.
United Kingdom, Grundfos Euro Pump Services Ltd.
United Kingdom, Grundfos Manufacturing Ltd.
United Kingdom, Grundfos Pumps Ltd.
United Kingdom, Watermill Products Ltd.
USA, Grundfos CBS Inc.
USA, Grundfos Pumps Corporation
USA, Grundfos Pumps Manufacturing Corporation
USA, Grundfos US Holding Corporation
USA, Peerless Pump Company
USA, Pumps America Inc.
USA, SFS Holding Inc.
USA, Sterling Fluid System LLC
USA, Yeomans Chicago Corporation
Vietnam, Grundfos Pump Vietnam

Ownership

The Poul Due Jensen Foundation, based in Bjerringbro, Denmark, is the parent company of the Grundfos Group. The Poul Due Jensen Foundation owns 86.6 per cent of the share capital in Grundfos Holding A/S, while the founder's family owns 11.3 per cent and the employees own 2.1 per cent.

Grundfos Holding A/S directly or indirectly owns the entire share capital in all subsidiaries, except for the following:

Grundfos Pumps Pty. Ltd., Australia – 70 per cent
Grundfos (Thailand) Ltd., Thailand – 93 per cent
Hilge GmbH & Co. KG, Germany – 94 per cent
Grundfos (Thailand) Ltd., Thailand – 51 per cent

Associated companies:
Bjerringbro Savværk Holding A/S, Denmark – 30 per cent

BE > THINK > INNOVATE >

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

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