

Grundfos A/S
Poul Due Jensens Vej 7
DK - 8850 Bjerringbro

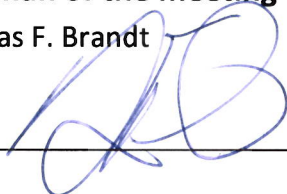
CVR no. 37 49 99 19

Annual Report 2016

The Annual General Meeting adopted the annual report on 28 April 2017

Chairman of the meeting

Andreas F. Brandt



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Company details

Company

GRUNDFOS A/S

Poul Due Jensens Vej 7

DK-8850 Bjerringbro, Denmark

CVR no. 37 49 99 19

Registered in the municipality of Viborg

Phone +45 87 50 14 00

Internet www.grundfos.com

Board of Directors

Chairman Niels Herman Møller Jensen

Board member Klavs Christensen Hornum

Board member Jacob Dirks

Board member Anette Rosgaard Kristensen, elected by employees

Board member Kristian Bredahl Rasmussen, elected by employees

Executive Board

CEO Anders Lund Hansen

Departments

Gl. Viborgvej 79, Hvam

9620 Ålestrup

Erhvervsparken 22

8882 Fårvang

M. P. Allerupsvej 45 D

5220 Odense SØ

Ryttermarken 15

3520 Farum

Secondary names

GRUNDFOS Electronics A/S

GRUNDFOS Water Equipment A/S

GRUNDFOS International A/S

GRUNDFOS Sensor A/S

Affiliated companies

GRUNDFOS DK A/S

Martin Bachs Vej 3

8850 Bjerringbro

Sintex A/S

Jyllandsvej 14

9500 Hobro

Bank connection

Danske Bank A/S, Holmens Kanal 2,
Copenhagen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Management statement

The Board of Directors and the Executive Board have today reviewed and approved the annual report of Grundfos A/S for the financial year 1 January to 31 December 2016.

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 2016 and of its financial performance for the financial year 1 January to 31 December 2016.

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, 16 March 2017

Executive Board



Anders Lund Hansen

Board of Directors



Niels Herman Møller Jensen
Chairman



Jacob Dirks



Kristian Bredahl Rasmussen



Klavs Christensen Hornum



Anette Rosgaard Kristensen

Independent auditor's report

To the shareholder of Grundfos A/S

Opinion

We have audited the annual accounts of Grundfos A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the Entity's financial position at 31-12-2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the annual accounts section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the annual accounts

Management is responsible for the preparation of annual accounts that give 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.

In preparing the annual accounts, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the annual accounts unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material mis-

statement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the annual accounts, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures in the notes, and whether the annual accounts represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management report

Management is responsible for the management report.

Our opinion on the annual accounts does not cover the management report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management report provides the information required under the Danish Financial Statements Act.

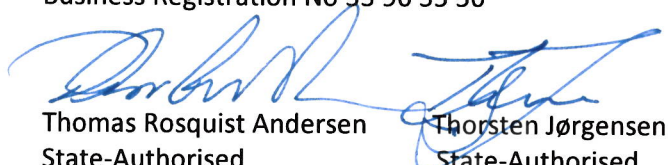
Based on the work we have performed, we conclude that the management report is in accordance with the annual accounts and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management report.

Aarhus, 16 March 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56



Thomas Rosquist Andersen	Thorsten Jørgensen
State-Authorised	State-Authorised
Public Accountant	Public Accountant

Key figures

	2016 DKK m	2015 DKK m	2014 DKK m	2013 DKK m	2012 DKK m
Key figures and financial ratios					
Key figures					
Net turnover	1,841	2,745	5,495	5,677	5,822
Share of net turnover as export (%)	0	43	87	86	85
Operating profit	174	142	154	245	275
Earnings before interest and tax (EBIT)	181	185	162	255	285
Income from affiliated companies, net	21	15	12	38	14
Net financials	-2	12	-2	-7	-1
Profit before tax	199	213	173	286	298
Profit for the year	161	170	136	229	231
Fixed assets	1,831	1,992	1,962	1,777	1,702
Current assets	421	456	1,489	1,659	1,556
Equity	1,457	1,930	1,826	1,850	1,808
Balance sheet total	2,251	2,448	3,451	3,436	3,258
Balance sheet total – interest bearing assets	2,121	2,344	3,338	3,281	3,150
Investments in tangible fixed assets	155	338	492	368	487
Number of employees at year-end	2,328	2,477	2,651	2,832	2,776
Financial ratios					
Profit (EBIT) margin (%)	9.8	6.8	3.0	4.5	4.9
Return on investment (ROI) (%)	8.1	6.5	4.9	7.9	9.5
Return on equity (%)	9.5	9.0	7.4	12.5	12.6

Definition of key figures:

Profit (EBIT) margin

=

$$\frac{\text{EBIT} \times 100}{\text{Net turnover}}$$

Return on Investment (ROI)

=

$$\frac{\text{EBIT} \times 100}{\text{Average (balance sheet total – interest bearing assets)}}$$

Return on equity

=

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Management report

Primary activities

Grundfos A/S activities include production and delivery of the Grundfos group's products, primarily in Europe.

Development in activities and finances

Until April 2015 the turnover in Grundfos A/S consist of sale of goods. As from April 2015 the production set-up was changed in the Grundfos group. The turnover realised in 2015 and 2016 in Grundfos A/S has dropped compared to 2014 and earlier due to this structural change in the Grundfos group. The change involves all production companies in EU, including Grundfos A/S. From April 2015 the turnover consist of costs to produce inclusive a mark-up.

The turnover in 2016 is lower than last year due to the new European production set-up in the Grundfos Group. Production in Grundfos A/S is taking place on behalf of Grundfos Operations A/S, which company is the owner of the goods from raw materials to finished goods and pay a manufacturing fee for the production services. The turnover realised in Grundfos A/S in 2016 is on the expected level.

Other income has dropped significantly compared to last year due to an extraordinary gain from sale of fixed assets last year. Income from affiliated companies is higher this year and has shown a positive development.

Profit before tax for the year amounts to 199 mDKK compared with 213 mDKK last year.

Tax on profit for the year is 38 mDKK against 43 mDKK last year. The lower tax of the profit compared to last year is due to the lower profit before tax. Profit after tax for the year thus amounts to 161 mDKK compared with 170 mDKK in 2015.

The result is satisfactory and in accordance with expectations.

Composition of management

The Board of Directors in Grundfos A/S has five members, of which two have been elected by the employees. The remaining three members are men and as such women are under-represented in relation to the share of 40%, which legislation aims to ensure. When electing members for the Board of Directors this year, there were no relevant female candidates in the recruitment base. The board intends to increase the female representation to one out of three members. The board has set a goal for achieving this by the end of 2018.

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 2% in 2016. By the end of 2016 the status was 15% female managers. The goal in Grundfos A/S for the gender distribution is that in 2020, at least 20% of our managers in general must be women. We follow the group process to always include qualified female candidates and Non-Danes in executive recruitments to facilitate having a more diverse workforce in Grundfos A/S.

Environment and CSR reporting

The Company's activities within production have a minor impact on the external environment and energy efficient pumps and technics are used. In connection with production and administration, the Company focuses on sustainability, primary in relation to use of materials, energy consumption and employees with a reduced work capacity.

An overall report for the Grundfos Group's corporate social responsibility (CSR) has been prepared in the annual report of the Poul Due Jensen Foundation, CVR no. 83 64 88 13. We refer to this report for the Group's statement on corporate social responsibility.

Particular risks

Business risks

Grundfos A/S is acting as a contractual producer. Geographically the risk is spread which reduce the risk relating to reduced turnover and demand on single markets. The production fee is calculated as related costs inclusive a mark-up.

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.

Foreign exchange risks

Manufacturing services are invoiced in DKK and therefore there is no need for hedging.

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

These activities take place in Grundfos Holding A/S and concentrate on identifying and developing materials, production processes and other technologies that minimise the environment strain caused by the manufacture and use of the product.

Events after the balance sheet date

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

Expected development in 2017

The activity level in Grundfos A/S is expected to be slightly higher than realised in 2016. The turnover and EBIT in 2017 are expected to be on an equal level as last year.

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 (3.2) 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.

Profit and loss account

Net turnover

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

Net turnover includes all production services to companies in the Grundfos Group invoiced during the year.

Accounting policies

Production costs

Production costs comprise costs relating to the Company's general production and logistics activities, including salaries and depreciation. Production costs furthermore include contribution to the group research and development activities.

Distribution costs

Distribution costs comprise costs relating to the distribution of the Company's products and services, including salaries for sales staff, advertising, 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

The Company's share of the affiliated and associated companies' profits and/or losses after elimination of unrealised intra-group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

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 carry forwards, 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

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:

Intangible fixed assets (licenses and similar intangible rights)	up to 5 years
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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 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. No interest costs are activated on fixed assets as these are expensed in the profit and loss statement.

Accounting policies

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:

Buildings	20 - 25 years
Technical installations and machinery and other installations	3 - 10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs. No interest costs are activated on inventories as these are expensed.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Trade debtors

Trade debtors and customer projects are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

Customer projects

Customer projects are measured at amortised cost, usually equalling nominal value less aconto invoices. If aconto invoices are exceeding the accumulated costs for a certain project, the amount is stated as prepayments received.

Prepayments

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

Equity

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

Liabilities under guarantee and other provisions

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

Other provisions include other obligations, including obligations relating to anniversary lump sum payments.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Accounting policies

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.

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

Profit and loss statement for 2016

	Note	2016 DKK '000	2015 DKK '000
Net turnover	1	1.841.363	2.745.388
Production costs	2,3,4	-1.373.131	-2.315.994
Gross profit		468.232	429.394
Distribution costs	3,4	-76.014	-65.286
Administrative costs	3,4	-217.813	-222.249
Operating profit		174.405	141.859
Other income	5	6.262	43.468
Other costs		0	0
Earnings before interest and tax		180.667	185.327
Income from investments in affiliated companies	6	20.624	14.982
Income from investments in associated companies	7	69	77
Financial income	8	258	13.790
Financial costs	9	-2.218	-1.551
Profit before tax		199.400	212.625
Tax on profit for the year	10	-38.151	-42.960
Profit for the year	11	161.249	169.665

Balance sheet at 31.12.2016

	Note	2016 DKK '000	2015 DKK '000
Land and buildings		587.624	622.529
Technical installations and machinery		891.479	888.514
Other technical installations		3.600	3.122
Tangible fixed assets in progress		239.926	382.597
Tangible fixed assets	12	1.722.629	1.896.762
Investments in affiliated companies	13	102.049	89.743
Investments in associated companies	13	4.434	4.286
Securities and deposits	14	1.599	1.599
Financial fixed assets		108.082	95.628
Total fixed assets		1.830.711	1.992.390
Inventories	15	18.123	20.652
Trade debtors		3.387	3.465
Customer projects in progress		7.160	15.135
Accounts receivable from affiliated companies		345.804	392.748
Corporate tax		22.350	7.978
Other accounts receivable		19.576	11.377
Prepayments	16	4.189	4.194
Accounts receivables		402.466	434.897
Cash at bank and in hand		0	87
Total current assets		420.589	455.636
Total assets		2.251.300	2.448.026

Balance sheet at 31.12.2016

	Note	2016 DKK '000	2015 DKK '000
Share capital	17	182.800	182.800
Reserve concerning revaluation affiliated companies		46.730	34.272
Retained profit		927.355	1.062.514
Proposed dividend		300.000	650.000
Equity		1.456.885	1.929.586
Deferred tax	18	9.698	9.052
Liabilities under guarantee and other provisions	19	34.840	37.021
Provisions		44.538	46.073
Bank overdrafts and loans		0	103
Prepayments received		9.935	10.029
Trade creditors		108.984	121.922
Debt to affiliated companies		380.075	80.755
Other liabilities		250.778	258.642
Deferred income	20	105	916
Short term liabilities		749.877	472.367
Total liabilities		749.877	472.367
Total equity, provisions and liabilities		2.251.300	2.448.026
Securities, contingent liabilities, etc.	21		
Related parties and shareholders	22 - 23		
Other notes	24 - 25		

Statement of changes in equity

	Share Capital DKK '000	Reserve revaluation affiliated companies DKK '000	Retained profit DKK '000	Proposed dividend DKK '000	Total DKK '000
Equity 01.01.2016	182800	34.272	1.062.514	650.000	1.929.586
Dividend paid				-650.000	-650.000
Profit for the year		12.018	-150.769	300.000	161.249
Net adjustment financial instruments in affiliated companies		440			440
Net adjustment after tax hedging instruments			15.610		15.610
Equity 31.12.2016	182.800	46.730	927.355	300.000	1.456.885

Notes

	2016 DKK '000	2015 DKK '000
1. Net turnover		
Home market	5.760	193.108
Export	5.627	1.176.702
Distribution fee	82.762	26.581
Manufacturing fee etc.	1.747.214	1.348.997
	1.841.363	2.745.388

Grundfos A/S has only activities within the segment production of pumps and sale of pumps. That is the reason for showing the net turnover on geographical areas only.

Concerning the set-up as from April 2015 regarding manufacturing fee etc. and no ownership to inventories - please refer to description in the management report.

2. Result from hedging instruments recognised in profit and loss account

Electricity contracts recognised in production costs	-6.338	-12.246
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3. Staff costs

Salaries and wages	958.108	996.875
Pensions	77.821	77.030
Social contributions	24.208	26.065
	1.060.137	1.099.970

Staff costs are incorporated as shown below in the profit and loss statement:

Production costs	988.190	1.038.654
Distribution costs	41.166	18.021
Administration costs	30.781	43.295
	1.060.137	1.099.970

Of above is remuneration to:

Board of Directors	120	180
Executive Board	1.573	5.703
	1.693	5.883

Average number of full time employees	2.408	2.547
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Number of full time employees at year end	2.328	2.477
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Notes

4. Depreciation

Buildings
Technical installations and machinery
Other technical installations

2016 DKK '000	2015 DKK '000
60.537	57.403
263.136	236.404
2.779	2.486
326.452	296.293

Depreciation is included in the profit and loss statement as follows:

Production costs
Distribution costs
Administrative costs

322.820	292.752
2.625	2.743
1.007	798
326.452	296.293

5. Other income

Gain on sale of fixed assets and spareparts
Gain on transfer of stocks etc. regarding intra-group restructuring

6.262	9.888
0	33.580
6.262	43.468

6. Income from investments in affiliated companies

Share of the result after taxes in:

Grundfos DK A/S
Sintex A/S
Change in internal margin on inventories

9.118	9.005
12.147	5.512
-641	465
20.624	14.982

7. Income from investments in associated companies

Share of the result after taxes

69	77
69	77

8. Financial income

Interest income from affiliated companies
Currency adjustments
Other financial income

258	1.678
0	12.003
0	109
258	13.790

9. Financial costs

Financial costs to banks
Financial costs to affiliated companies
Currency adjustments

64	0
2.094	1.436
60	115
2.218	1.551

Notes

10. Tax on profit for the year

	2016 DKK '000	2015 DKK '000
Current tax	41.224	46.298
Change in deferred tax	-3.121	-2.201
Effect from change in tax rate (deferred tax)	43	-512
Adjustment of tax, prior years	5	-625
Tax on profit for the year	38.151	42.960

Tax on profit for the year can be explained as:

Profit before tax	199.400	212.625
Income from affiliated companies	-20.624	-14.982
Income from associated companies	-69	-77
	178.707	197.566

Tax calculated hereof	39.316	46.428
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Tax effect of:

Adjustment tax, prior years	5	-625
Effect from change in tax rate (deferred tax)	43	-512
Effect from permanent differences, net	-1.213	-2.331
Tax on profit for the year	38.151	42.960

11. Profit for the year

Proposed profit distribution:

Dividend	300.000	650.000
Reserve net revaluation affiliated companies	12.018	-4.941
Retained profit	-150.769	-475.394
	161.249	169.665

The proposed dividend is equal to 16.41 DKK per nominal 10 DKK share.

Notes

	Land and buildings DKK '000	Technical install. and machinery DKK '000	Other install. etc. DKK '000	Fixed instal- lations in progress DKK '000
12. Tangible fixed assets				
Cost 01.01.2016	1.552.342	4.183.083	51.783	382.597
Additions of the year	11.696	49.776	644	93.325
Disposals of the year	0	-44.499	-285	0
Transfers	13.936	219.358	2.702	-235.996
Cost 31.12.2016	1.577.974	4.407.718	54.844	239.926
Depreciation 31.12.2016	-929.813	-3.294.569	-48.661	0
Depreciation for the year	-60.537	-263.136	-2.779	0
Depreciation on disposals	0	41.466	196	0
Depreciation 31.12.2016	-990.350	-3.516.239	-51.244	0
Accounting value 31.12.2016	587.624	891.479	3.600	239.926
Accounting value 31.12.2015	622.529	888.514	3.122	382.597
Accounting value at 31.12.2016 for buildings in Denmark	580.762			
Public property valuation at 01.01.2016	849.653			

Buildings abroad with a book value of 6,9 mDKK are not included in the public property valuation.

Notes

	Investments in affiliated companies DKK '000	Investments in associated companies DKK '000
13. Investments in affiliated and associated companies		
Cost 01.01.2016	55.414	4.339
Cost 01.01.2016	55.414	4.339
Value adjustments 01.01.2016	34.329	-53
Net adjustment hedging contracts	361	79
Share of profit for the year, net	20.624	69
Received dividend	-8.679	0
Value adjustments 31.12.2016	46.635	95
Accounting value 31.12.2016	102.049	4.434
Accounting value 31.12.2015	89.743	4.286

Investments in affiliated companies include:

	Cost 31.12.16 DKK '000	Share of profit for the year net DKK '000	Accounting value 31.12.16 DKK '000
Grundfos DK A/S, Martin Bachs Vej 3, 8850 Bjerringbro (ownership 100 %)	22.414	9.156	40.986
Sintex A/S, Jyllandsvej 14, 9500 Hobro (ownership 100 %)	33.000	11.468	61.063
	55.414	20.624	102.049

Investments in associated companies include:

KnowHowZ A/S, Baldersvej 10-12, 8850 Bjerringbro (ownership 20.77 %)
Tange Sø Golf A/S, Tange Søvej 68, 8840 Rødkærsbro (ownership 49 %)

Notes

	Securities and deposits DKK '000
14. Securities and deposits	
Cost 01.01.2016	1.599
Cost 31.12.2016	1.599
Value adjustments 01.01.2016	0
Value adjustments 31.12.2016	0
Accounting value 31.12.2016	1.599
Accounting value 31.12.2015	1.599

	2016 DKK '000	2015 DKK '000
15. Inventories		
Raw materials and consumables	18.123	20.652
	18.123	20.652
16. Prepayments		
Prepayments 01.01	4.194	4.251
Changes for the year	-5	-57
Prepayments 31.12	4.189	4.194

Prepayments are relating to prepaid insurance and lease agreements.

17. Share capital

Share capital can be specified as follows:

A-shares, nominal value	176.552	176.552
B-shares, nominal value	6.248	6.248
Share capital	182.800	182.800

A-shares and B-shares have equal voting rights and receive equal dividend.
Both A-shares and B-shares are split into 10 DKK or multiple of this.

No movements have taken place in the period 01.01.2012 – 31.12.2016.

Notes

18. Deferred tax

Deferred tax 01.01.
 Adjustment of deferred tax in the profit and loss statement
 Adjustment of deferred tax relating to hedge contracts
 Effekt from change in tax rate
 Adjustment concerning prior years

Deferred tax 31.12.

Deferred tax relate to the following balance sheet items:

Fixed assets
 Current assets
 Provisions
 Short term liabilities
 Equity

2016 DKK '000	2015 DKK '000
9.052	1.314
-3.121	-2.201
4.403	-1.052
43	-512
-679	11.503
9.698	9.052
19.469	22.249
584	313
-9.987	-10.328
-1.361	228
993	-3.410
9.698	9.052

19. Liabilities under guarantee and other provisions

Liabilities under guarantee and other provisions 01.01.
 Provisions used in the year
 Provisions reversed in the year
 Provisions made in the year

Liabilities under guarantee and other provisions 31.12.

37.021	50.374
-952	-11.830
-2.181	-1.676
952	153
34.840	37.021

Other provisions relates to jubilee provision and product guarantee.

20. Deferred income

Deferred income 01.01
 Changes for the year
 Deferred income 31.12

916	916
-811	0
105	916

Deferred income is relating to rental income.

Notes

21. Pledge of assets, guarentees and other liabilities etc.

No pledge has been given in the buildings and machinery.

The company have the following rental and lease commitments:

	End of contract	Total obligation DKK '000
Buildings inclusive stock area and parking places	2017-2022	32.732
Cars and lorries	2017-2022	8.857
Other equipment (production equipment and trucks)	2017	5.090
		46.679

The company has provided a guarentee for an associated companys debt to a sister company.
The guarentee has a maximum of 3 mDKK.

There is no court case or alike which according to management can have significant impact on the companys financial situation.

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.

22. Related parties

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

- The company's parent foundation, The Poul Due Jensens foundation and Grundfos Holding A/S

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between Grundfos A/S and related parties are on arm's length terms.

Grundfos A/S and affiliated companies are included in the consolidated financial statements for Poul Due Jensens Foundation, 8850 Bjerringbro. The consolidated financial statements for Poul Due Jensens Foundation, 8850 Bjerringbro is available at Erhvervsstyrelsen (Register of Commerce) under CVR no. 83 64 88 13.

23. Shareholder

The following shareholder is registreret as holding more than 5% of the Company's sharecapital:

GRUNDFOS HOLDING AG, Baar, Schweiz, 100 % of ownership

Notes

24. Financial instruments

Grundfos A/S is hedging expected currency risks with currency contracts.

At the end of the financial year 2015 and 2016 no hedging contracts are made as all significant invoicing and purchase is taking place in DKK.

Concerning hedge of the future electricity prices there is a gain of 4.5 mDKK at the end of the financial year. At 31.12.2015 there was a loss of 15.5 mDKK concerning electricity contracts. The hedge of electricity consumption covers the expected consumption in the coming two years.

Deferred profit and loss on electricity contracts have been included in the balance sheet under other receivables or other liabilities and recorded on the equity after deduction of deferred tax.

25. Events after the balance sheet date

No events have occurred after the balance sheet date that may materially impact the company's financial position.