

Grundfos Holding A/S
CVR-nr. 31 85 83 56

Annual Report 2014
(seventh financial year)

The Annual General Meeting adopted the annual report on 24 April 2015

Chairman of the meeting

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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

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Internet 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

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 2014.

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 2014 and of its financial performance for the financial year 1 January to 31 December 2014.

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, 3 March 2015

Executive Board

Mads Nipper

Lars Aagaard

Mikael Geday

Poul Due Jensen

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 2014, 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 2014 and of the results of its operations for the financial year 1 January to 31 December 2014 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, 3 March 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Anders Dons
State Authorised Public Accountant

Thorsten Jørgensen
State Authorised Public Accountant

Key figures

	<u>2014</u> DKK m	<u>2013</u> DKK m	<u>2012</u> DKK m	<u>2011</u> DKK m	<u>2010</u> DKK m
Key figures and financial ratios					
Key figures					
Net turnover	4,344	4,333	4,080	3,715	3,229
Operating profit	179	153	221	253	273
Income from investments in affiliated companies	559	611	905	291	565
Net financials	29	86	40	21	-4
Profit before tax	767	849	1,166	566	834
Profit for the year	642	758	1,054	472	741
Equity	7,950	7,863	7,768	7,388	7,830
Balance sheet total	12,401	12,289	11,474	10,587	8,897
Investments in intangible assets	295	291	475	328	216
Investments in tangible fixed assets	49	95	45	53	28
Number of employees at year-end	1,446	1,562	1,551	1,394	1,203
Financial ratios					
Operating profit as a percentage of net turnover (%)	4.1	3.5	5.4	6.8	8.5
Return on equity (%)	8.1	9.7	13.9	6.2	9.8
Equity ratio (%)	64.1	64.0	67.7	69.8	88.0

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 179 million compared to DKK 153 million previous year, which is in line with expectations. The result has been impacted with DKK 55 million related to restructuring initiatives implemented end of 2014. During the year focus has still been on a number of strategic projects relating particularly to product development and launch, but also in the form of optimisation and streamlining of processes, etc.

Profit before tax for the year amounts to DKK 767 million compared with DKK 849 million previous year. The drop in profit before tax is due to lower dividend income from subsidiaries and financial income, net.

Profit after tax for the year thus amounts to DKK 642 million compared with DKK 758 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. Thus women accounts for 20% and as such women are under-represented according to the target set by law. The board intends to increase the female representation accordingly, but short term the board has decided to maintain the current gender distribution.

For further information about diversity policy, see the Group Annual Report for the Poul Due Jensen Foundation, CVR no. 83 64 88 13.

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 2015

The Company anticipates decrease in profit for the year due to expected lower income from subsidiaries.

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 consultancy services to companies in the Grundfos Group invoiced during the year as well as invoiced sales 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

Land and buildings are measured at cost less accumulated depreciation and write-downs.

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:

Buildings	40 years
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.

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.

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 2014

	Note	2014 DKK '000	2013 DKK '000
Net turnover	1	4,343,523	4,333,130
Production costs	2	<u>-1,444,512</u>	<u>-1,557,443</u>
Gross profit		2,899,011	2,775,687
Research and development costs	2	-1,096,431	-1,124,361
Sales and distribution costs	2	-520,467	-548,919
Administrative costs	2	<u>-1,102,706</u>	<u>-949,572</u>
Operating profit		179,407	152,835
Income from investments in affiliated companies		558,960	610,644
Financial income	3	91,924	123,558
Financial costs	4	<u>-63,361</u>	<u>-37,998</u>
Profit before tax		766,930	849,039
Tax on profit for the year	5	<u>-124,516</u>	<u>-90,608</u>
Profit for the year		<u>642,414</u>	<u>758,431</u>
Proposed profit appropriation			
Dividend		250,000	524,131
Retained profit		<u>392,414</u>	<u>234,300</u>
		<u>642,414</u>	<u>758,431</u>

Balance sheet as at 31.12.2014

	Note	2014 DKK '000	2013 DKK '000
Completed development projects		413,497	530,115
Other intangible fixed assets		351,001	302,671
Goodwill		0	902
Development projects in progress		221,049	145,990
Other intangible fixed assets in progress		9,306	0
Intangible fixed assets	6	994,853	979,678
Land and buildings		0	2,576
Technical installations and machinery		84,946	72,962
Other technical installations		159,506	137,624
Tangible fixed assets in progress		31,424	81,065
Tangible fixed assets	7	275,876	294,227
Investment in affiliated companies		6,239,861	6,246,119
Other accounts receivable		83	69,228
Financial fixed assets	8	6,239,944	6,315,347
Total fixed assets		7,510,673	7,589,252
Inventories	9	47,788	59,162
Accounts receivable from sales		281,723	302,774
Accounts receivable from affiliated companies		3,856,864	3,117,413
Corporation tax		37,992	0
Other accounts receivable		103,853	142,052
Prepayments		51,287	42,884
Accounts receivable		4,331,719	3,605,123
Securities		459,541	517,519
Cash at bank and in hand		51,366	518,095
Total current assets		4,890,414	4,699,899
Total assets		12,401,087	12,289,151

Balance sheet as at 31.12.2014

	<u>Note</u>	<u>2014</u> <u>DKK '000</u>	<u>2013</u> <u>DKK '000</u>
Share capital		380,909	380,909
Retained profit		7,319,149	6,957,930
Proposed dividend		<u>250,000</u>	<u>524,131</u>
Equity		<u>7,950,058</u>	<u>7,862,970</u>
Liabilities under guarantee	10	3,012	4,393
Other provisions	11	49,549	23,590
Deferred tax	5	<u>223,655</u>	<u>229,892</u>
Provisions		<u>276,216</u>	<u>257,875</u>
Other monetary creditors		<u>0</u>	<u>1,307</u>
Long-term liabilities	12	<u>0</u>	<u>1,307</u>
Short-term element of long-term liabilities		1,307	799
Bank overdrafts and loans		440	28
Trade creditors		228,878	167,588
Debts to affiliated companies		3,703,745	3,799,457
Corporation tax		0	28,348
Other liabilities		240,443	170,606
Deferred income		<u>0</u>	<u>173</u>
Short-term liabilities		<u>4,174,813</u>	<u>4,166,999</u>
Total liabilities		<u>4,174,813</u>	<u>4,168,306</u>
Total equity, provisions and liabilities		<u>12,401,087</u>	<u>12,289,151</u>
Related parties	13		
Shareholders	14		
Securities, contingent liabilities, etc.	15		
Financial instruments	16		

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>
Equity at 01.01.2013	380,909	6,719,715	667,734	7,768,358
Dividend paid			-667,733	-667,733
Transfer		1	-1	0
Profit for the year		234,300	524,131	758,431
Reversed value of hedging instruments, opening		-16,035		-16,035
Reversed tax on equity items, opening		4,009		4,009
Recognised value of hedging instruments, closing		20,701		20,701
Recognised tax on equity items, closing		-4,761		-4,761
Equity at 31.12.2013	380,909	6,957,930	524,131	7,862,970
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
Equity at 31.12.2014	380,909	7,319,149	250,000	7,950,058

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

Notes

	<u>2014</u> DKK '000	<u>2013</u> DKK '000
1. Net turnover		
Inter-company services	2,889,518	2,782,075
External turnover	<u>1,454,005</u>	<u>1,551,055</u>
	<u>4,343,523</u>	<u>4,333,130</u>
2. Staff costs		
Salaries and wages	917,266	907,532
Pensions	80,537	78,996
Social contributions	<u>17,760</u>	<u>19,103</u>
	<u>1,015,563</u>	<u>1,005,631</u>
Fees paid:		
Board of Directors	9,275	5,721
Executive Board	<u>24,877</u>	<u>44,905</u>
	<u>34,152</u>	<u>50,626</u>
Average number of full-time employees	<u>1,527</u>	<u>1,583</u>
Number of full-time employees, closing	<u>1,446</u>	<u>1,562</u>
3. Financial income		
Interest income from bonds	5,111	5,952
Price adjustment, etc. from shares	37,195	53,424
Financial income, affiliated companies	42,229	36,565
Other financial income	<u>7,389</u>	<u>27,617</u>
	<u>91,924</u>	<u>123,558</u>
4. Financial costs		
Price adjustment, etc. from bonds	3,705	1,770
Exchange-rate adjustments other	12,864	1,212
Financial costs, affiliated companies	38,085	27,469
Other financial costs	<u>8,707</u>	<u>7,547</u>
	<u>63,361</u>	<u>37,998</u>

Notes

	2014	2013
	DKK '000	DKK '000
5. Tax on profit for the year		
Current tax	44,333	64,661
Deferred tax	8,911	-7,884
Deferred tax due to change in tax rate	-5,958	-19,577
Adjustment re previous years	26,603	-1,469
Tax at source paid abroad	50,627	54,877
	124,516	90,608
Reconciliation of tax amounts:		
Tax on profit for the year before tax	187,898	212,260
Adjustment re previous years	27,717	-1,469
Deferred tax due to change in tax rate	-5,592	-19,577
Tax at source paid abroad	50,627	54,877
Non-deductible expenses	32,076	34,921
Non-taxable income	-168,420	-190,404
Other adjustments	210	0
Total tax for the year	124,516	90,608
Tax rate on profit before tax	16.2 %	10.7 %

Deferred tax primarily relates to fixed assets.

Notes

	Compl. devel. projects <u>DKK '000</u>	Other intang. fixed assets <u>DKK '000</u>	Goodwill <u>DKK '000</u>	Devel. proj. in progress <u>DKK '000</u>	Other intang. fixed assets in progress <u>DKK '000</u>
6. Intangible fixed assets					
Cost 01.01.2014	859,891	617,993	26,040	145,990	0
Additions of the year	0	129,379	0	119,359	9,306
Disposals of the year	0	-41,199	-3,700	0	0
Transfers	<u>44,300</u>	<u>36,542</u>	<u>0</u>	<u>-44,300</u>	<u>0</u>
Cost 31.12.2014	<u>904,191</u>	<u>742,715</u>	<u>22,340</u>	<u>221,049</u>	<u>9,306</u>
Amortisation and write-downs 01.01.2014	329,776	315,322	25,138	0	0
Amortisation and write-downs for the year	160,918	117,591	902	0	0
Amortisation and write-downs on disposals for the year	0	-41,199	-3,700	0	0
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amortisation and write-downs 31.12.2014	<u>490,694</u>	<u>391,714</u>	<u>22,340</u>	<u>0</u>	<u>0</u>
Accounting value 31.12.2014	<u>413,497</u>	<u>351,001</u>	<u>0</u>	<u>221,049</u>	<u>9,306</u>
Accounting value 31.12.2013	<u>530,115</u>	<u>302,671</u>	<u>902</u>	<u>145,990</u>	<u>0</u>

Notes

	<u>Land and buildings DKK '000</u>	<u>Technical install. and machinery DKK '000</u>	<u>Other install. etc. DKK '000</u>	<u>Fixed install. in progress DKK '000</u>
7. Tangible fixed assets				
Cost 01.01.2014	3,434	287,388	434,856	81,065
Additions of the year	0	9,286	57,751	18,745
Disposals of the year	-3,434	-11,160	-151,522	0
Transfers	<u>0</u>	<u>22,043</u>	<u>9,801</u>	<u>-68,386</u>
Cost 31.12.2014	<u>0</u>	<u>307,557</u>	<u>350,886</u>	<u>31,424</u>
Depreciation and write-downs 01.01.2014	858	214,426	297,232	0
Depreciation and write-downs for the year	0	19,342	45,501	0
Depreciation and write-downs on disposals for the year	-858	-11,157	-151,353	0
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and write-downs 31.12.2014	<u>0</u>	<u>222,611</u>	<u>191,380</u>	<u>0</u>
Accounting value 31.12.2014	<u>0</u>	<u>84,946</u>	<u>159,506</u>	<u>31,424</u>
Accounting value 31.12.2013	<u>2,576</u>	<u>72,962</u>	<u>137,624</u>	<u>81,065</u>

Notes

	Investments affiliated companies DKK '000	Other accounts receivables DKK '000
8. Financial fixed assets		
Cost 01.01.2014	8,499,065	69,228
Exchange rate adjustments	0	-206
Additions of the year	116,540	5,455
Disposals of the year	<u>0</u>	<u>-74,394</u>
Cost 31.12.2014	<u>8,615,605</u>	<u>83</u>
Value adjustments 01.01.2014	-2,252,946	0
Additions	<u>-122,798</u>	<u>0</u>
Value adjustments 31.12.2014	<u>-2,375,744</u>	<u>0</u>
Accounting value 31.12.2014	<u>6,239,861</u>	<u>83</u>
Accounting value 31.12.2013	<u>6,246,119</u>	<u>69,228</u>

Notes

	<u>Profit 2013</u> <u>DKK '000</u>	<u>Equity 2013</u> <u>DKK '000</u>
Investments in affiliated companies include:		
Grundfos Holding AG, Switzerland, 100 % (and 113 underlying subsidiaries)	935,856	8,454,694
Bombas Grundfos Españã S.A.U, Spain, 100 %	-14,734	-23,948
Bombas Grundfos Portugal S.A, Portugal, 100 %	1,156	5,088
Grundfos Pompe Italia S.r.l, Italy, 100 % (and 2 underlying subsidiaries)	12,593	79,116
Grundfos Pumps Baltic SIA, Latvia, 100 %	8,899	14,782
Grundfos New Business A/S, Denmark, 100 %	-48,396	21,224
Pompes Grundfos S.A.S, France 100 %	36,048	246,317
Pompes Grundfos Distribution S.A.S, France, 100 %	9,922	46,455
Grundfos Insurance Management AG, Switzerland, 100 %	3,804	102,281
Grundfos Pompe Romania S.r.l, Romania, 100 %	-4,547	10,349
Grundfos Innovation Holding, USA, 100% (and 1 underlying subsidiary)	N/A	N/A
Bombas Grundfos de Argentina S.A., Argentina, 10 %	-2,065	60,230
Grundfos BioBooster A/S, Denmark, 100%.	-38,512	48,074
Grundfos LifeLink A/S, Denmark, 100%.	-5,189	10,045
Grundfos Operations A/S, Denmark, 100%	N/A	N/A

The Poul Due Jensen Foundation, Bjerringbro, Denmark, which owns 88% of the shares in Grundfos Holding A/S, prepares consolidated annual accounts comprising all the above-mentioned companies.

	<u>2014</u> <u>DKK '000</u>	<u>2013</u> <u>DKK '000</u>
9. Inventories		
Work in progress	6,050	8,796
Manufactured goods and goods for resale	<u>41,738</u>	<u>50,366</u>
Inventories	<u>47,788</u>	<u>59,162</u>
10. Liabilities under guarantee		
Liabilities under guarantee 01.01.2014	4,393	8,340
Changes for the year	<u>-1,381</u>	<u>-3,947</u>
Liabilities under guarantee 31.12.2014	<u>3,012</u>	<u>4,393</u>

Notes

	2014	2013
	DKK '000	DKK '000
11. Other provisions		
Other provisions 01.01.2014	23,590	22,259
Changes for the year	<u>25,959</u>	<u>1,331</u>
Other provisions 31.12.2014	<u>49,549</u>	<u>23,590</u>

12. Long-term liabilities

No liabilities are due after more than five years.

13. 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

14. 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

15. Securities, contingent liabilities, etc.

Lease commitments: Accumulated payments on operating lease contracts due within the next seven years amount to a maximum of DKK 46 million (2013: DKK 51 million).

The Company has provided security for debts and leasing liabilities in subsidiaries. The total liability amount to DKK 56 million at 31.12.2014 (2013: DKK 626 million).

The Company has provided security for overdraft facilities in subsidiaries. The total bank guarantee amount to DKK 428 million at 31.12.2014 (2013: DKK 420 million), hereof utilised DKK 41 million at 31.12.2014 (2013: DKK 36 million). In addition to this the Company has issued letters of intent to support bank debt of DKK 47 million at 31.12.2014 (2013: DKK 56 million).

The Company has issued performance and payment guarantees of DKK 19 million (2013: DKK 21 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.

16. 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:

	Contract value 2014 DKK '000	Contract value 2013 DKK '000	Deferred profit/loss 2014 DKK '000	Deferred profit/loss 2013 DKK '000
GBP	21,910	80,299	-1,230	-1,588
JPY	4,716	17,008	261	3,325
USD	139,093	545,493	-18,715	18,964
	165,719	642,800	-19,684	20,701

Deferred loss on forward contracts is recognized in the balance sheet under other liabilities and equity.

As at 31.12.2014, the hedging horizon for the individual currencies was between 2 and 4 months.