

Press release

Danfoss A/S

Half-year report

2007

Danfoss is one of Denmark's largest industrial companies. The global Group is a leader within research, development, production, sales and service of mechanical and electronic components and solutions for a number of industries. Danfoss' activities are divided into three main business areas: Danfoss Refrigeration & Air Conditioning Division, Danfoss Heating Division and Danfoss Motion Controls Division, each leading within its industry. Danfoss has a large ownership share in one of the world's leading manufacturers and suppliers of mobile hydraulics, Sauer-Danfoss. Danfoss seeks to attain its goals with the least possible consumption of raw materials and energy, a minimum impact on its surroundings and the most efficient use of resources. Danfoss has a long tradition of social responsibility towards both employees and the surrounding environment.

Danfoss A/S. Half-year report 2007 (1 January -30 June 2007) - released September 10, 2007

"With regard to sales, the half-year result fully meets our expectations and it is particularly good to note the positive development on the Russian market. The underlying business still developed reasonably, but the increasing raw material prices put pressure on the profitability. Even though growth in the second half-year seems to be slightly lower, expectations are that we will reach the targets we set for 2007."

Jørgen M. Clausen, President and CEO, Danfoss A/S

Highlights from the first half-year of 2007:

- **Net sales** increased by 20% to 10.9bn DKK from 9.1bn DKK in the same period last year. Growth was 15%, when converted at last year's level of exchange rates and adjusted for acquisitions and divestments, compared to 11% in the same period the year before.
- **Operating profit excl. other income and expenses** increased by 20% to 702 million DKK from 584 million DKK, while the **operating profit (EBIT)** increased to 712 million DKK from 672 million DKK in the first half-year of 2006.
- **Profit before tax** was 758 million DKK against 631 million DKK in the same period last year. The profit before tax includes extraordinary income from the first quarter of 187 million DKK from the sale of Damcos A/S.
- **The number of employees** increased to 21,784 from 19,292 at the same time in 2006.

Expectations for 2007:

- Danfoss retains its expectations for both net sales and profit for 2007, as was announced in connection with the publication of the 2006 accounts.
- Consequently, the net sales are expected to be at the high end of the range 21-22 billion DKK. Compared to 2006, this will equal growth of between 8% and 13%.
- The operating profit (EBIT) is expected to be between 1.6 and 1.8 billion DKK, of which acquired companies are expected to contribute with 50 million DKK. The full impact of the companies acquired in 2006 is not expected to show until the 2008 profits. The EBIT margin is expected to be around 8%.
- Any impact of future acquisitions and divestments has not been included in the expectations.

Nordborg, September 10, 2007

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Further information about Danfoss is available on the Danfoss website: www.danfoss.com

Financial highlights

Million DKK (unless otherwise stated) All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2006 EUR YTD	Q2 2007 EUR YTD
Profit and Loss Accounts									
Net sales	4,733	5,533	17%	9,096	10,882	20%	19,428	1,219	1,460
EBITDA	638	529	-17%	1,094	1,177	8%	2,425	147	158
<i>EBITDA Margin</i>	13.5%	9.6%		12.0%	10.8%		12.5%	12.0%	10.8%
Operating profit excl. other income and expenses	337	302	-10%	584	702	20%	1,411	78	94
Operating profit (EBIT)	423	295	-30%	672	712	6%	1,601	90	95
<i>EBIT Margin</i>	8.9%	5.3%		7.4%	6.5%		8.2%	7.4%	6.5%
Profit before tax	368	245	-33%	631	758	20%	1,402	85	102
<i>Return on Sales</i>	7.8%	4.4%		6.9%	7.0%		7.2%	6.9%	7.0%
Key figures¹⁾:									
Free cash flow				-859	-859		-1,699	-115	-115
Net interest bearing debt				2,047	3,950	93%	2,866	274	531
RONA ²⁾	4.5%	2.5%		7.5%	6.2%		16.8%	7.5%	6.2%

¹⁾ In those cases where the key figures have been defined by the Danish Society of Financial Analysts, they have been calculated accordingly.

²⁾ RONA (Return On Net Assets): Result of operating profit as percentage of average net assets. Net assets are total assets deducting investments in associates and joint ventures, cash and cash equivalents, total provisions and interest bearing debt.

Growth continues, but the profit is affected by increasing raw material prices

Net sales for the first half-year increased by 20% to 10.9bn DKK from 9.1bn DKK in the year before. Growth was 15%, when converted at last year's level of exchange rates and adjusted for acquisitions and divestments. The operating profit (EBIT) increased to 712 million DKK from 672 million DKK in 2006.

The first six months of 2007 were characterised by a generally great demand for the Group's products; however, the growth in the second quarter was slightly lower than that of the first quarter. The European main market continues to show decent progress, where the German market in particular was the driving force. The Group had very high sales growth rates on the Russian market during the half-year and it is now Danfoss' sixth largest market. Also, the Chinese market had decent double-digit growth rates in the half-year. In North and Latin America, the favourable development continues, even though the American market did not have quite the same high growth as in the first quarter.

All three divisions contributed to growth during the quarter.

As anticipated, the high market growth from the first quarter could not be retained in the second quarter and there are more signs that growth will decline during the second half-year. The growth in net sales is, however, expected to continue its positive development.

The continuing high - and increasing - prices for raw materials, the change in the country and product mix on several markets and non-recurring costs incurred in connection with a change in product specifications have had

a negative impact on the profit in the half-year. In addition, the sales and profit of the company Danfoss Solar Inverters (Power Lynx), which was acquired in the first quarter, have not met expectations.

Even though the profit has been under pressure during the half-year, the Group still expects to meet expectations, announced previously, for the 2007 profit. This is going to be achieved, among other things, through the projects implemented under the Danfoss Business System within production, purchasing and sales.

The operating profit (EBIT) was 712 million DKK compared with 672 million DKK the year before, equalling growth of 6%. The result should be assessed in light of the fact that the 2006 EBIT was positively affected by the profit obtained in connection with the demerger of the bio-tech activities to Danfoss Bionics A/S.

Income from joint ventures and associates amounted to 219 million DKK in the half-year, against 93 million DKK in the same period the year before. This item also includes, among other things, 187 million DKK which is part of the profit from the sale of Damcos A/S, as well as a share of the operating profit from Sauer-Danfoss Inc. which was 69 million DKK compared with 117 million DKK the year before.

Financial net items showed a deficit of 175 million DKK compared to a deficit of 134 million DKK the year before. This development was primarily due to net interest expenses increasing by 41 million DKK following increased loans and an increased level of interest. In addition, 63 million DKK have been spent on the Group's share remuneration schemes in the first half-year of 2007, compared to 54 million DKK in 2006.

Net interest-bearing debt amounted to 3,950 million DKK at the end of the second quarter of 2007, as opposed to 2,047 million DKK at the same time in 2006. This increase in debt can primarily be attributed to loans in connection with the financing of acquisitions during 2006 and increased funds tied up in the working capital.

The profit before tax rose to 758 million DKK from 631 million DKK, while the **result for the year** was 601 million DKK compared with 492 million DKK in the year before.

The shareholders' equity was 9,418 million DKK, equalling an equity ratio of 47.0% compared to 48.6% at the end of 2006.

The free cash flow, which is a combination of cash flows from operating activities of – 442 million DKK and cash flows from investing activities of – 417 million DKK, was – 859 million DKK, which is the same as in 2006. The high level of activity resulted in increased funds tied up in the working capital which was, however, balanced by less acquisition activity, compared to the same period last year.

The research and development costs were 407 million DKK, compared to 357 million DKK the year before. This equals an increase of 14%, which corresponds to approx. 3.7% of net sales.

Acquisitions and sale of companies

In June, Danfoss entered into a joint venture agreement with the Italian development company Necos, which produces electronic controls. Danfoss obtained a 25% ownership share. Necos employs 15 people and had net sales of 2 million DKK in 2006.

In June, Danfoss signed an agreement to take over the German company Jupiter Heizsysteme GmbH which markets water-based floor heating systems. The company employs 50 people and had net sales of 60 million DKK in 2006.

Changes in employee numbers

At the end of the first half of 2007, the Danfoss Group employed 21,784 people; an increase of 2,492 employees compared to the first half of 2006.

There were 16,480 employees in Europe (15,214); 2,539 in North America, including Mexico (1,684); 2,469 in Asia-Pacific, including China (1,860); and 296 in other regions (504). In Denmark, 6,521 people were employed at the end of the period, compared to 6,166 the year before.

Events following the end of the half-year

In July, Danfoss took over the Danish company KH nordtherm a/s, which produces heat pumps for agriculture and residential buildings. KH nordtherm a/s employs 14 people and had net sales of 24 million DKK in 2006.

In August, Danfoss signed an agreement to take over the remaining 25% of the Chinese company Anshan Danish-China Co., Ltd. The company employs 100 people and had net sales of 28 million DKK in 2006.

Also in August, Danfoss signed an agreement to acquire the American company Chatleff Controls Inc.. The company had net sales of 230 million DKK in 2006 and employs 250 people.

In September, Danfoss took over the German company DMS Wasser-Wärmetechnik GmbH. The company employs 27 people and had net sales of 75 million DKK in 2006.

Expectations for 2007

Danfoss retains its expectations for the entire year, even though only moderate growth is expected in the second half-year.

The Danfoss Group expects the following in 2007:

- Net sales are expected to be at the high end of the range 21-22 billion DKK. This equals growth of between 8% and 13% compared to 2006. Companies acquired in 2006 are expected to contribute to net sales by approximately 1.5 billion DKK in 2007.
- The operating profit (EBIT) is expected to be between 1.6 and 1.8 billion DKK. The acquired companies are expected to make up around 50 million DKK of this amount. The full impact of the companies acquired in 2006 is not expected to show until the 2008 profits.
- The EBIT margin is expected to be around 8%.
- Any impact of future acquisitions and divestments has not been included in the expectations.

Prerequisites and risks:

The growth in the second half-year is expected to be generated primarily from the markets in Asia and, not least, the Chinese market. Also, the markets in North and Latin America and Central and Eastern Europe, including Germany and Russia in particular, are expected to continue to grow in 2007.

A large part of Danfoss' sales outside Europe are settled in dollars. A negative development on the dollar exchange rate will therefore mean a lower growth in net sales, when converted to Danish Kroner.

The price of raw materials in the second half-year of 2007 is expected to be subject to major fluctuations, but the general expectation is that prices will remain high. Danfoss will hedge selected raw materials and thereby try to even out some of the major fluctuations in raw material prices.

Danfoss' core business areas

*“Generally, it was a good half-year, with growth in both the sales and profit of the **Danfoss Refrigeration & Air Conditioning Division**, which was driven by continuing strong organic growth. Some sales on the American market have, however, been affected by the turbulence on the financial markets.”*

Niels B. Christiansen, Vice Chief Executive Officer and COO, Danfoss A/S

Danfoss Refrigeration & Air Conditioning Division experienced a positive development in both net sales and profit in the half-year. Net sales rose by 22% to 5,838 million DKK from 4,776 million DKK. Calculated at last year's level of exchange rates and adjusted for acquisitions and divestments, the growth was 16% compared to 11% the year before.

Danfoss Refrigeration & Air Conditioning Division								
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2007 EUR YTD
Net sales	2,520	2,991	19%	4,776	5,838	22%	9,782	783
Operating profit (EBIT)	219	209	-5%	400	496	24%	761	67
EBIT Margin	8.7%	7.0%		8.4%	8.5%		7.8%	8.5%
Net assets				4,656	6,239	34%	5,636	838
Capital expenditure	131	150	15%	221	245	11%	2,214	33
Number of employees				9,932	11,255	13%	10,787	

The positive sales development continued on the European markets during the half-year and the German market in particular experienced a major increase. The Chinese and American markets were the primary driving forces behind the growth in net sales. A decline in building activities – caused by the turbulence on the financial markets – did, however, have a negative effect on sales on the American market.

Operating profit (EBIT) was 496 million DKK compared with 400 million DKK in the previous year. This equals an increase of 24%. The high price of raw materials and non-recurring costs had a negative effect on the profit in the second quarter.

“The investments and sales-promoting activities on the Russian market in recent years are really beginning to show in the net sales and profit. The **Danfoss Heating Division** has high expectations for the Russian market in the future. However, the continuing high and increasing prices of raw materials put pressure on the Division’s profit.”

Frederik Lotz, Executive Vice President and CFO, Danfoss A/S

Danfoss Heating Division experienced an increase in net sales in the half-year. Net sales rose by 14% to 2,772 million DKK from 2,429 million DKK. Calculated at last year’s level of exchange rates and adjusted for acquisitions and divestments, growth amounted to 16%, compared to 11% the year before.

Danfoss Heating Division								
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2007 EUR YTD
Net sales	1,241	1,384	12%	2,429	2,772	14%	5,664	372
Operating profit (EBIT)	118	59	-50%	221	169	-24%	726	23
EBIT Margin	9.5%	4.3%		9.1%	6.1%		12.8%	6.1%
Net assets				3,586	4,210	17%	3,683	566
Capital expenditure	368	117	-68%	405	183	-55%	810	25
Number of employees				4,755	5,348	12%	5,088	

The West European main market only showed moderate growth rates in the half-year. In return, the very positive development in sales continued on the East European markets. The modest growth on the West European market is primarily due to a general decline within the building sector and a setback suffered by the heating sector.

The operating profit (EBIT) fell by 24% to 169 million DKK from 221 million DKK. The result has been negatively influenced by high price of raw materials, a change in the country and product mix and investments in new business areas.

“The lack of vital components has had an impact on the production costs in the **Danfoss Motion Controls Division** and has, therefore, negatively affected the earnings, which the growth of the business did not balance. Furthermore, Danfoss Solar Inverters did not meet our expectations, unfortunately. The full effect of activities implemented to rectify this is not expected to show in 2007.”

Hans Kirk, Executive Vice President and CDO, Danfoss A/S

Danfoss Motion Controls Division achieved an increase in net sales during the half-year. Net sales rose by 14% to 2,076 million DKK from 1,815 million DKK. When calculated at last year’s exchange rates and adjusted for acquisitions and divestments, the growth in net sales was 11%, which is at the same level as the year before.

<i>Danfoss Motion Controls Division</i>								
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2007 EUR YTD
Net sales	919	1.059	15%	1,815	2,076	14%	3,759	279
Operating profit (EBIT)	65	38	-42%	144	105	-27%	342	14
EBIT Margin	7.0%	3.6%		8.0%	5.1%		9.1%	5.1%
Net assets				1,022	1,215	19%	1,002	163
Capital expenditure	31	30	-3%	69	195	183%	180	26
Number of employees				3,318	3,759	13%	3,387	

Sales growth on the markets in Europe, and on the German and Russian markets in particular, has developed positively during the half-year.

The operating profit (EBIT) fell by 27% to 105 million DKK from 144 million DKK the year before. The operating profit during this period was negatively affected by a change in the product mix and increasing component prices. In addition, the sales and earnings of Danfoss Solar Inverters (Power Lynx), the company acquired in the first quarter, did not meet expectations.

Sauer-Danfoss Inc. is listed on the stock exchange in New York, USA..

The company is recorded in the accounts as a joint venture of Danfoss A/S, and the Group owns 38.2 % of the shares in Sauer-Danfoss Inc.

<i>Sauer-Danfoss Inc</i>				
Million USD (unless otherwise stated).	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006
Net sales	954	1,027	8%	1,739
Profit after tax	49	33	-33%	54

Sauer-Danfoss Inc. is included in the Danfoss A/S Group accounts under the item “Income from associates and joint ventures”.

For further information, please refer to the Sauer-Danfoss homepage: www.sauer-danfoss.com

Financial Highlights

Mill. DKK (unless otherwise stated). All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2007 EUR YTD
Profit and loss account:								
Net sales ¹⁾	4,733	5,533	17%	9,096	10,882	20%	19,428	1,460
EBITDA	638	529	-17%	1,094	1,177	8%	2,425	158
Operating profit excl. other income and expenses	337	302	-10%	584	702	20%	1,411	94
Operating profit (EBIT)	423	295	-30%	672	712	6%	1,601	95
Income from associates and joint ventures	36	24	-33%	93	219	135%	91	29
Financial income/expenses	-91	-74	-19%	-134	-173	29%	-290	-22
Profit before Tax (EBT)	368	245	-33%	631	758	20%	1,402	102
Net Profit	295	173	-41%	492	601	22%	1,038	81
¹⁾ Total growth in net sales:	14%	17%		18%	20%		18%	
Real growth in %	9%	12%		13%	15%		14%	
Exchange rates in %	1%	-2%		3%	-2%		0%	
Acquired/sold activities net in %	4%	7%		2%	7%		4%	
Balance Sheet:								
Total non-current assets				7,970	10,365		10,132	1,393
Assets				16,098	20,063		18,534	2,696
Total shareholders' equity				8,772	9,418		9,035	1,265
Net interest-bearing debt				2,047	3,950	93%	2,866	531
Net assets				9,626	12,179	27%	10,736	1,636
Capital expenditure				739	650	-12%	3,401	87
Cash flow statement:								
Cash flows from operating activities				35	-442		1,321	-59
Cash flows from investing activities				-893	-417		-3,020	-56
hereof net investments of assets				-426	-505		-1,000	-67
hereof net investments in companies				-318	-72		-1,995	-10
Free cash flow				-859	-859		-1,699	-115
Cash flows from financing activities				673	818		1,877	109
Key figures:								
Number of employees (end of period)				19,292	21,784	13%	20,612	
EBIT margin	8.9%	5.3%	-3.6	7.4%	6.5%		8.2%	
EBITDA margin	13.5%	9.6%	-3.9	12.0%	10.8%		12.5%	
RONA ¹⁾	4.5%	2.5%	-2.0	7.5%	6.2%		16.8%	
Return on equity				5.7%	6.5%		11.9%	
Equity ratio				54.3%	46.8%		48.6%	
Leverage ratio				23.4%	42.0%		31.8%	

¹⁾ RONA (Return On Net Assets)

Result of operating profit as percentage of average net assets. Net assets are total assets deducting investments in associates and joint ventures, cash and cash equivalents, total provisions and non-interest bearing debt.

Profit & Loss Account

Mill. DKK (unless otherwise stated) All quarterly figures are unaudited.	Q2 2006	Q2 2007	Change in %	Q2 2006 YTD	Q2 2007 YTD	Change in %	2006	Q2 2007 EUR YTD
Net sales	4,733	5,533	17%	9,096	10,882	20%	19,428	1,460
Net sales Danfoss Services etc.	112	142	27%	230	267	16%	474	36
Cost of sales	-3,410	-4,098	20%	-6,581	-7,990	21%	-14,053	-1,072
Gross profit	1,435	1,577	10%	2,745	3,159	15%	5,849	424
	30.3%	28.5%		30.2%	29.0%		30.1%	29.0%
Distribution expenses	-940	-1,095	16%	-1,808	-2,085	15%	-3,756	-280
Administrative expenses	-158	-180	14%	-353	-372	5%	-682	-50
Operating profit excl. other income and expenses	337	302	-10%	584	702	20%	1,411	94
	7.1%	5.5%		6.4%	6.5%		7.3%	6.5%
Other operating income and expenses	86	-7	-108%	88	10	-89%	190	1
Operating profit (EBIT)	423	295	-30%	672	712	6%	1,601	95
	8.9%	5.3%		7.4%	6.5%		8.2%	6.5%
Income from associates and joint ventures	36	24	-33%	93	219	135%	91	29
Financial income/expenses	-91	-74	-19%	-134	-173	29%	-290	-22
Profit before tax	368	245	-33%	631	758	20%	1,402	102
Corporate tax expenses	-73	-72	-1%	-139	-157	13%	-364	-21
Net profit	295	173	-41%	492	601	22%	1,038	81

Balance sheet

Mill. DKK.	Q2 2006	Q2 2007	2006	Q2 2007 EUR
ASSETS				
Non-current assets				
Intangible fixed assets	2,059	3,985	3,874	535
Tangible fixed assets	4,300	4,667	4,612	627
Non-current financial assets	1,611	1,713	1,646	231
Total non-current assets	7,970	10,365	10,132	1,393
Current assets				
Inventories	2,651	3,620	2,799	486
Accounts receivable	4,949	5,234	4,717	704
Cash and cash equivalents	528	844	886	113
Total current assets	8,128	9,698	8,402	1,303
Total assets	16,098	20,063	18,534	2,696
LIABILITIES AND SHAREHOLDERS' EQUITY				
Total shareholders' equity	8,772	9,418	9,035	1,265
Non-current liabilities	3,030	3,909	3,732	525
Current liabilities	4,296	6,736	5,767	906
Total liabilities	7,326	10,645	9,499	1,431
Total liabilities and shareholders' equity	16,098	20,063	18,534	2,696

Statement of cash flows

Mill. DKK.	Q2 2006 YTD	Q2 2007 YTD	2006	Q2 2007 EUR YTD
Operating profit (EBIT)	672	712	1,601	95
Adjustments for non-cash transactions	260	367	614	49
Changes in working capital	-730	-1,191	-399	-159
Cash flows generated from operations before interest	202	-112	1,816	-15
Financial income	9	25	24	3
Financial expenses	-47	-222	-186	-30
Dividends received	29	42	59	6
Cash flows from operations before tax	193	-267	1,713	-36
Paid tax	-158	-175	-392	-23
Cash flows from operating activities	35	-442	1,321	-59
Acquisition of intangible fixed assets	-56	-70	-121	-9
Acquisition of tangible fixed assets	-376	-446	-1,000	-59
Proceeds from sale of tangible fixed assets	6	11	206	1
Acquisition of subsidiaries etc.	-318	-71	-1,995	-10
Proceeds from disposal of subsidiaries etc.	0	-1	59	0
Acquisition (-) and sale of other investments etc.	-149	160	-169	21
Cash flows from investing activities	-893	-417	-3,020	-56
Free cash flow	-859	-859	-1,699	-115
Financing by non-shareholders:				
Financing by Repayment of (-)/proceeds from interest bearing debt	1,055	1,032	2,258	138
Financing by shareholders:				
Issuing of shares	0	0	10	0
Repurchase/sale of own shares	0	-1	-7	0
Addition/disposal of minority interest	0	-7	0	-1
Dividends paid	-382	-206	-384	-28
Cash flows from financing activities	673	818	1,877	109
Net change in cash and cash equivalents	-186	-41	178	-6
Cash and cash equivalents (beginning of period)	736	886	736	119
Foreign exchange adjustment of cash and cash equivalents	-22	-1	-28	0
Cash and cash equivalents (end of period)	528	844	886	113

Equity specification

Mill. DKK.

	Share capital	Hedging reserve	Translation reserve	Reserve own shares	Other reserves	Reserves	Proposed dividend	Danfoss A/S' share of equity	Minority interest	Total equity
Balance at 1 January 2006	1,023	125	-152	-12	7,301	7,262	184	8,469	16	8,485
Total recognised income and expense		51	-105		855	801	204	1,005	5	1,010
Dividends to shareholders					-340	-340	-184	-524	-3	-527
Shares issued/capital reduction	1			-7	10	3		4	10	14
Share based payments					53	53		53		53
Balance at 31 December 2006	1,024	176	-257	-19	7,879	7,779	204	9,007	28	9,035
Total recognised income and expense		-55	11		598	554		554	3	557
Dividends to shareholders						0	-204	-204	-2	-206
Shares issued/capital reduction						0			-7	-7
Share based payment					39	39		39		39
Balance at 30 June 2007	1,024	121	-246	-19	8,516	8,372	0	9,396	22	9,418

¹⁾ Distribution of shares:
A-shares: DKK 425. mil.
B-shares: DKK 598.5 mil.

Geographical segments

Mill. DKK.

Group	EU	Rest of Europe	Asia	North America	Africa	Pacific	Latin America	Middle East	Total
Net sales Q2 2006 YTD	5,519	912	959	845	252	160	295	154	9,096
Net sales Q2 2007 YTD	6,211	1,094	1,260	1,391	157	167	360	242	10,882

Net sales are based on customer location.

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Currencies used:

The accounts were prepared in Danish Kroner. The Profit and Loss Account figures were translated into Danish Kroner at the average rate of the reporting period. The Balance Sheet figures were translated at the closing rate of the reporting period.

Currency:	Q2 2006 Closing rates	Q2 2007 Closing rates	2006 Closing rates	Q2 2006 Average rates	Q2 2007 Average rates	2006 Average rates
EUR	7.46	7.44	7.46	7.46	7.45	7.46
GBP	10.78	11.04	11.10	10.86	11.05	10.94
USD	5.87	5.51	5.66	6.08	5.61	5.95

Accounting principles:

Since 2002, Danfoss has prepared the accounts according to IFRS (International Financial Reporting Standards). These were used for this quarterly report as well as for the 2006 Annual Report. For a detailed description of these, please refer to the Danfoss A/S Annual Report 2006.