

**Grundfos Holding A/S**  
**Poul Due Jensens Vej 7**  
**DK-8850 Bjerringbro**  
**CVR-no. 31 85 83 56**

**Annual Report 2015**  
**(eighth financial year)**

The Annual General Meeting adopted the annual report on 29 April 2016

**Chairman of the meeting**

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Andreas F. Brandt

## Contents

	<u>Page</u>
Company details	1
Management statement	2
Independent auditor's report	3
Key figures	5
Accounting policies	8
Profit and loss account for 2015	15
Balance sheet at 31.12.2015	16
Statement of changes in equity	18
Notes	19

## Company details

### Company

GRUNDFOS Holding A/S  
Poul Due Jensens Vej 7  
DK-8850 Bjerringbro, Denmark  
CVR no. 31 85 83 56  
Registered in the municipality of Viborg

Phone +45 87 50 14 00  
Internet [www.grundfos.com](http://www.grundfos.com)

### Board of Directors

Chairman Jens Moberg  
Vice-Chairman Bo Risberg  
Board member Niels Due Jensen  
Board member Ingelise Bogason  
Board member Jens Maaløe  
Board member Kitty Herholdt, elected by employees  
Board member Zsuzsanna Tóth, elected by employees  
Board member Randi Rasmussen, elected by employees

### Executive Board

Group President and CEO Mads Nipper  
Group Executive Vice President Lars Aagaard  
Group Executive Vice President Mikael Geday  
Group Executive Vice President Poul Due Jensen  
Group Executive Vice President Stephane Simonetta

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

## Management statement

The Board of Directors and the Executive Board have today reviewed and approved the annual report of Grundfos Holding A/S for the financial year 1 January to 31 December 2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts gives a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2015 and of its financial performance for the financial year 1 January to 31 December 2015.

We believe that the management report contains a fair review of the matters covered by the report.

We recommend the annual report for adoption at the Annual General Meeting.

Bjerringbro, 2 March 2016

## Executive Board

Mads Nipper

Lars Aagaard

Mikael Geday

Poul Due Jensen

Stephane Simonetta

## Board of Directors

Jens Moberg  
Chairman

Bo Risberg

Niels Due Jensen

Ingelise Bogason

Jens Maaløe

Kitty Herholdt

Zsuzsanna Tóth

Randi Rasmussen

## Independent auditor's report

### To the shareholders of Grundfos Holding A/S

#### Report on the annual accounts

We have audited the annual accounts of Grundfos Holding A/S for the financial year 1 January to 31 December 2015, which comprise the accounting policies, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the annual accounts

Management is responsible for the preparation of annual accounts that gives a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

#### Opinion

In our opinion, the annual accounts give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Statement on the management report**

Pursuant to the Danish Financial Statements Act, we have read the management report. We have not performed any further procedures in addition to the audit of the annual accounts.

On this basis, it is our opinion that the information provided in the management report is consistent with the annual accounts.

Copenhagen, 2 March 2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 96 35 56

Anders Dons  
State Authorised Public Accountant

Thorsten Jørgensen  
State Authorised Public Accountant

## Key figures

	<u>2015</u> DKK m	<u>2014</u> DKK m	<u>2013</u> DKK m	<u>2012</u> DKK m	<u>2011</u> DKK m
<b>Key figures and financial ratios</b>					
<b>Key figures</b>					
Net turnover	4,296	4,344	4,333	4,080	3,715
Operating profit	406	179	153	221	253
Income from investments in affiliated companies	1,592	559	611	905	291
Net financials	15	29	86	40	21
Profit before tax	2,013	767	849	1,166	566
Profit for the year	1,824	642	758	1,054	472
Equity	9,539	7,950	7,863	7,768	7,388
Balance sheet total	14,359	12,401	12,289	11,474	10,587
Investments in intangible assets	265	295	291	475	328
Investments in tangible fixed assets	39	49	95	45	53
Number of employees at year-end	1,405	1,446	1,562	1,551	1,394
<b>Financial ratios</b>					
Operating profit as a percentage of net turnover (%)	9.5	4.1	3.5	5.4	6.8
Return on equity (%)	20.9	8.1	9.7	13.9	6.2
Equity ratio (%)	66.4	64.1	64.0	67.7	69.8

### Definition of key figures

Operating profit as a percentage of net turnover (%)	=	$\frac{\text{Operating profit} \times 100}{\text{Net turnover}}$
Return on equity (%)	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

## Management report

### Primary activity

The Company's primary activities include long-term tasks in relation to the development of new and existing products for Group Production & Sales, and general tasks relating to coordination, planning and management as well as servicing of the Group's most important OEM (Original Equipment Manufacturer) customers. In addition, the Company acts as the parent company of subsidiaries in the Grundfos Group and in that capacity performs a number of overarching functions and services, including inter-company deposits and lending.

### Development in activities and finances

The result of primary operations amounts to DKK 406 million compared to DKK 179 million previous year, which is in line with expectations.

Profit before tax for the year amounts to DKK 2,013 million compared with DKK 767 million previous year. The increase in profit before tax is mainly due to lower capacity costs and higher dividend income from subsidiaries. The gross profit has shown a decrease of DKK 156 million.

Profit after tax for the year thus amounts to DKK 1,824 million compared with DKK 642 million the previous year.

The result is regarded as acceptable.

### Environment and corporate social responsibility

The Company's activities have no particular impact on the external environment. In connection with new product development, the Company focuses on product sustainability, primarily in relation to the use of materials and energy optimisation.

For further information about corporate social responsibility (CSR), see the Group Annual Report for the Poul Due Jensen Foundation, CVR no. 83 64 88 13.

### Particular risks

#### Financial risks

The general framework for management of the financial risks of the Company and the Group is determined by the Board of Directors and managed on a day-to-day basis by the Group's Finance Department. It is the Group's policy to identify and appropriately hedge all major financial risks.

#### Foreign exchange risks

Goods and services are primarily invoiced in euros, American dollars, British pounds and Japanese yen. The corresponding foreign exchange risks are hedged on an ongoing basis in accordance with budgets and expectations.



**Credit risks**

The credit risk relates to trade debtors and accounts receivable from affiliated companies. Trade debtors are closely monitored and the solvency of the customers assessed on a regular basis.

**Research and development activities and knowledge resources**

The research activities concentrate on identifying and developing materials, production processes and other technologies that minimise the environmental strain caused by the manufacture and use of the product, while at the same time ensuring the lowest possible total costs, including energy consumption, during the lifetime of the pump solutions offered.

Development activities focus on optimising and developing new trend-setting and sustainable products.

**Composition of management regarding gender**

The board of directors in Grundfos Holding A/S has 8 members, of which 3 have been elected by the employees. The remaining 5 members are composed of 4 men and 1 woman and no new members were elected in 2015. Thus women accounts for 20% and as such women are under-represented according to the target. The board intends to increase the female representation to 2 out of 5 members. The board has set a goal for achieving this by the end of 2017.

For all other management positions Grundfos Holding A/S has defined a diversity policy, in which the first priorities are to increase the number of non-Danes and women in management positions. Non-Danes in other management positions made up 10% in 2015. By the end of 2015 the status was 17% female leaders. The short term goal for the gender distribution is that in 2017, at least 25% of our leaders in general must be women. We have therefore planned to further integrate diversity into our recruiting process and leadership programmes, to facilitate having a more diverse workforce in Grundfos Holding A/S.

**Events after the balance sheet date**

No events have occurred after the balance sheet date which would influence the evaluation of the annual report.

**Outlook for 2016**

The Company anticipates a decrease in profit for the year due to expected lower income from subsidiaries. It is planned that the OEM business will be transferred to Grundfos Operations A/S during 2016 resulting in lower revenues and lower costs.

## Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act for large C class companies.

In pursuance of section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. Referring to section 96(3) of the Danish Financial Statements Act, the Company also does not disclose the fee paid to the auditors appointed by the general meeting.

In accordance with section 112 of the Danish Financial Statements Act, the Company has not prepared consolidated annual accounts. The Company is included in the consolidated annual accounts for the Poul Due Jensen Foundation, DK-8850 Bjerringbro. The consolidated annual accounts for the Poul Due Jensen Foundation are available to the public at the offices of the Danish Business Authority under CVR no. 83 64 88 13.

The annual report has been presented in accordance with the same accounting policies as last year.

### General information about recognition and measurement

Assets are recognised in the balance sheet when it is likely that future economic benefits accrue to the Company and 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.

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

Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to the financial year in question. Value adjustments of financial assets and liabilities are recognised in the profit and loss account as financial income or financial costs.

### Mergers

The merger method is applied in connection with inter-company mergers. The difference between the amount paid for the acquiree and the equity value of the acquiree is recognised directly in the equity of the acquirer at the beginning of the financial year in which the transaction takes place. Comparatives are restated as if the companies had merged prior to the year of comparison.

## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the exchange rate at the transaction date and the exchange rate at the payment date are recognised in the profit and loss account.

Accounts 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.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost, and subsequently 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 equity. When the hedged transactions are realised, the changes are recognised as part of the relevant items in the annual accounts.

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 includes all management, development and group services to companies in the Grundfos Group invoiced during the year as well as invoiced sale of products to OEM customers less returns and discounts directly associated with the sale.

## Accounting policies

### Research and development costs

Research and development costs are costs, that relate to the Company'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 recognised in the profit and loss account. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for entry in the balance sheet are met for the individual development project.

### Production costs

Production costs comprise costs relating to the Company's general production and logistics activities, including salaries and depreciation. The item also includes cost of sales relating to the OEM business.

### Sales and distribution costs

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

### Administrative costs

Administrative costs comprise costs for the administrative staff and Management, including salaries and depreciation.

### Staff costs

Staff costs include the Company's total costs of wages, salaries, pensions and other social insurance costs.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant staff.

### Other operating income

Other operating income includes income of a secondary nature in relation to the Company's primary activities.

### Income from investments in affiliated companies

Income from investments in affiliated companies comprises dividend received from subsidiaries, value adjustments, if applicable, and profit from the sale of investments.

## Accounting policies

### Financials

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

### Tax on profit for the year

The anticipated tax on the taxable income of the year is recognised in the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax.

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

Deferred tax is measured by the balance sheet liability method of all timing differences between the fiscal and financial value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with wholly owned Danish subsidiaries. The current Danish corporation tax is distributed among the jointly taxed Danish companies proportionally to their taxable income (full distribution with a refund concerning tax losses).

### Balance sheet

#### Development projects

Development projects on clearly defined and identifiable products, for which 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, are recognised as intangible assets. Other development costs are recognised as costs in the profit and loss account as incurred.

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

The cost of development projects includes costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Capitalised development projects are amortised by the straight-line method upon completion of the development work using the estimated useful lives of the assets. The amortisation period is usually 5–7 years.

## Accounting policies

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 exceed five years.

### Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and write-downs. Other intangible fixed assets are amortised by the straight-line method using the estimated useful lives of the assets, which, based on individual assessments, are as follows:

Other intangible fixed assets	3 – 5 years
Goodwill	5 – 7 years

### Tangible fixed assets

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

Cost 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. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour 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 lives and the residual value, if any, of large assets are determined individually, whereas the useful life of other assets is determined for groups of similar assets. The estimated useful lives are:

Aeroplanes	20 years
IT equipment	3 years
Technical installations and machinery and other installations	4 - 10 years

### Financial fixed assets

Investments in subsidiaries are recognised at cost. The investment is written down to the lower of recoverable amount and cost. If the amount of dividend allocated exceeds the total income of the company since the acquisition of the investment by the parent company, this is seen as an indication of impairment.

Accounts receivable are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

## Accounting policies

### Inventories

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

Cost of work in progress consists of costs of direct labour and materials as well as indirect production costs.

Cost of goods for resale consists of purchase price plus delivery costs.

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

### Accounts receivable

Accounts receivable are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

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

### Securities (current assets)

Securities include bonds and shares measured at market value. Realised and unrealised capital losses and gains are included in the profit and loss account under financials.

### Equity

Proposed dividend for the financial year is recognised as a separate item in equity.

### Liabilities under guarantee

Liabilities under guarantee comprise expected expenses under guarantees which the Company normally incurs in relation to the products sold.

### Other provisions

These provisions include other obligations, including obligations relating to anniversary lump sum payments and share-based long-term incentive programme. Obligations related to the share-based long-term incentive programme are measured according to the graded vesting principle.

### Financial liabilities

Bank loans, 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.

Other liabilities, including trade creditors, debt to affiliated companies and other debts are measured at amortised cost.

## Accounting policies

Deferred income recognised under liabilities include income received relating to the following accounting year. Deferred income are measured at cost.



## Profit and loss account for 2015

	Note	2015 DKK '000	2014 DKK '000
Net turnover	1	4,295,790	4,343,523
Production costs	2	<u>-1,552,703</u>	<u>-1,444,512</u>
<b>Gross profit</b>		<b>2,743,087</b>	<b>2,899,011</b>
Research and development costs	2	-973,476	-1,096,431
Sales and distribution costs	2	-409,047	-520,467
Administrative costs	2	<u>-954,559</u>	<u>-1,102,706</u>
<b>Operating profit</b>		<b>406,005</b>	<b>179,407</b>
Income from investments in affiliated companies		1,591,596	558,960
Financial income	3	96,638	91,924
Financial costs	4	<u>-81,617</u>	<u>-63,361</u>
<b>Profit before tax</b>		<b>2,012,622</b>	<b>766,930</b>
Tax on profit for the year	5	<u>-188,847</u>	<u>-124,516</u>
<b>Profit for the year</b>		<b><u>1,823,775</u></b>	<b><u>642,414</u></b>
<b>Proposed profit appropriation</b>			
Dividend		725,000	250,000
Retained profit		<u>1,098,775</u>	<u>392,414</u>
		<b><u>1,823,775</u></b>	<b><u>642,414</u></b>

## Balance sheet as at 31.12.2015

	Note	2015 DKK '000	2014 DKK '000
Completed development projects		307,908	413,497
Other intangible fixed assets		280,075	351,001
Goodwill		0	0
Development projects in progress		326,348	221,049
Other intangible fixed assets in progress		<u>36,652</u>	<u>9,306</u>
<b>Intangible fixed assets</b>	<b>6</b>	<b><u>950,983</u></b>	<b><u>994,853</u></b>
Technical installations and machinery		95,699	84,946
Other technical installations		124,508	159,506
Tangible fixed assets in progress		<u>21,493</u>	<u>31,424</u>
<b>Tangible fixed assets</b>	<b>7</b>	<b><u>241,700</u></b>	<b><u>275,876</u></b>
Investment in affiliated companies		7,902,983	6,239,861
Accounts receivable from affiliated companies		3,003,485	0
Other accounts receivable		<u>13</u>	<u>83</u>
<b>Financial fixed assets</b>	<b>8</b>	<b><u>10,906,481</u></b>	<b><u>6,239,944</u></b>
<b>Total fixed assets</b>		<b><u>12,099,164</u></b>	<b><u>7,510,673</u></b>
<b>Inventories</b>	<b>9</b>	<b><u>63,043</u></b>	<b><u>47,788</u></b>
Accounts receivable from sales		268,381	281,723
Accounts receivable from affiliated companies		1,380,621	3,856,864
Corporation tax		0	37,992
Other accounts receivable		40,326	103,853
Prepayments		<u>41,585</u>	<u>51,287</u>
<b>Accounts receivable</b>		<b><u>1,730,913</u></b>	<b><u>4,331,719</u></b>
<b>Securities</b>		<b><u>458,169</u></b>	<b><u>459,541</u></b>
<b>Cash at bank and in hand</b>		<b><u>7,320</u></b>	<b><u>51,366</u></b>
<b>Total current assets</b>		<b><u>2,259,445</u></b>	<b><u>4,890,414</u></b>
<b>Total assets</b>		<b><u>14,358,609</u></b>	<b><u>12,401,087</u></b>

## Balance sheet as at 31.12.2015

	<u>Note</u>	<u>2015</u> <u>DKK '000</u>	<u>2014</u> <u>DKK '000</u>
Share capital		380,909	380,909
Retained profit		8,433,303	7,319,149
Proposed dividend		<u>725,000</u>	<u>250,000</u>
<b>Equity</b>		<b><u>9,539,212</u></b>	<b><u>7,950,058</u></b>
Liabilities under guarantee	10	3,027	3,012
Other provisions	11	34,585	49,549
Deferred tax		<u>209,745</u>	<u>223,655</u>
<b>Provisions</b>		<b><u>247,357</u></b>	<b><u>276,216</u></b>
Short-term element of long-term liabilities		0	1,307
Bank overdrafts and loans		44	440
Trade creditors		133,609	228,878
Debts to affiliated companies		4,102,584	3,703,745
Corporation tax		34,227	0
Other liabilities		<u>301,576</u>	<u>240,443</u>
<b>Short-term liabilities</b>		<b><u>4,572,040</u></b>	<b><u>4,174,813</u></b>
<b>Total liabilities</b>		<b><u>4,572,040</u></b>	<b><u>4,174,813</u></b>
<b>Total equity, provisions and liabilities</b>		<b><u>14,358,609</u></b>	<b><u>12,401,087</u></b>
Related parties	12		
Shareholders	13		
Securities, contingent liabilities, etc.	14		
Financial instruments	15		

## Statement of changes in equity

	<u>Share capital DKK '000</u>	<u>Retained profit DKK '000</u>	<u>Proposed dividend DKK '000</u>	<u>Total DKK '000</u>
<b>Equity at 01.01.2014</b>	<b>380,909</b>	<b>6,957,930</b>	<b>524,131</b>	<b>7,862,970</b>
Dividend paid			-524,131	-524,131
Profit for the year		392,414	250,000	642,414
Reversed value of hedging instruments, opening		-20,701		-20,701
Reversed tax on equity items, opening		4,761		4,761
Recognised value of hedging instruments, closing		-19,684		-19,684
Recognised tax on equity items, closing		4,429		4,429
<b>Equity at 31.12.2014</b>	<b>380,909</b>	<b>7,319,149</b>	<b>250,000</b>	<b>7,950,058</b>
Dividend paid			-249,876	-249,876
Transfer		124	-124	0
Profit for the year		1,098,775	725,000	1,823,775
Reversed value of hedging instruments, opening		19,684		19,684
Reversed tax on equity items, opening		-4,429		-4,429
<b>Equity at 31.12.2015</b>	<b>380,909</b>	<b>8,433,303</b>	<b>725,000</b>	<b>9,539,212</b>

The share capital consists of 38,090,911 shares of DKK 10 each, in total DKK 380,909,000.

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>1. Net turnover</b>		
Inter-company services	2,660,446	2,889,518
External turnover	<u>1,635,344</u>	<u>1,454,005</u>
	<b><u>4,295,790</u></b>	<b><u>4,343,523</u></b>
<b>2. Staff costs</b>		
Salaries and wages	842,506	917,266
Pensions	73,197	80,537
Social contributions	<u>13,064</u>	<u>17,760</u>
	<b><u>928,767</u></b>	<b><u>1,015,563</u></b>
Fees paid:		
Board of Directors	6,306	9,275
Executive Board	<u>31,408</u>	<u>24,877</u>
	<b><u>37,714</u></b>	<b><u>34,152</u></b>
<p>For 2015, the Group has introduced a long-term incentive (LTI) program targeted at Group Management and other members of senior management. Members of the boards of the Poul Due Jensen Foundation and Grundfos Holding A/S do not participate in the LTI program, unless a board member is part of senior management.</p> <p>Under the LTI program, participants may receive shares in Grundfos Holding A/S based on the Group meeting certain targets for profit growth and return on capital employed. Shares granted will be vested to the participants in the four years following the year they were earned.</p>		
Average number of full-time employees	<u>1,445</u>	<u>1,527</u>
Number of full-time employees, closing	<u>1,405</u>	<u>1,446</u>
<b>3. Financial income</b>		
Interest income from bonds	3,481	5,111
Value adjustment, etc. from shares	49,265	37,195
Financial income, affiliated companies	43,779	42,229
Other financial income	<u>113</u>	<u>7,389</u>
	<b><u>96,638</u></b>	<b><u>91,924</u></b>

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>4. Financial costs</b>		
Value adjustment, etc. from bonds	4,998	3,705
Exchange-rate adjustments other	6,911	12,864
Financial costs, affiliated companies	29,149	38,085
Other financial costs	40,559	8,707
	<b>81,617</b>	<b>63,361</b>
<b>5. Tax on profit for the year</b>		
Current tax	119,377	44,333
Deferred tax	-13,851	8,911
Deferred tax due to change in tax rate	-4,488	-5,958
Adjustment previous years	64,805	26,603
Tax at source paid abroad	23,004	50,627
	<b>188,847</b>	<b>124,516</b>
Reconciliation of tax amounts:		
Tax on profit for the year before tax	472,966	187,898
Adjustment previous years	64,664	27,717
Deferred tax due to change in tax rate	-4,163	-5,592
Tax at source paid abroad	23,004	50,627
Non-deductible expenses	15,792	32,076
Non-taxable income	-383,416	-168,420
Other adjustments	0	210
<b>Total tax for the year</b>	<b>188,847</b>	<b>124,516</b>
<b>Tax rate on profit before tax</b>	<b>9.4 %</b>	<b>16.2 %</b>

Deferred tax primarily relates to fixed assets.

## Notes

	Compl. devel. projects DKK '000	Other intang. fixed assets DKK '000	Goodwill DKK '000	Devel. proj. in progress DKK '000	Other intang. fixed assets in progress DKK '000
<b>6. Intangible fixed assets</b>					
Cost 01.01.2015	904,191	742,715	22,340	221,049	9,306
Additions of the year	4,184	69,743	0	151,945	36,652
Disposals of the year	-115,873	-191,118	-22,340	0	0
Transfers	46,646	12,170	0	-46,646	-9,306
<b>Cost 31.12.2015</b>	<b><u>839,148</u></b>	<b><u>633,510</u></b>	<b><u>0</u></b>	<b><u>326,348</u></b>	<b><u>36,652</u></b>
Amortisation and write-downs 01.01.2015	490,694	391,714	22,340	0	0
Amortisation and write-downs for the year	156,419	152,761	0	0	0
Amortisation and write-downs on disposals for the year	-115,873	-191,040	-22,340	0	0
Transfers	0	0	0	0	0
<b>Amortisation and write-downs 31.12.2015</b>	<b><u>531,240</u></b>	<b><u>353,435</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Accounting value 31.12.2015</b>	<b><u>307,908</u></b>	<b><u>280,075</u></b>	<b><u>0</u></b>	<b><u>326,348</u></b>	<b><u>36,652</u></b>
Accounting value 31.12.2014	<b><u>413,497</u></b>	<b><u>351,001</u></b>	<b><u>0</u></b>	<b><u>221,049</u></b>	<b><u>9,306</u></b>

## Notes

	<b>Technical install. and machinery DKK '000</b>	<b>Other install. etc. DKK '000</b>	<b>Fixed install. in progress DKK '000</b>
<b>7. Tangible fixed assets</b>			
Cost 01.01.2015	307,557	350,886	31,424
Additions of the year	8,107	19,145	15,081
Disposals of the year	0	0	0
Transfers	<u>21,890</u>	<u>258</u>	<u>-25,012</u>
<b>Cost 31.12.2015</b>	<b><u>337,554</u></b>	<b><u>370,289</u></b>	<b><u>21,493</u></b>
Depreciation and write-downs 01.01.2015	222,611	191,380	0
Depreciation and write-downs for the year	19,244	54,401	0
Depreciation and write-downs on disposals for the year	0	0	0
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
<b>Depreciation and write-downs 31.12.2015</b>	<b><u>241,855</u></b>	<b><u>245,781</u></b>	<b><u>0</u></b>
<b>Accounting value 31.12.2015</b>	<b><u>95,699</u></b>	<b><u>124,508</u></b>	<b><u>21,493</u></b>
Accounting value 31.12.2014	<u>84,946</u>	<u>159,506</u>	<u>31,424</u>



## Notes

	<b>Investments affiliated companies DKK '000</b>	<b>Accounts receivable from aff. companies DKK '000</b>	<b>Other accounts receivables DKK '000</b>
<b>8. Financial fixed assets</b>			
Cost 01.01.2015	8,615,605	0	83
Exchange rate adjustments	0	-11,879	0
Additions of the year	1,720,867	3,015,364	0
Disposals of the year	<u>-547,816</u>	<u>0</u>	<u>-70</u>
<b>Cost 31.12.2015</b>	<b><u>9,788,656</u></b>	<b><u>3,003,485</u></b>	<b><u>13</u></b>
Value adjustments 01.01.2015	-2,375,744	0	0
Additions	-36,521	0	0
Disposals	<u>526,592</u>	<u>0</u>	<u>0</u>
<b>Value adjustments 31.12.2015</b>	<b><u>-1,885,673</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Accounting value 31.12.2015</b>	<b><u>7,902,983</u></b>	<b><u>3,003,485</u></b>	<b><u>13</u></b>
Accounting value 31.12.2014	<u>6,239,861</u>	<u>0</u>	<u>83</u>

## Notes

	<u>Profit 2014</u> <u>DKK '000</u>	<u>Equity 2014</u> <u>DKK '000</u>
Investments in affiliated companies include:		
Grundfos Holding AG, Switzerland, 100 % (and 104 underlying subsidiaries)	1,133,225	9,112,150
Bombas Grundfos Españã S.A.U, Spain, 100 %	-12,974	350
Bombas Grundfos Portugal S.A, Portugal, 100 %	6,238	11,314
Grundfos Pompe Italia S.r.l, Italy, 100 % (and 2 underlying subsidiaries)	-43,419	20,634
Grundfos Pumps Baltic SIA, Latvia, 100 %	5,397	12,408
Pompes Grundfos S.A.S, France 100 %	10,272	230,432
Pompes Grundfos Distribution S.A.S, France, 100 %	10,019	48,182
Grundfos Insurance Management AG, Switzerland, 100 %	7,736	108,653
Grundfos Pompe Romania S.r.l, Romania, 100 %	-3,502	6,792
Bombas Grundfos de Argentina S.A., Argentina, 10 %	-2,221	59,870
Grundfos BioBooster A/S, Denmark, 100%.	-32,157	49,918
Grundfos LifeLink A/S, Denmark, 100%.	-7,638	9,407
Grundfos Operations A/S, Denmark, 100%	-47,334	-94,132
Grundfos US ApS, Denmark, 100 % (and 9 underlying subsidiaries)	N/A	N/A

The Poul Due Jensen Foundation, Bjerringbro, Denmark, prepares consolidated annual accounts comprising all the above-mentioned companies.

	<u>2015</u> <u>DKK '000</u>	<u>2014</u> <u>DKK '000</u>
<b>9. Inventories</b>		
Work in progress	6,393	6,050
Manufactured goods and goods for resale	56,650	41,738
<b>Inventories</b>	<u>63,043</u>	<u>47,788</u>
<b>10. Liabilities under guarantee</b>		
Liabilities under guarantee 01.01.2015	3,012	4,393
Changes for the year	15	-1,381
<b>Liabilities under guarantee 31.12.2015</b>	<u>3,027</u>	<u>3,012</u>

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>11. Other provisions</b>		
Other provisions 01.01.2015	49,549	23,590
Changes for the year	<u>-14,964</u>	<u>25,959</u>
<b>Other provisions 31.12.2015</b>	<b><u>34,585</u></b>	<b><u>49,549</u></b>

## 12. Related parties

Related parties with a controlling influence in Grundfos Holding A/S:

The Company's parent foundation, The Poul Due Jensen Foundation and  
The Board of Grundfos Holding A/S

## 13. Shareholders

The following shareholders are registered as holding more than 5% of the Company's share capital:

The Poul Due Jensen Foundation, Bjerringbro, Denmark, 88%

## Notes

### 14. Securities, contingent liabilities, etc.

Lease commitments: Accumulated payments on operating lease contracts due within the next seven years amount to a maximum of DKK 31 million (2014: DKK 46 million).

The Company has provided security for debts and leasing liabilities in subsidiaries. The total liability amount to DKK 51 million at 31.12.2015 (2014: DKK 56 million).

The Company has provided security for facilities in subsidiaries. The total corporate guarantee amount to DKK 475 million at 31.12.2015 (2014: DKK 428 million), hereof utilised DKK 74 million at 31.12.2015 (2014: DKK 41 million). In addition to this the Company has issued letters of intent to support bank debt of DKK 71 million at 31.12.2015 (2014: DKK 47 million).

The Company has issued performance and payment guarantees of DKK 19 million (2014: DKK 19 million).

The Danish group enterprises participate in a Danish joint taxation arrangement with Grundfos Holding A/S serving as the administration company and are therefore jointly and severally liable from the financial year 2013 for the total income tax and from 1 July 2012 also for obligations, if any, to withhold tax on interest, royalties and dividends for the jointly taxed enterprises. The total net liability to the Danish tax authorities is recognised in financial statements of Grundfos Holding A/S.

### 15. Financial instruments

Grundfos Holding A/S has concluded forward contracts for hedging purposes which can be divided into the following main items as at balance sheet date:

	<b>Contract value 2015 DKK '000</b>	<b>Contract value 2014 DKK '000</b>	<b>Deferred profit/loss 2015 DKK '000</b>	<b>Deferred profit/loss 2014 DKK '000</b>
GBP	0	21,910	0	-1,230
JPY	0	4,716	0	261
USD	0	139,093	0	-18,715
	<b>0</b>	<b>165,719</b>	<b>0</b>	<b>-19,684</b>