'04 Annual report

SP Group

Contents

Company details

The Company

SP Group A/S
Snavevej 6-10
DK-5471 Søndersø
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Central Business Registration No: 15 70 13 15
Financial year: 1 January - 31 December
Registered in: Søndersø
Website: www.sp-group.dk
E-mail: info@sp-group.dk

Supervisory Board

Niels K. Agner, Chairman
Erik Preben Holm, Deputy Chairman
Erling Larsen
Hans Wilhelm Schur
Erik Christensen
Poul H. Jørgensen (Employee representative)
Karen M. Schmidt (Employee representative)

Executive Board

Frank Gad, CEO (appointed on 15 November 2004).
Per R. Reimer, Director (appointed on 1 March 2005).
Anders S. Andersen, Director (appointed on 1 March 2005).

Company auditors

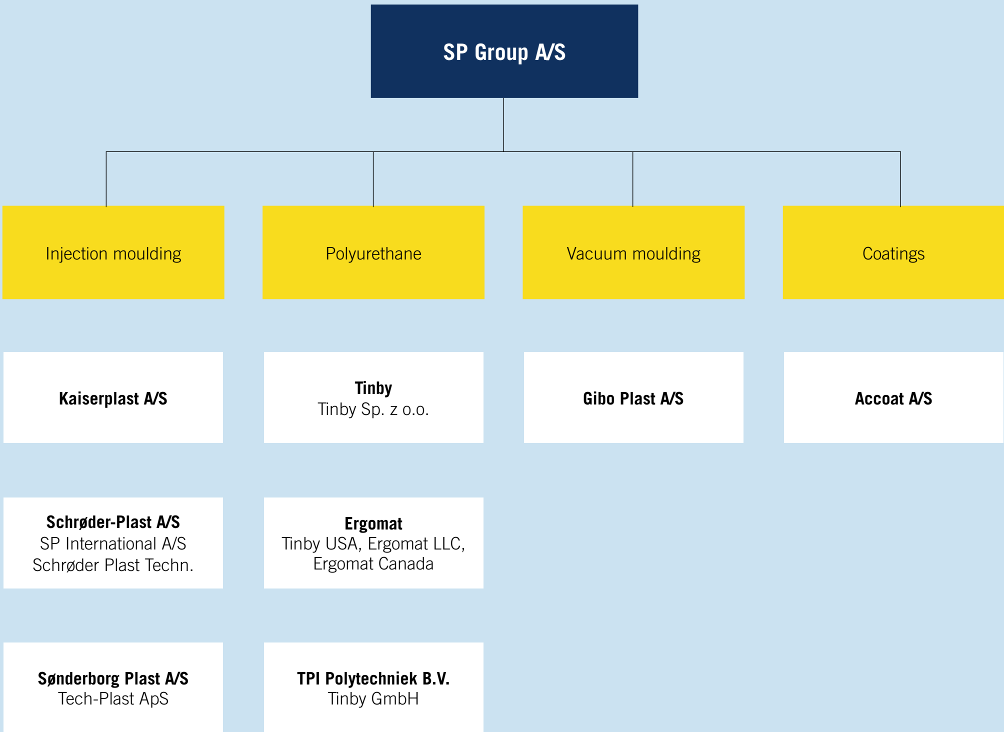
Deloitte	BDO ScanRevision
Østre Stationsvej 1	Havneparken 1
DK-5100 Odense C	DK-7100 Vejle

Annual General Meeting

The annual general meeting will be held on Tuesday 26 April 2005 at 12.00 pm at Ergomat, Sunekær 13-15, Søndersø.

Company structure

Business structure at 31 December 2004



The Company's primary activity

SP Group primarily manufactures moulded plastic components as well as coatings. SP Group is a leading supplier of plastic manufactured products for the manufacturing industry in Denmark and has significant exports and production from own factories abroad. The Group has four business areas: Injection moulding, polyurethane, vacuum moulding and coatings. SP Group has operating subsidiaries in Denmark, Germany, Netherlands, Poland, USA, Canada and China. SP Group is listed on the Copenhagen Stock Exchange and employs approx. 850 people.

Letter from the Chief Executive Officer

Dear shareholders and other stakeholders

The year 2004 has been very disappointing for SP Group A/S and our shareholders' values. The share price dropped by 34% in a share market which increased by 22% (KAX) and 41% (KFMX). The result of SP Group's efforts was a loss before tax of DKK 52 and DKK 37 million after tax of which a significant part are one-off expenses and impairment of assets. Keen price competition, excess capacity and increasing raw material prices had a negative impact on the operating profit.

In 2005, we will service our customers even better, enhance our own efficiency and stop loss-making activities. We will merge Schrøder-Plast A/S, Kaiserplast A/S and Sønderborg Plast A/S into one company, under the name of SP Moulding A/S. This will reduce our costs and enable us to solve customer-specific assignments better. We will close down small production units and centralise our resources, also to increase profitability and make better solutions for our customers, based on the competences developed in the Group over several years.

I wish to thank our many good and loyal customers who have again placed orders with us.

I also wish to thank our skilled employees for their efforts.

Let us do better in 2005. It is a must!

It is my expectation that in 2005 we may obtain a small profit in the range of DKK 0 and DKK 5 million before tax with a slightly larger revenue, but this is, of course, not good enough. Therefore, the situation demands that we all use all our creativity to create even better solutions enabling us to achieve good earnings in the course of the next few years.

F Gad

Frank Gad, CEO

Annual report summary

Financial highlights of the Group

DKK '000 except for financial ratios	2000 before adjustment*	2000 adjusted*	2001	2002	2003	**2004**
Key figures						
Profit/loss						
Revenue	716,053	524,740	534,747	528,551	594,971	695,702
Profit/loss before depreciation and amortisation (EBITDA)	92,500	69,529	45,202	75,531	67,088	30,066
Profit/loss before amortisation of goodwill (EBITA)	49,982	31,920	9,249	42,707	29,429	-34,608
Profit/loss before financial income and expenses (EBIT)	40,857	22,833	-1,424	39,692	24,355	-41,109
Net financials	-21,874	-21,646	-12,924	-10,447	-9,395	-10,870
Profit/loss on extraordinary items	-	-	-105,724	-	-	-
Profit/loss before tax	18,983	1,187	-120,072	29,245	14,960	-51,979
Profit/loss of the Group	13,587	6,042	-117,648	18,298	11,110	-36,924
Profit/loss for the year	11,790	4,219	-117,224	19,201	11,026	-37,772
Balance sheet						
Fixed assets	570,704	498,576	341,059	294,753	377,576	356,919
Total assets	852,047	798,411	497,262	430,712	582,116	586,196
Total equity	237,755	237,755	120,951	139,762	149,204	110,849
Total equity incl. minority interests	241,686	241,686	123,687	141,260	158,418	118,452
Investments in property, plant and equipment (excluding acqusitions)	31,066	24,848	36,215	19,859	45,148	46,513
Cash flows						
Cash flows from:						
- operating activities	13,666	13,508	31,978	56,283	12,544	9,264
- investing activities	-139,457	-139,457	128,736	-1,970	-80,617	-53,151
- financing activities	125,491	125,491	-162,019	-9,789	5,142	-2,333
Increase/decrease in cash and cash equivalents	-300	-458	-1,305	44,524	-62,931	-46,220
Average number of employees	806	658	748	639	733	852
Financial ratios						
Profit margin (%)	7,0	6,1	1,7	8,1	4,9	-5,0
Return on assets (%)	7,3	5,3	3,5	11,0	8,0	-4,0
Return on equity (%)	4,6	1,8	-65,4	14,7	7,6	-29,0
Equity ratio (%)	27,9	29,8	24,3	32,4	25,6	18,9
Equity ratio incl. minority interests (%)	28,4	30,3	24,9	32,8	27,2	20,2
Profit/loss per share in DKK	7	2	-66	11	6	-21
Total dividend (DKK '000)	44,154	44,154	0	0	0	0
Market price per share in DKK at year-end	168	168	130	125	129	85
Equity value per share in DKK at year-end	134	134	68	79	84	62
Market price/equity value, year-end	1.26	1.26	1.91	1.59	1.54	1.36

*) Due to the divestment of the paint and lacquer production activities at 1 January 2001, comparative figures for 2000 have been adjusted. Moreover, the adjusted figures include financial results for the whole of the financial year 2000 of two subsidiaries which were sold during 2000. Before adjustment, these results have been included for the actual periods of ownership of 8 and 3 months, respectively.

The financial year in outline

Revenue increased by 17% to DKK 695.7 million. All business areas contributed to the growth which was slightly higher than expected. The largest growth was in the polyurethane area.

The Group's contribution margin decreased by 5% to DKK 175.7 million. The decrease is particularly attributable to increased price competition, changed product mix and rise in raw material prices.

Profit/loss before financial income and expenses (EBIT) was a loss of DKK 41.1 million on a profit of DKK 24.4 million in 2003.

The loss before tax amounted to DKK 52 million. The amount includes impairment losses relating to fixed assets and goodwill etc of approx. DKK 35 million. The highly unsatisfactory loss is as expected in the stock market announcement of 14 December 2004.

A restructuring of the Group was introduced in 2004 with special focus on the business area Injection Moulding. Furthermore, SP Group is working on a simplification of the group structure and a reduction of costs.

Cash flows from operating activities decreased by 26% to DKK 9.3 million.

Net interest-bearing debt increased by DKK 50 million to DKK 348 million. The Group wants to reduce debt through divestment of non-operating related assets.

The Supervisory Board recommends the Annual General Meeting not to pay dividend for the financial year 2004.

Events after the balance sheet date

In January 2005, SP Group adopted a new structure in the business area Injection Moulding where the activities are centralised in one company under the name of SP Moulding A/S. The merger was adopted to reduce costs and to better use the competencies in the production facilities of this business area.

On 22 February, the Supervisory Board decided to enlarge SP Group's Executive Board with Per R. Reimer and Anders S. Andersen with effect from 1 March 2005. After the enlargement, the Group Executive Board consists of Frank Gad (CEO) as responsible for the business areas Injection Moulding and Polyurethane, Anders S. Andersen as responsible for Vacuum Moulding and Per R. Reimer as responsible for Coatings.

No events have occurred after the balance sheet date to the date of publication of this annual report which would have material influence on the results or the balance sheet.

Outlook

SP Group expects a growth in revenue in 2005 of 0-5% with unchanged exchange rates. The ongoing restructuring of the Group is expected to result in a profit before tax of DKK 0-5 million. This is not satisfactory but however reflects a significant progress compared to the loss of DKK 52 million in 2004. The Group aims at increasing earnings in three to five years so that profit before tax will amount to 5% on revenue. Expectations are based on the present business portfolio. Changes in the Group's activities, raw material prices and exchange rates may affect expectations.

Management's review

SP Group's strategic development

Despite a substantial product programme and strong competencies, SP Group has generated highly unsatisfactory earnings. The reason for this is mainly the excess capacity among suppliers which constantly sharpens competition and presses down selling prices. Moreover, many of the customers move their production to Eastern Europe or Asia, and finally, raw material prices - especially in 2004 - have escalated.

SP Group has not reacted effectively to these challenges. The obvious sales and cost synergies on top of recent years' acquisitions have not been fully utilised. SP Group still has too many small production units with too much capacity, and the Group has reacted too late on the customers' transfer to low-wage markets. Therefore, earnings have declined.

In the second half of 2004, SP Group introduced a restructuring of the Group, especially in the Injection Moulding area, where the problems are most pronounced. The restructuring has been intensified and speeded up after the appointment of a new Group Executive Board. The process has three main objectives:

- To increase the Group's sales, in as well as outside Denmark

- To increase earnings and cash flows from operating activities

- To reduce the interest-bearing debt and release capital for investments in the future.

Measures at Group level

As part of the restructuring, SP Group will sell assets which do not contribute to earnings. Initially, it will be properties, and in 2005, the Group sold a minor property in Kvistgaard. SP Group will also reduce the tied-up capital in operating assets, and in line with this policy, the Group with effect from 1 April 2005 entered into a rental agreement on Gibo Plast's new factory in Skjern and a sale-lease back arrangement on the production equipment in the building. Other measures are expected to be taken in the course of the year. The released capital is to be used partly to reduce debt and partly for continued investments.

Moreover, three production plants will be closed in the first half of 2005 in addition to the two plants in Ejby and Flensburg, which were closed down in 2004. In other plants, processes are automated and workflows enhanced to improve efficiency and reduce costs. Where relevant, SP Group will follow the customers to Eastern Europe and Asia and move machinery and work-intensive assignments to the Group's plants in Poland and China.

All overhead costs will be critically scrutinised. The Group structure will be simplified. At first, activities within Injection Moulding will be centralised but also in other areas adjustments will be made to reduce the chains of command and improve efficiency of the Group. The development and purchasing functions were centralised in 2004 but in relation to purchase it is still possible to obtain economies of scale by central sourcing of raw materials and components. Also control and follow-up will be intensified from central quarters.

Sale and marketing are intensified with more resources to work on the local markets where SP Group has obvious opportunities. Products and service offers are to be better differentiated and the total offer within secure just-in-time delivery is to be enhanced.

Generally, SP Group will currently analyse the Group's activities. If there are activities and enterprises which are unable to attain constant, reasonable earnings, they will be closed down or sold.

Measures taken within Injection Moulding

On 1 January 2005, Schrøder-Plast A/S, Kaiserplast A/S and Sønderborg Plast A/S merged into one legal entity under the name of SP Moulding A/S. The merger will take effect as from 1 May, when purchasing, administration, finances, sales, marketing and product development will be centralised. The new structure will reduce overhead costs and provide savings by means of joint purchasing of raw materials, tools, etc.

The production units of the business area are specialised in order to better utilise their competencies.

- Sønderborg, Juelsminde and Stoholm are reorganised and restructured under common management in order to make the factories a more flexible unit with high competency within production of technical plastics.

- In the fourth quarter of 2004, production of technical plastics was transferred from Karise to other units of the business area and Karise then specialised in medical appliance production under the name of SP Meditec. A large extension of clean-rooms is in progress and will be completed in the first half of 2005. Karise also manufactures license plates.

- Holstebro carries out UV coating (e.g. coating of displays). Due to declining sales, the plant in Holstebro has been written down to DKK 0 at the end of 2004.

- China manufactures technical plastics and carries out assembly work.

In all factories, planning is to be intensified and motivation increased in order to be able to produce more with fewer machines and more efficiently.

At the same time, sales efforts are to be strengthened. Initially, focus will be on Denmark where SP Group is probably the largest independent producer but where there are significant possibilities by means of cross sales, enhanced service and system supplies, among other things. Moreover, the business area is to grow in the local markets and follow its customers to Eastern Europe and China.

Measures taken within Polyurethane
Production in Flensburg was transferred to Poland and Søndersø in 2004 and Flensburg was finally closed at the beginning of 2005. The transfer was made at the same time as the introduction of a new business area in Søndersø within foaming of doors for refrigerating furniture.

Measures taken within Vacuum Moulding
The factories in Esbjerg and Viborg will be closed and production centralised not later than 30 June 2005 in Skjern where the factory will be extended with 3,400 sqm. Investments in a new building and new vacuum machines amount to more than DKK 50 million and the amalgamation proceeds as planned.

With one production unit and enhanced automation, Gibo Plast will obtain a more cost-effective production, facilitating a quick switchover. In addition, it will be easier to use key persons' competencies and know-how.

The strong technological basis within high-pressure and twinsheet moulding is to be utilised in stronger sales efforts, especially in Norway and Sweden.

Measures taken within Coatings
Most of the coating activities were transferred to Munkegårdsvej in Kvistgaard in 2004. The rest of the activities will be transferred in the first half of 2005, and the building at Bøgeskovvej in Kvistgaard will subsequently be closed and sold. A minor building at Egeskovvej in Kvistgaard was already sold in 2005. The business area has invested in a new automatic coating line which has increased capacity significantly. The main tasks in 2005 will be to sell the excess capacity and to continue the company's development.

The tasks of the divisions Medical and Accofluor will be to create profitability, if necessary, through a changed structure or by transferring very wage intensive activities to countries with low production costs.

Financial consequences
The restructuring impacts on the financial statements for 2004 with approx. DKK 35 million as a result of impairment of fixed assets and goodwill and costs for amalgamations of units. The largest single item relates to the plant in Holstebro where the fixed assets etc have been written down from DKK 14 million to DKK 0. Moreover, costs relating to the closing-downs in Ejby and Flensburg and the transfers in Kvistgaard have been paid by operations.

SP Group expects the initiated restructuring measures to enhance the operating profit in 2007 by more than DKK 30 million on the level in 2004. For further information, see above section on Outlook.

Injection moulding

Injection Moulding

Name:	SP Moulding A/S (merger of Kaiserplast A/S, Schrøder-Plast A/S and Sønderborg Plast A/S)
Website:	www.sp-moulding.dk
Locations:	Juelsminde, Stoholm, Karise, Holstebro, Sønderborg, Suzhou (China)
Executive Board:	Frank Gad, CEO
Activities:	SP Moulding A/S is a leading Danish manufacturer of injection moulded, advanced plastic components. The customers are a wide range of industrial companies. Moreover, the business area manufactures license plates.
Description:	In addition to the actual moulding which is carried out in modern production facilities, the business area handles all finishing treatment such as ultrasound welding, surface treatment and compression. In addition, SP Moulding carries out part or full assembly, packaging and consignment for a large number of customers.
Environment	SP Moulding's activities are environmentally certified in accordance with DS/EN ISO 9001, DS/EN ISO 9002, DS/EN ISO 14001, EN 46002, FED.209E Class 10.000 and EEC GMP Class C. SP Meditec has clean-rooms at their disposal for the manufacture of products for the medical appliance industry.

DKK (million)	2002	2003	2004
Revenue	248.6	312.4	374.5
Depreciation and amortisation	-19.4	-22.7	-40.5
Profit/loss before financial income and expenses (EBIT)	20.1	-1.0	-31.4
Profit/loss for the year	11.3	0.0	-26.6
Total assets	180.8	257.4	264.4
Equity	77.9	78.0	50.9
Average number of employees	297	405	429

2004 in outline

Revenue increased by 20% to DKK 374.5 million. The reason for the increase is mainly that Sønderborg Plast was recognised in the financial statements for the whole of 2004 but only for a quarter in 2003. Revenue also increased in Schrøder-Plast and in China.

The business area realised a loss of DKK 26.6 million. The unsatisfactory results are attributable to declining contribution ratios, increased price competition and the above mentioned impairment losses relating to fixed assets, etc in Holstebro which have an impact on the financial statements of DKK 14 million. Moreover, other fixed assets have been written down by approx. DKK 4 million.

In 2004, the factory in Ejby was closed and production and customers were moved to the other factory units of the business area. The closing-down has an impact on operating profit/loss of approx. DKK 1.4 million.

The profit/loss is also affected by declining sales, especially in the second half of 2004. A number of new orders received at the end of 2003 and put into work in Stoholm in the first half of 2004 did not meet expectations in the second half of 2004.

Schrøder-Plast A/S and Sønderborg Plast A/S, both acquired in 2003, have met the budgets and contributed positively to the earnings of the business area.

In aggregate, the results are highly unsatisfactory.

Markets and products

The Danish market for injection moulding of plastic components is very fragmented with many small suppliers. Within certain product areas, there is also excess capacity nationally as well as internationally. SP Group is one of the largest independent manufacturers in Denmark.

The continued keen price competition and increasing transfers of production from Denmark to low-wage countries result in a volatile market. SP Group expects the market for injection-moulded components to slightly fall in 2005 but expects SP Moulding to be able to increase its market shares, in particular within the medical and technical plastics, by intensified sales efforts and development of competencies. SP Moulding will counter the competition from low-wage markets by moving production to these markets to a wider extent.

Strategy

Because of the unsatisfactory results, the business area is being restructured as stated above. The changes are to reduce overhead costs significantly and increase specialisation and thereby efficiency in the individual production facilities. Please refer to the description on pages 6-7.

Outlook for 2005

A slight growth in revenue is expected for 2005. At the same time, as a result of the restructuring, overhead costs will start declining and efficiency will be improved. This development is expected to generate considerably enhanced earnings.

Polyurethane

Polyurethane

Name:	The business area consists of Tinby with activities in Denmark and Poland, Ergomat with activities in USA and Canada and the 60% owned TPI-Polytechniek B.V.
Website:	www.tinby.dk, www.ergomat.dk, www.tpi-polytechniek.com
Locations:	Søndersø, Zdunska Wola (Poland), Vught (Netherlands), Cleveland (USA) and Quebec (Canada).
Executive Board:	Johannes Matthiesen, CEO, Tinby. Mogens Kryger, CEO, Ergomat. Jeroen van der Heijden, Managing Director, TPI-Polytechniek B.V.
Activities:	**Tinby** is a leading supplier of moulded products in solid, foamed polyurethane and flexible polyurethane. The customers are the graphics industry, the medical appliance industry and furniture industry as well as manufacturers of insulation. In 2004, activities were extended with back-foaming of doors for refrigerators and freezers. In Poland, Tinby Sp. z o.o. manufactures light-foam products for ventilation in livestock buildings and industrial buildings as well as PUR cores. **Ergomat** manufactures and sells ergonomic workstation mats, the striping product DuraStripe as well as ergonomic work tables and work chairs. **TPI-Polytechniek B.V.** sells concepts for ventilation of poultry and pig houses, primarily Tinby's own products.
Description:	Polyurethane, also called PUR, is manufactured by mixing two special liquids and pressing the mixture into a mould - and the required component develops. The competencies consist in knowing the possibilities of variations and make the best of the material.
Environment:	Tinby works in accordance with the ISO 14 001 standard.

DKK (million)	**2002**	**2003**	**2004**
Revenue	117.8	108.4	139.7
Depreciation and amortisation	-5.5	-6.3	-6.6
Profit/loss before financial income and expenses (EBIT)	9.8	10.6	4.3
Profit/loss for the year	5.2	5.7	1.3
Total assets	90.7	115.6	133.2
Equity	28.4	34.2	36.0
Average number of employees	159	150	231

2004 in outline

Revenue increased by 29% to DKK 139.7 million, primarily due to increased assembly activities in Poland and more system supplies comprising resale of products from third party with low profit.

The development in Tinby was characterised by heavy costs relating to the reorganisation of production from Flensburg to Søndersø and Poland. The reorganisations have been completed, and in 2005 there will be no significant changes. Also due to weak contribution ratios of new assignments, the result achieved in Tinby was unsatisfactory.

In Ergomat, the sale of ergonomic workstation mats was considerably lower than expected, especially due to the recession on the German market. However, the sale of other products developed positively but in aggregate revenue declined by 15%.

Total profit of the business area decreased by 77% to DKK 1.3 million and is not satisfactory.

Markets and products

In several East European countries, there is an increasing demand for Tinby's light-foam products for ventilation in livestock buildings. In Scandinavia where the products are also sold, the demand is expected to be unchanged. Part of the sale is to OEM customers who have started to extend their own markets through increased export efforts. This may increase the demand for Tinby's products.

Manufacture of components for developing machines, including cylinders and tanks for the graphic industry, among others, is a significant market for Tinby and will also be important in future although it will not be a growing market. The market is heavily affected by the new CTP technology but there will still be a need for Tinby's products.

Ergomat has an export share of approx. 85-90% and sells its products to more than 20 countries. At present, Germany is the largest market but is expected to be surpassed by North America in the foreseeable future. The sale of the main product, ergonomic mats for workplaces, will continue to constitute a material part of revenue. Despite increased competition, Ergomat assesses that the Company is well positioned to increase revenue and earnings.

Strategy

Tinby will increase sales and improve earnings through goal-directed sales efforts and production enhancements. The company will particularly focus on back-foamed articles and insulation caps which are both regarded as growth areas.

Ergomat will extend its market shares in Europe, North America and South Korea through strategic cooperation and co-ownership of distributors, among other things. The product development is to renew and expand the programmes for ergonomic workstation mats, work tables and work chairs.

Outlook for 2005

The markets for ventilation and ergonomic work mats etc are expected to be at the 2004 level. A significant part of the assembly activities in Poland will cease whereas sales of back-foamed products are expected to develop strongly. All in all, a decline in revenue but strengthened earnings are expected for 2005.

Vacuum moulding

Vacuum Moulding

Name:	Gibo Plast A/S
Website:	www.gibo.dk
Locations:	Skjern, Viborg, Esbjerg (In 2005, activities will be centralised in Skjern)
Executive Board:	Anders S. Andersen, CEO
Activities:	Gibo Plast A/S develops, product matures and manufactures technical plastic products for various industries in Denmark and abroad. Among the most important products are vacuum formed items for the refrigerator and deep-freezer industry, cabinets and technical items for lighting, medical equipment and other industries. Gibo Plast A/S is also specialised within the high-pressure and twinsheet technologies.
Description:	Vacuum moulding is a process in which plastic raw material is heated and subsequently moulded under vacuum or high pressure. The products are subsequently finished by cutting (CNC cutting) and at last assembled into the finished product.

DKK (million)	**2002**	**2003**	**2004**
Revenue	88.4	89.5	105.3
Depreciation and amortisation	-3.2	-3.6	-3.1
Profit/loss before financial income and expenses (EBIT)	9.1	8.3	7.0
Profit/loss for the year	5.4	5.1	4.0
Total assets	70.3	68.7	82.9
Equity	27.5	27.6	26.6
Average number of employees	61	60	72

2004 in outline
Revenue increased by 17% to DKK 105 million. The increase is a result of organic growth as well as the acquisition of Jysk Vakuumplast in March 2004.

Too high capacity costs combined with market price increases of raw materials which could not be added to sales prices resulted in a decline in earnings to DKK 4 million.

In 2004, Gibo Plast started to prepare the centralisation of production in Skjern together with extensive investments in new machines based on high-pressure and twinsheet technologies.

Markets and products
The customers of Gibo Plast are a wide range of especially Scandinavian industrial companies, primarily producers of refrigerators and freezers as well as medical appliance and lighting companies. A new market segment - caravans, etc. - had a positive development in 2004 which is expected to continue.

Gibo Plast experiences an increasing demand for its products in Scandinavia with increasing exports to Norway and Sweden in 2004.

The high-pressure and twinsheet technologies had a break through in 2004, and Gibo Plast is working on extending the knowledge of these technologies which will enable a flexible production of complicated plastic products in large sizes, up to 2 x 3 metres. At the same time, there will be new potentials and a higher degree of freedom of design during the moulding process. Because of the company's significant investments in the technologies and qualifications in this area, Gibo Plast expects continued growth in the sale of products manufactured by means of the high-pressure and twinsheet technologies.

Many products executed in traditional materials are expected to be replaced by plastic products manufactured by way of vacuum moulding, and therefore Gibo Plast expects a growing market for the company's products.

Strategy
Gibo Plast will increase sales efforts in Norway and Sweden and enter into close cooperation with selected customers to meet their demands.

The centralisation of production in Skjern will contribute to increasing efficiency and at the same time the new and larger factory in Skjern will be more flexible and easier to switch over. Gibo Plast continues to automate production based on its technology competencies and aims at becoming one of Scandinavia's leading companies within high-pressure and twinsheet moulding.

Outlook for 2005
Gibo Plast expects a minor growth in revenue and a small improvement in earnings in 2005 provided that the centralisation of production in Skjern will proceed as planned. The fluctuations in prices of raw materials may affect the profit.

Coatings

Coatings

Name:	Accoat A/S
Website:	www.accoat.dk
Location:	Kvistgaard.
Executive Board:	Per R. Reimer, CEO
Activities:	**Coating** engages in the coating of industrial products and production plants. The products coated range from very small needles to large tank facilities. **Medical** develops, produces and distributes finished articles for the medical industry and supplies components for medico-technical equipment. **Accofluor** develops and produces industrial components in synthetic materials - primarily Teflon - for the manufacturing industry. The product palette includes seals for hydraulic equipment, bearings, gaskets and guide tapes.
Description:	Accoat A/S develops and manufactures environment-friendly solutions and products including fluorplastics (Teflon), PTFE and other synthetic materials.
Environment:	The Coating and Accofluor divisions are certified in accordance with DS/EN ISO 14001. Medical manufactures CE-labelled medical equipment and is certified in accordance with DS/EN ISO 9001:2000, DS/EN ISO 13485:2003, ANNEX II – Directive 93/42/EEC.

DKK (million)	**2002**	**2003**	**2004**
Revenue	68.3	76.6	82.8
Depreciation and amortisation	-4.2	-4.5	-2.3
Profit/loss before financial income and expenses (EBIT)	2.2	2.9	1.2
Profit/loss for the year	2.5	1.9	-0.2
Total assets	171.9	107.1	106.0
Equity	128.2	35.2	35.0
Average number of employees	117	110	112

2004 in outline
Revenue increased by 8% to DKK 82.8 million. The increase is mainly a result of growing sales of system supplies.

However, earnings decreased to a modest loss which is unsatisfactory. The loss is due to various matters, especially low automation, wage intensive production and expenses relating to transfer and running in of the new plant in Kvistgaard.

The earnings of the Coating activities were satisfactory but the earnings of Medical and Accofluor were unsatisfactory.

In 2004, after extensive renovation of the buildings, Accoat centralised management, administration, sales and a large part of production at the new address in Kvistgaard. The year was characterised by the transfer which is expected to be finalised in 2005.

In Coating, a new automatic production line was installed for Teflon coating multipling capacity. Installation and running in of the new plant have been more extensive than expected.

Medical introduced a new hydrophilic guidewire. Guidewires are used as disposables in hospitals within urology, radiology and angiography. The new product has been welcomed by the market.

Markets and products
The market for Coating is characterised by the requirements of large expertise in development and production of complicated coatings. Therefore, there are only a few suppliers, and Accoat is one of Europe's leading producers of Teflon coatings with exports to 24 countries. There has been an increasing interest in the division's products, and the new production line will enable the division to manufacture large series which are competitive on quality and price.

On the market for medico-technical equipment there are, however, many suppliers and therefore increasing price pressure and outsourcing to low-wage markets. It is necessary for the suppliers to lower costs and develop new low-priced products as total solutions. Accoat Medical is among the leading suppliers in Europe within production and coating of guidewires. The division is planning to launch new products in 2005.

Accofluor is a small producer of seals, gaskets and guide tapes. The market is characterised by large producers who are very competitive on price. Accofluor's niche is production of small high-quality series with short time of delivery.

Strategy
In 2005, Accoat will transfer the remaining coating activities to the new factory in Kvistgaard. Moreover, investments in updating buildings and production equipment will be continued. Increased sales efforts are to sell the excess capacity on the new coating line.

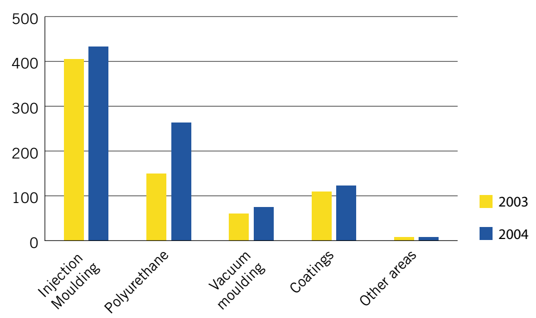
The system for control of materials and production implemented by Accofluor in 2004 is to be implemented in the rest of the business area. The system is to contribute to better utilisation of resources in production in order to lower direct costs.

As earnings in Medical and Accofluor are unsatisfactory, the structure of the two divisions will be carefully assessed. The divisions are to be made profitable, e.g. by changing the structure or by moving very wage intensive activities to low-wage manufacturing countries.

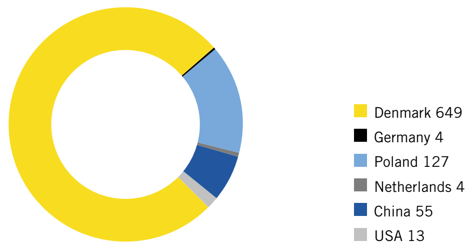
Outlook for 2005
Accoat A/S expects a nice growth in revenue and higher earnings provided that they will succeed to enhance competitiveness in Medical and Accofluor.

Organisation and knowledge resources

Distribution of employees



Distribution of employees by geographical markets in 2004



Profile of employees
In 2004, SP Group employed 852 people on average which is an increase of 16%. At year-end, the Group had 846 employees. The largest growth was in the business area of Polyurethane, in particular attributable to the implementation of assembly activities in Poland where the workforce was increased by 102 to 127 employees net over the year.

SP Group is dependent on being able to recruit, maintain and further develop key employees. SP Group will only be able to develop and manufacture competitive products if the employees have the appropriate education and the required technical insight and knowledge to understand and solve the customers' problems. According to the Group, it will be no problem to obtain and maintain key employees for the most critical management and specialist jobs. There is, however, a too large turnover in the hourly-paid workers in a few factories.

The restructuring of SP Group has resulted in and will lead to considerable changes for many employees, especially the hourly-paid operators who represent two third of the staff. It is decisive that all employees participate actively in the restructuring and support the process.

New structure within Injection Moulding
As mentioned above, the structure within Injection Moulding will be changed radically as from the spring of 2005, partly to achieve savings by economies of scale, partly to create a clear distribution of work between the factories. In 2004, Injection Moulding established a joint purchasing function with two departments in Juelsminde handling purchase of raw materials and tools.

Central development function
In 2003, SP Group set up a development department for the entire Group. The department undertakes all major development projects across the business areas, develops new products and assesses the potential in new materials. The development department is working closely together with the sales organisations to ensure that the development work is targeted at the market.

The central development department had five employees at the end of the year. In addition, approx. 50 employees were engaged in development activities in cooperation with the customers. It is in particular key account managers, who together with customers develop customised solutions.

Environment

Environmental, safety and health considerations are integral parts of SP Group's business, and the Group currently seeks to limit the environmental impacts.

The most significant environmental impacts occur in connection with consumption of energy, raw materials and material waste derived from this consumption.

SP Group's environmental strategy is based on the implementation of a certified environmental management system in all group enterprises, ensuring

- the use of environmentally friendly products in production and development processes,
- minimisation of waste, wastage and resource consumption,
- use of recycling wherever possible,
- a satisfactory work environment with much focus on safety level and environmental impacts.

SP Group meets all current environmental provisions and does not have any material outstanding environmental issues. The Group is continuously engaged in environmental enhancement relating to the in-house work environment as well as the external environmental impacts.

The environmental certifications of the individual business areas are listed under segment information on pages 8 - 15.

The following production units prepare green accounts in accordance with current Danish legislation:

Accoat

Tinby

Ergomat

Management of particular risks

Investing in shares involves certain risks. The following risks are of particular importance to SP Group:

Commercial risks

Market and competitors' risks

During recent years, SP Group's markets have been characterised by excess capacity with many and particulary small suppliers, price-cutting and customers' demands for smaller production series and more flexible production. In these turbulent markets, it has been more difficult to predict development in revenue. Therefore, the Company cannot preclude the possibility that revenue may decline as a result of lower sales to the Company's existing customers.

During recent years, SP Group has also experienced increasing price pressure from customers and suppliers and increased competition from the low-price regions in Eastern Europe and Asia, among others, where several customers have set up their business.

To minimise the commercial risks, SP Group has transferred parts of its production to the plants in China and Poland, and the process continues. Moreover, the Group is subject to an intensive ongoing restructuring to make Danish production more efficient and flexible. SP Group expects that this process will result in higher profitability which will improve SP Group's competitiveness.

Customers and suppliers

SP Group has more than 1,000 customers in the four business areas. The main part of the sales is in Scandinavia.

The 10 largest customers account for approx. 44% of the Group's revenue, and no individual customer accounts for more than 10% of the Group's revenue. Declining sales to a few or several customers will have a material impact on the Group's earnings.

To counter this risk, the Group seeks to enter into multi-annual customers' and cooperation agreements which lay down the general conditions of future orders.

SP Group is also dependent on the prices of raw materials and other materials for the production. Most of the Group's raw materials are oil-based, and significant fluctuations in oil prices may therefore result in rise in prices which cannot directly be added to sales prices.

SP Group has therefore centralised the Group's purchasing and seeks to build up a network of suppliers of critical raw materials to achieve a better negotiation position and greater security. The vulnerability to oil-price dictated increases in raw material prices may decrease but will fundamentally remain.

Change of production system

The production system of the Group, and in particular, of the business area of Injection Moulding is changed, partly through investments in new production equipment, partly by changing systems and distribution of assignments. With this change, the Group will achieve higher specialisation of production in the individual factories in the long term.

There is a risk that the implementation of these changes will cause delays and disturbances and impose further costs on the Group.

On the basis of thorough planning, SP Group seeks to minimise costs by implementing the changes. A smooth and fast implementation of this process is a necessity to achieve higher profitability.

Financial risks

The Supervisory Board has decided not to make active speculation of financial risks.

Interest risks

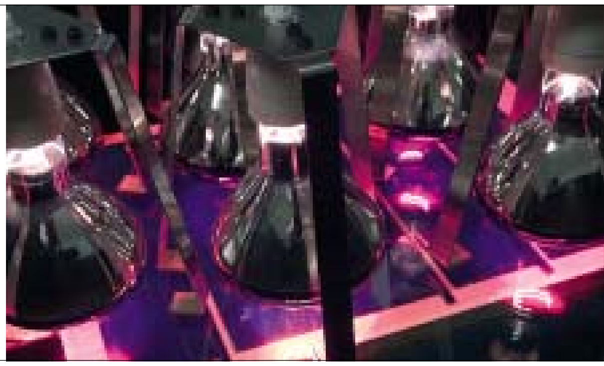
The Company's interest risk primarily originates from the net interest-bearing debt which is calculated as mortgage debt and bank debt less short-term securities and cash. At the end of the year, net payables amounted to DKK 348 million, an increase of DKK 50 million on the previous year. Of payables, DKK 95 million relates to fixed-rate loans with an average interest rate of 5.2%., whereas the rest relates to floating-rate loans with an average interest rate of 2.5% applicable for the next year.

An increase in the general interest level of 1 percentage point will result in an increase in annual interest expenses before tax of approx. DKK 2.5 million.

The Group seeks to reduce the net interest-bearing debt by divesting non-operating related assets.

Credit risks

The Group has no material credit risks relating to individual customers or cooperative partners. The customers and cooperative partners are often large, highly respected companies from many different business



sectors, which reduces SP Group's total credit risk. The credit standing of customers and cooperative partners is currently and systematically supervised. Credit insurance is used to hedge part of the credit risk.

There were no significant bad debts in 2004.

Currency risks

SP Group only carries out forward transactions in connection with hedging of commercial transactions, and the Management assesses on a current basis the necessity of hedging the currency risk in the individual transactions.

Currency risks relating to income are limited as approx. 90% of revenue is recognised in Scandinavian or Euro currencies. The rest of sales is recognised in USD or currencies following the USD. Please see note 1 of the financial statements. Of the fixed costs of the Group, approx. 97% is incurred in Scandinavian or Euro currencies. Purchase is also mainly recognised in DKK with a large part depending on the USD.

Part of the Group's long-term financing is raised in CHF. The Group uses forward contracts and options to control the currency and interest risks.

Corporate governance

SP Group's goal is for the Company to continuously be managed properly and decently which will help create value for the Company's shareholders, customers, employees and other stakeholders in the longer term.

The Supervisory and Executive Boards of SP Group recognise the significance of good corporate governance and wish to create openness and transparency in aspects of the Company's corporate governance.

In 2003, the Supervisory Board systematically reviewed the corporate governance recommendations and took a stand on each recommendation. The Supervisory Board then decided that the Company observed the most significant guidelines of the Copenhagen Stock Exchange for good corporate governance. The Group's corporate governance has not been significantly changed during 2004.

The Supervisory Board Members elected at the General Meeting are up for election each year. No incentive programs are available for the Supervisory Board. The remuneration of the Supervisory Board is determined at the General Meeting and for 2004 is proposed to be DKK 180,000 for the Chairman, DKK 135,000 for the Deputy Chairman and DKK 90,000 for the remaining members. Remuneration of the Supervisory and Executive Boards appears from financial statement note 4 on page 39.

Further information on corporate governance in SP Group is available in the corporate governance section on the Group's website www.sp-group.dk.

New Group Executive Board

On 15 November 2004, the Supervisory Board employed Frank Gad as new chief executive officer. He took over from Leif Dambo Jensen, who resigned after a short transition period.

On 22 February 2005, the Supervisory Board decided to enlarge the Group Executive Board with Per R. Reimer and Anders S. Andersen with effect from 1 March 2005.

Management Team

Accordingly, the Executive Board of SP Group is composed by:

Frank Gad, CEO, born 1960, MSc (Economics and Business Administration). Previous employment: CEO of FLSmidth A/S (1999-2004), CEO of Mærsk Container Industri A/S (1996-1999) and employed at Odense Staalskibsværft (1985-1999), last as executive officer. Supervisory Board member of DSV Miljø A/S, DSV Miljø Holding A/S, Danionics A/S and chairman of the Supervisory Board of LFM Invest A/S. Shares in SP Group: 0.

Per R. Reimer, born 1963, also CEO of Accoat A/S since 2003. Formerly held a number of positions in the AP Møller Group, last as Managing Director in Maersk Industri China and Vice President of Maersk Sealand China. Shares in SP Group: 1,653.

Anders S. Andersen, born 1964, also CEO of Gibo Plast A/S. Founded Gibo Plast A/S in 1986. CEO of Anders Andersen Holding ApS. Shares in SP Group: 219.

Other executives of SP Group are:
Jørgen Nielsen, Finance Director.
Johannes Matthiesen, Managing Director of Tinby.
Mogens Kryger, Managing Director of Ergomat.
Hans Knudsen, Plant Managing Director of SP Moulding.
Per Kristensen, Managing Director of Sales of SP Moulding.
Kenny Rosendahl, Managing Director of SP Meditec.
Jens Hinke, Managing Director of Development of SP Group.
Jeroen van der Heijden, Managing Director of TPI-Polytechniek B.V.

Left to right:
Anders S. Andersen
Frank Gad
Per R. Reimer

Left to right
Poul H. Jørgensen
Erling Larsen
Karen M. Schmidt
Erik Preben Holm
Hans Wilhelm Schur
Erik Christensen
Niels Kristian Agner

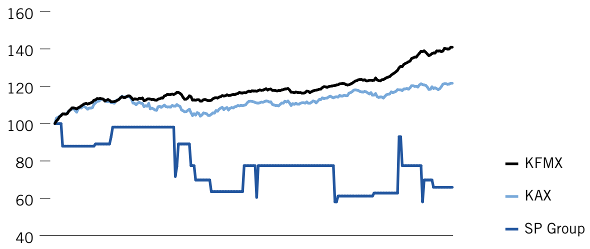
Supervisory Board	Number of shares	Directorships in Danish and foreign companies, etc.
Niels Kristian Agner, CEO, born 1943. Supervisory Board member and chairman since 1995.	800	Pigro Management ApS (CEO), A/S Dantherm Holding (SBM), Aktieselskabet SCHOUW & CO (SBM), Brynje A/S (SBC), G.E.C. Gad A/S (SBC), G.E.C. Gad Boglader A/S (SBC), G.E.C. Gads Forlag Aktieselskab af 1994 (SBC), INCUBA A/S (SBM), INCUBA Venture I K/S (SBC), InnFond P/S (SBC), InnKomplementar A/S (SBC), NOVI A/S (SBM), Polaris Management A/S (SBM), Accent Equity 2003 Limited Partnership (SBM), Baltic RIM Fund Ltd. (SBM), Dantherm Fonden (SBM), Direktør Hans Hornsyld og hustru Eva Hornsylds Legat (SBM), Direktør Svend Hornsylds Legat (SBM), Euroventures Nordica II B.V. (SBM)
Erik Preben Holm, CEO, born 1960. Supervisory Board member since 1997.	0	Louis Poulsen Holding A/S (CEO), Louis Poulsen Lighting A/S (CEO), Louis Poulsen El-teknik A/S (SBC), REDGREEN A/S (SBM), Arvid Nilsson A/S (SBM)
Erling Larsen, CEO, born 1940. Supervisory Board member since 1999.	0	Cens A/S (SBM), Kærup Erhvervspark A/S (CEO), Kærup Gods A/S (CEO), PBInge A/S (SBM), PBI Holding A/S (CEO), PBI-Dansensor A/S (SBC), Powercharge A/S (SBC), Glunz & Jensen Fonden (SBM), Køhn Group ApS (SBM)
Hans Wilhelm Schur, CEO, born 1951. Supervisory Board member since 1999.	0	Schur International a/s (CEO, SBM), Schur Invest a/s (CEO, SBM), Glunz & Jensen Fonden (SBM), Konsul Axel Schur og Hustrus Fond (SBC), Industrimuseet i Horsens (SBC), Landsbeirat Schleswig-Holstein der Commerzbank A (member), Nykredit (member of the governing council)
Erik Christensen, CEO, born 1937. Supervisory Board member since 2002.	0	Andreas Andresen A/S (SBC), B Import A/S (SBM), BB Electronics Holding A/S (SBC), BB Electronics A/S (SBC), Ejendomsselskabet Sjællandsvej A/S (SBM), EKV transport A/S (SBM), Handelsselskabet af 1. marts 2000 A/S (SBM), Hyundai Bil Import A/S (SBM), KK transport A/S (SBM), Lada Danmark A/S (SBM), Nic. Christiansens Holding A/S (SBC), Sarepta A/S (SBM), Schur International a/s (SBM), Schur Invest a/s (SBM), Schur Conference Center a/s (SBM), SI af 10. februar 1998 A/S (SBM), Unic Parts A/S (SBM), Vamdrup Klargøringscentral A/S (SBM), Konsul Axel Schur og Hustrus Fond (SBM), Luise Andresens Fond (SBC), Nic. Christiansens Fond (SBC), Nic. Christiansens Holding af 1985 ApS (SBC)
Poul H. Jørgensen, operator, born 1961. Employee representative since 2002. Latest election for the Supervisory Board in 2002.	45	
Karen M. Schmidt, operator, born 1951. Employee representative since 2002. Latest election for the Supervisory Board in 2002.	90	

Explanation:
CEO = Chief Executive Officer, **SBC** = Supervisory Board Chairman, **SBM** = Supervisory Board Member

Shareholder information

Share price performance in 2004

Indexed: 1.1.2004 = 100



Source: Copenhagen Stock Exchange

SP Group's goal is to increase the liquidity of the Company's share and to create a positive return for the shareholders through increases in the share price and – in the longer term – also dividends.

ISIN code and share capital

SP Group's shares are listed on the Copenhagen Stock Exchange under the symbol SPG, and the ISIN code is DK0010244771.

The share capital consists of 1,778,670 shares of DKK 100 which corresponds to a nominal share capital of DKK 177.9m. The share capital has not been changed during 2004. The Company only has one class of shares and the shares are freely negotiable. The voting rights are not limited.

Dividend policy

The Supervisory Board of SP Group presently intends to apply any profits for strengthening the Company's operations and financial position. The Supervisory Board does not expect to pay dividends until the Company has achieved its goal of profit before tax of approx. 5% of revenue and when the equity exceeds share capital.

Development in share price

SP Group's share ended the year at a price of DKK 85 and thereby dropped by 34% in 2004, reflecting the Groups' unsatisfactory earnings. A total of 4,989 shares were traded at a total price of DKK 504,064. This means that the share is practically illiquid. The Company will focus its efforts on increasing liquidity of the share in the coming years.

Ownership

At 10 March 2005, the following shareholders had announced ownership of 5% or more of the Company's shares:

	Registered in	Number (pieces)	Share (%)
Dansk Kapitalanlæg A/S	Copenhagen	470,972	26.5%
Cens A/S	Ringsted	300,824	16.9%
Schur Invest A/S	Horsens	216,449	12.2%
Mørksø Invest ApS	Skive	185,678	10.4%
Bethe Invest A/S	Vejle	127,045	7.1%
Vibco Invest A/S	Vejle	127,045	7.1%
Bodil Jørgensen	Aabenraa	118,729	6.7%
Lønmodtagernes Dyrtidsfond	Copenhagen	108,332	6.1%
Total major shareholders		**1,655,074**	
Distribution of other shares:			
SP Group (own shares)		14,375	0.8%
Registered below 5%		98,018	5.5%
Not registered		11,203	0.6%
TOTAL		**1,778,670**	**100.0%**

At 10 March 2005, SP Group had 493 registered shareholders (of this, 9 foreign). The number has largely been stable since January 2004.

Financial Calendar

SP Group has fixed the following key dates in 2005:

31 March – Announcement of Annual Report for 2004
26 April – Annual General Meeting and Quarterly Report for Q1
25 August – Interim Report
27 October – Quarterly Report for Q3

Investor relations

SP Group will work to spread the knowledge of the Company and its activities. Through open, decent and available communication, the Company will seek to develop a dialogue with shareholders, investors and other stakeholders.

Person responsible for investor relations is CEO Frank Gad
Phone: + 45 70 23 23 79
E-mail: info@sp-group.dk

Information on SP Group is also available on the website www.sp-group.dk. The website also contains the Stock Exchange Announcements issued by the Company in 2004.

Proposals for the general meeting

At the annual general meeting on 26 April 2005, the Supervisory Board will make the following proposals among others:

- That the Supervisory Board is authorised to expand the share capital by nominally DKK 5.4m to cover the establishment of a warrant programme for the CEO.

- That the Supervisory Board is expanded by one member, Steen Lønberg Jørgensen, who takes the position of CEO of Dansk Kapitalanlæg A/S on 1 April 2005. Steen Lønberg Jørgensen is 34 years old, MSc (Economics) and MBA from Leonard N Stern School of Business at the New York University. He was formerly the CEO of the listed BioMar group.

- That only Deloitte is reappointed as the Company's auditor appointed at the annual general meeting.

- That the articles of association are changed as a consequence of the above. The changes will appear from the notice convening the meeting.

Adoption of IFRS

As from 2005, the Group is to prepare its annual report in accordance with the International Financial Reporting Standards (IFRS).

SP Group A/S's existing accounting policies only deviate on a few areas from the future accounting policies. The most important changes compared to the Group's existing accounting policies are the following:

- Goodwill is not to be amortised systematically, but will be made subject to annual impairment test. In the annual report for 2004, goodwill is amortised by DKK 6.5m.

Apart from this, the adoption of IFRS is not expected to lead to significant changes in accounting policies or changes in the Group's assets, liabilities, financial position and cash flows.

Generally, however, changes are expected in relation to presentation and disclosures in the annual report.

In connection with announcement of SP Group A/S's quarterly report for Q1 2005, the IFRS impact on results, financial position, etc will be announced.

Statement by Management on the annual report

We have today presented the annual report of SP Group A/S for 2004.

The annual report has been presented in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange's financial reporting requirements for listed companies. We consider the accounting policies applied appropriate for the annual report to provide a true and fair view of the Group's and the Parent's financial position and results as well as of the Group's cash flows.

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

Søndersø, 31 March 2005

Executive Board

Frank Gad
Chief Executive Officer

Anders S. Andersen

Per R. Reimer

Supervisory Board

Niels K. Agner
Chairman

Erik Preben Holm
Deputy Chairman

Erik Christensen

Erling Larsen

Hans Wilhelm Schur

Poul Henning Jørgensen
Employee Representative

Karen Marie Schmidt
Employee Representative

Auditors' report

To the shareholders of SP Group A/S
We have audited the annual report of SP Group A/S for the financial year 2004, prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange's financial reporting requirements.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion
We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies applied and significant estimates made by Management as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 31 December 2004 as well as of the results of the Group's and the Parent's operations and the consolidated cash flows for the financial year 2004 in accordance with the Danish Financial Statements Act, Danish accounting standards and the financial reporting requirements laid down by the Copenhagen Stock Exchange.

Odense, 31 March 2005

Deloitte
Statsautoriseret Revisionsaktieselskab

Vejle, 31 March 2005

BDO ScanRevision
Statsautoriseret Revisionsaktieselskab

Henning Jensen
State Authorised
Public Accountant

Fl. Heden Knudsen
State Authorised
Public Accountant

Svend Alkærsig
State Authorised
Public Accountant

Dorthe Hæsum
State Authorised
Public Accountant

Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class D enterprises, Danish accounting standards and the guidelines established by the Copenhagen Stock Exchange for listed companies.

On 1 January 2004, the Parent SP Group A/S merged with the wholly owned subsidiary G.T.I. Denmark A/S. Comparative figures of the Parent have been restated.

The accounting policies applied are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent SP Group A/S and the enterprises controlled by the Parent, see Group chart on page 51. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of SP Group A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Acquisition and sale of enterprises

Newly acquired enterprises are recognised in the consolidated financial statements from the time of acquiring such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which the assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and they are recognised in the income statement as such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses. Profits and losses are recognised in the income statement under other operating income or other operating expenses, respectively.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences arising between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, inventories and other non-monetary items purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly on equity. When the hedged transactions are realised, the changes are recognised in the relevant items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised after deduction of bonus and sales discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises direct and indirect costs incurred to earn revenue. In cost of sales commercial businesses recognise consumption of goods whereas manufacturing businesses recognise costs of raw materials, consumables and production staff as well as depreciation of plant.

Cost of sales concerning contract work in progress is recognised as incurred.

Other cost of sales also includes costs of development projects which do not meet the criteria for recognition in the balance sheet.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the Group's primary activities.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium relating to mortgage debt, cash discounts etc as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Extraordinary items

These items comprise income and expenses which stem from events outside the Group's ordinary activities, and which are therefore expected to be non-recurring.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect using the laws at the balance sheet date when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

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 Parent is jointly taxed with other wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill and goodwill on consolidation
Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by the Management for each business area. The amortisation period is up to 20 years for strategically acquired enterprises with strong market positions and long-term earnings profiles as the amortisation period is assessed on the basis of the Group's benefit from the relevant resources.

The carrying amount of goodwill is assessed currently and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related.

Development projects
Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

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

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is up to five years.

Development projects, including projects in progress, are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments. Interest expenses on loans raised to finance the production of property, plant and equipment are not recognised in the cost price of such assets.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-10 years
Computer acquisitions including software	3 years

Leasehold improvements are depreciated over the rental period, however not more than 10 years.

Assets costing less than DKK 11k per unit are recognised as costs in the income statement at the time of acquisition.

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

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 minus unamortised positive, or negative, goodwill on consolidation and plus or minus unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.

Subsidiaries and associates with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent'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 Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under consolidated financial statements.

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 consist of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

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.

Receivables

Receivables are measured at amortised cost usually equalling nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividends

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Treasury shares

Acquisition and selling prices of as well as dividends on treasury shares are recognised directly as equity under retained earnings.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

On acquisition of enterprises and shares in group enterprises, provisions are made for costs relating to restructurings in the acquired enterprise that were decided and published at the takeover date at the latest.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the contracts.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are recognised at amortised cost which usually corresponds to nominal value.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent, as this is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as acquisition and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, and payment of dividends.

Cash and cash equivalents include cash less short-term bank loans.

Segment information

Information is provided for primary business segments. The segmental disclosures comply with the Group's accounting policies and internal financial management.

Fixed assets in the segments include those used directly in the operation of each segment, including intangible assets, property, plant and equipment, and investments in associates.

Financial highlights

The ratios have been compiled in accordance with "Anbefalinger & Nøgletal 2005" (Recommendations & Ratios 2005) issued by the Danish Society of Financial Analysts.

$$\text{Profit margin} = \frac{\text{Profit//loss from primary activities (EBITA)} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{(Profit/loss from primary activities (EBITA) + financial income)} \times 100}{\text{Average balance sheet total}}$$

$$\text{Return on equity} = \frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$$

$$\text{Equity ratio} = \frac{\text{Equity} \times 100}{\text{Balance sheet total}}$$

Income statement for 2004

DKK'000

Parent 2003	Parent 2004	Note		Group 2004	Group 2003
74,995	67,108	1	Revenue	695,702	594,971
(46,485)	(44,414)	2, 4	Cost of sales	(520,030)	(409,648)
28,510	**22,694**		**Contribution margin**	**175,672**	**185,323**
9,023	6,003	3	Other operating income	559	7,711
(7,919)	(10,409)		External expenses	(48,952)	(43,828)
(17,042)	(22,866)	4	Staff costs	(97,213)	(82,118)
12,572	**(4,578)**		**Profit/loss before depreciation and amortisation (EBITDA)**	**30,066**	**67,088**
(4,370)	(5,646)	5	Depreciation, amortisation and impairment losses	(64,674)	(37,659)
8,202	**(10,224)**		**Profit/loss before amortisation of goodwill (EBITA)**	**(34,608)**	**29,429**
(5,074)	(6,501)	6	Amortisation and impairment losses relating to goodwill	(6,501)	(5,074)
3,128	**(16,725)**		**Profit/loss before financial income and expenses (EBIT)**	**(41,109)**	**24,355**
11,735	(34,487)	7	Profit/loss before tax in group enterprises	-	-
11,479	8,133	8	Financial income	11,006	11,308
(11,583)	(10,350)	9	Financial expenses	(21,876)	(20,703)
14,759	**(53,429)**		**Profit/loss before tax**	**(51,979)**	**14,960**
(3,733)	15,657	10	Tax on profit/loss for the year	15,055	(3,850)
11,026	**(37,772)**		**Group profit/loss**	**(36,924)**	**11,110**
-	-	11	Minority interests' share of profit/loss	(848)	(84)
11,026	**(37,772)**		**Net profit/loss for the year**	**(37,772)**	**11,026**
			Proposed distribution of profit/loss		
0	0		Dividends for the financial year		
11,026	(37,772)		Retained earnings		
11,026	**(37,772)**				

Balance sheet at 31 December 2004

DKK'000

Parent 2003	Parent 2004	Note		Group 2004	Group 2003
702	482		Development costs	689	859
0	0		Goodwill and goodwill on consolidation	75,860	74,795
702	**482**	12	**Intangible assets**	**76,549**	**75,654**
56,992	56,317		Land and buildings	126,681	137,277
10,164	9,613		Plant and machinery	98,892	119,441
1,267	1,618		Other fixtures and fittings, tools and equipment	10,289	11,318
0	0		Leasehold improvements	509	2,074
584	0		Property, plant and equipment in progress	42,484	26,797
69,007	**67,548**	13	**Property, plant and equipment**	**278,855**	**296,907**
141,173	106,378		Investments in group enterprises	-	-
15	15		Other securities	1,515	5,015
141,188	**106,393**	14	**Fixed asset investmentsr**	**1,515**	**5,015**
210,897	**174,423**		**Fixed assets**	**356,919**	**377,576**
8,399	**10,934**	15	**Inventories**	**116,050**	**93,457**
15,260	10,558		Trade receivables	75,064	74,934
0	0	16	Contract work in progress	1,756	4,694
60,426	19,797		Receivables from group enterprises	-	-
9,297	7,909		Income taxes	6,549	5,525
1,665	751		Other receivables	13,062	11,026
1,917	203		Prepayments	3,690	4,237
88,565	**39,218**		**Receivables**	**100,121**	**100,416**
36,894	**67,267**		**Cash**	**13,106**	**10,667**
133,858	**117,419**		**Current assets**	**229,277**	**204,540**
344,755	**291,842**		**Assets**	**586,196**	**582,116**

Balance sheet at 31 December 2004

DKK'000

Parent 2003	Parent 2004	Note		Group 2004	Group 2003
177,867	177,867	17	Share capital	177,867	177,867
(28,663)	(67,018)		Retained earnings	(67,018)	(28,663)
149,204	**110,849**		**Equity**	**110,849**	**149,204**
-	**-**		**Minority interests**	**7,603**	**9,214**
6,873	5,291	18	Deferred tax liabilities	18,560	35,309
6,873	**5,291**		**Provisions**	**18,560**	**35,309**
106,869	107,823		Bank debt	145,325	120,768
0	0		Lease commitments	0	4,351
38,964	34,149		Financial institutions	64,292	86,153
145,833	**141,972**	19	**Long-term liabilities other than provisions**	**209,617**	**211,272**
			Current portion of long-term liabilities		
4,945	4,804		other than provisions	15,285	15,129
23,324	19,021		Bank debt	136,044	87,385
209	562		Prepayments received from customers	562	214
2,937	3,521		Trade payables	48,305	39,196
130	0		Payables to group enterprises	-	-
0	0		Income taxes	1,289	0
11,300	5,822		Other payables	38,082	35,193
42,845	**33,730**		**Short-term liabilities other than provisions**	**239,567**	**177,117**
188,678	**175,702**		**Liabilities other than provisions**	**449,184**	**388,389**
344,755	**291,842**		**Equity and liabilities**	**586,196**	**582,116**
		20-22	Assets charged and contingent liabilities, etc		
		23-25	Other notes		

Statement of changes in equity for 2004

DKK'000

	Share capital	Retained earnings	Total
Equity at 1 January 2003	177,867	(38,105)	139,762
Net profit/loss for the year	0	11,026	11,026
Intra-group profits	0	(831)	(831)
Exchange adjustments relating to foreign subsidiaries	0	(753)	(753)
Equity at 31 December 2003	**177,867**	**(28,663)**	**149,204**
Net profit/loss for the year	0	(37,772)	(37,772)
Exchange adjustments relating to foreign subsidiaries	0	(583)	(583)
Equity at 31 December 2004	**177,867**	**(67,018)**	**110,849**

Cash flow statement for 2004

DKK'000

Note		Group 2004	2003
	Profit/loss before depreciation and amortisation (EBITDA)	30,066	67,088
	Restructuring costs on acquisition of enterprises	0	(7,943)
	Other adjustments	(444)	(803)
26	Working capital changes	(8,040)	(25,417)
		21,582	**32,925**
	Interest income, etc received	11,006	11,308
	Interest expenses, etc paid	(21,876)	(20,703)
	Accounting profit, investments	0	(6,552)
	Income taxes paid	(1,448)	(4,434)
	Cash flows from operating activities	**9,264**	**12,544**
27	Acquisition of enterprises and activities	(10,949)	(53,833)
	Sale of enterprises and activities	0	3,789
	Investment from minority shareholders	0	5,077
	Acquisition of intangible assets	(136)	(1,385)
	Acquisition of property, plant and equipment	(46,513)	(45,148)
	Sale of property, plant and equipment	4,447	10,883
	Cash flows from investing activities	**(53,151)**	**(80,617)**
	Raising of long-term loans	16,000	12,112
	Instalments on long-term liabilities other than provisions	(18,333)	(6,970)
	Cash flows from financing activities	**(2,333)**	**5,142**
	Increase/decrease in cash and cash equivalents	**(46,220)**	**(62,931)**
	Cash at 1 January 2004	(76,718)	(2,575)
	Additions relating to acquisition of enterprise	0	(11,212)
28	**Cash and cash equivalents at 31 December 2004**	**(122,938)**	**(76,718)**

DKK'000

Parent 2003	Parent 2004	Note		Group 2004	Group 2003
		1.	**Revenue**		
			Revenue is broken down by geographical markets as follows:		
28,556	26,676		Denmark	482,283	410,642
5,670	6,145		Other Scandinavian countries	57,392	59,283
17,885	20,547		Germany	66,189	52,511
12,647	2,824		North America	24,923	26,116
10,237	10,916		Other countries	64,915	46,419
74,995	**67,108**			**695,702**	**594,971**
		2.	**Cost of sales**		
999	(2,031)		Changes in inventories of manufactured goods and work in progress	(6,852)	(3,296)
29,731	28,684		Costs of raw materials and consumables	387,389	289,857
15,755	17,761		Staff costs	139,493	123,087
46,485	**44,414**			**520,030**	**409,648**
		3.	**Other operating income**		
1,050	3,516		Rental income	300	0
2,262	2,487		Management fee, etc	0	0
0	0		Lease income	259	444
5,711	0		Profit on sale of investments	0	6,552
0	0		Profit on sale of properties	0	715
9,023	**6,003**			**559**	**7,711**
		4.	**Staff costs**		
29,680	36,380		Wages and salaries	212,023	188,320
814	1,663		Pension contributions	8,560	7,825
419	430		Other social security costs	7,581	3,812
1,884	2,154		Other staff costs	8,542	8,832
32,797	40,627			236,706	208,789
(15,755)	(17,761)		Transferred to other groups of cost items	(139,493)	(126,671)
17,042	**22,866**			**97,213**	**82,118**

DKK'000

Parent 2003	Parent 2004	Note		Group 2004	Group 2003
		4.	**Staff costs (continued)**		
			Of this total remuneration for the Parent's:		
1,527	4,688		Executive Board	4,763	1,826
510	765		Supervisory Board	765	510
2,037	**5,453**			**5,528**	**2,336**
96	**91**		Average number of employees	**852**	**733**
			Remuneration of the Executive Board includes salary to the former CEO.		
		5.	**Depreciation, amortisation and impairment losses**		
126	281		Intangible assets	6,782	5,119
993	1,776		Buildings	10,607	4,613
0	0		Leasehold improvements	1,864	374
3,245	3,589		Operating equipment	49,644	32,851
0	0		Impairment losses, fixed asset investments	3,500	0
6	0		Profit from sale of fixed assets	(1,222)	(224)
4,370	5,646			71,175	42,733
0	0		Of this amortisation and impairment losses relating to goodwill	(6,501)	(5,074)
4,370	**5,646**			**64,674**	**37,659**
		6.	**Amortisation and impairment losses relating to goodwill**		
5,213	6,741		Amortisation of goodwill, subsidiaries	6,741	5,213
(416)	(560)		Amortisation of intra-group profits	(560)	(416)
277	320		Amortisation of goodwill on consolidation	320	277
5,074	**6,501**			**6,501**	**5,074**
		7.	**Profit/loss before tax in group enterprises**		
15,115	(29,478)		Share of profit/loss before tax	-	-
5,213	6,741		Amortisation of goodwill	-	-
(8,593)	0		Elimination of intra-group profits	-	-
0	(11,750)		Impairment losses, Group	-	-
11,735	**(34,487)**			**-**	**-**

DKK'000

Parent 2003	Parent **2004**	Note		Group **2004**	Group 2003
		8.	**Financial income**		
4,814	6,591		Interest, etc	8,409	6,868
2,320	1,117		Interest from group enterprises	-	-
0	425		Other financial income	425	0
4,345	0		Exchange adjustments	2,172	4,440
11,479	**8,133**			**11,006**	**11,308**
		9.	**Financial expenses**		
5,813	8,477		Interest, etc	18,849	14,411
1,095	0		Interest to group enterprises	-	-
4,675	0		Other financial expenses	0	4,675
0	1,873		Exchange adjustments	3,027	1,617
11,583	**10,350**			**21,876**	**20,703**
		10.	**Tax on profit/loss for the year**		
(464)	(2,227)		Current tax	1,067	3,349
880	(1,582)		Change in deferred tax	(16,768)	2,759
5,064	(11,752)		Share of group enterprises' tax	-	-
(1,747)	(96)		Adjustment concerning previous years	646	(2,258)
3,733	**(15,657)**			**(15,055)**	**3,850**
			Reconciliation of tax rate:		
			Danish tax rate	30%	30%
			Non-taxable income and non-deductible costs	(1)%	(10)%
			Restructuring costs	0%	16%
			Other, including adjustment related to previous years	0%	(11)%
			Effective tax rate for the year	**29%**	**25%**
			The reconciliation for the Parent is not disclosed separately as the tax expenses of the Parent and the Group are identical.		
		11.	**Minority interests' share of profit/loss for the year**		
-	-		Profit/loss before tax	(1,450)	(201)
-	-		Tax on profit/loss for the year	602	117
				(848)	**(84)**

Notes DKK'000

		Group	
		Develop-ment costs	Goodwill and goodwill on consolidation
12.	**Intangible assets**		
	Cost at 1 January 2004	985	228,820
	Exchange adjustment	0	(489)
	Additions	111	8,002
	Disposals	0	0
	Cost at 31 December 2004	**1,096**	**236,333**
	Amortisation and impairment losses at 1 January 2004	126	154,025
	Exchange adjustment	0	(24)
	Amortisation and impairment losses for the year	281	6,472
	Reversal relating to disposals	0	0
	Amortisation and impairment losses at 31 December 2004	**407**	**160,473**
	Carrying amount at 31 December 2004	**689**	**75,860**
	Carrying amount at 31 December 2003	859	74,795

	Parent	
	Develop-ment costs	Goodwill and goodwill on consolidation
Cost at 1 January 2004	828	8,184
Additions	61	0
Disposals	0	0
Cost at 31 December 2004	**889**	**8,184**
Amortisation and impairment losses at 1 January 2004	126	8,184
Amortisation and impairment losses for the year	281	0
Reversal relating to disposals	0	0
Amortisation and impairment losses at 31 December 2004	**407**	**8,184**
Carrying amount at 31 December 2004	**482**	**0**
Carrying amount at 31 December 2003	702	0

DKK'000

		Group				
		Land and buildings	Plant and machinery	Other fixtures, etc	Leasehold improve-ments	Property, plant and equipment in progress
13.	**Property, plant and equipment**					
	Cost at 1 January 2004	188,577	360,055	43,551	2,530	26,797
	Exchange adjustment	(14)	200	(12)	151	0
	Other adjustments	37	2,778	166	0	0
	Additions	1,202	24,791	5,135	252	25,030
	Disposals	(1,200)	(7,706)	(2,485)	(751)	(9,343)
	Cost at 31 December 2004	**188,602**	**380,118**	**46,355**	**2,182**	**42,484**
	Revaluation at 1 January 2004	4,306	4,352	1,473	0	0
	Exchange adjustment	(1)	0	0	0	0
	Additions	0	0	0	0	0
	Disposals	(2)	(107)	(17)	0	0
	Revaluation at 31 December 2004	**4,303**	**4,245**	**1,456**	**0**	**0**
	Depreciation and impairment losses at 1 January 2004	55,606	244,966	33,706	456	0
	Exchange adjustment	(3)	(162)	(13)	59	0
	Other adjustments	14	2,823	144	0	0
	Depreciation and impairment losses for the year	10,607	43,870	5,951	1,909	0
	Reversal relating to disposals	0	(6,026)	(2,266)	(751)	0
	Depreciation and impairment losses at 31 December 2004	**66,224**	**285,471**	**37,522**	**1,673**	**0**
	Carrying amount at 31 December 2004	**126,681**	**98,892**	**10,289**	**509**	**42,484**
	Carrying amount at 31 December 2003	137,277	119,441	11,318	2,074	26,797
	Carrying amount includes recognised leased assets at 31 December 2004	0	2,987	0	0	0
	Carrying amount of properties in Denmark	**121,353**				
	Public land assessment for 2004 Danish properties	**164,170**				

DKK'000

Parent

		Land and buildings	Plant and machinery	Other fixtures, etc	Property, plant and equipment in progress
13.	**Property, plant and equipment (continued)**				
	Cost at 1 January 2004	66,194	34,367	5,204	584
	Additions by merger	0	0	754	0
	Additions	1,101	2,460	928	0
	Disposals	0	(717)	(1,138)	(584)
	Cost at 31 December 2004	**67,295**	**36,110**	**5,748**	**0**
	Depreciation and impairment losses at 1 January 2004	9,202	24,203	4,413	0
	Additions by merger	0	0	277	0
	Depreciation and impairment losses for the year	1,776	3,011	578	0
	Reversal relating to disposals	0	(717)	(1,138)	0
	Depreciation and impairment losses at 31 December 2004	**10,978**	**26,497**	**4,130**	**0**
	Carrying amount at 31 December 2004	**56,317**	**9,613**	**1,618**	**0**
	Carrying amount at 31 December 2003	56,992	10,164	1,267	584
	Carrying amount of properties in Denmark	**56,317**			
	Public land assessment for 2004	**67,970**			

Group

		Other securities
14.	**Fixed asset investments**	
	Cost at 1 January 2004	5,011
	Additions	0
	Disposals	0
	Cost at 31 December 2004	**5,011**

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	Group
	Other securities
14. Fixed asset investments (continued)	
Net revaluation at 1 January 2004	4
Value adjustments for the year	(3,500)
Net impairment losses at 31 December 2004	**(3,496)**
Carrying amount at 31 December 2004	**1,515**
Carrying amount at 31 December 2003	5,015

	Parent	
	Investments in group enterprises	Other securities
Cost at 1 January 2004	355,731	15
Additions	25	0
Disposals by merger	(5,841)	0
Cost at 31 December 2004	**349,915**	**15**
Net revaluation at 1 January 2004	(200,207)	0
Disposals by merger	2,263	0
Net share of profit/loss for the year	(21,251)	0
Dividends distributed	(5,000)	0
Exchange adjustment	(583)	0
Amortisation, goodwill on consolidation	(320)	0
Net revaluation at 31 December 2004	**(225,098)**	**0**
Carrying amount at 31 December 2004 before group adjustments	**124,817**	**15**
Impairment losses, Group	(8,225)	0
Intra-group profits	(10,214)	0
Carrying amount at 31 December 2004	**106,378**	**15**
Carrying amount at 31 December 2003	141,173	15
Goodwill on consolidation included in carrying amount	3,633	

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14. Fixed asset investments (continued)

Investments in group enterprises comprise:

	Ownership	Share capital	Equity at 31.12.2004	Profit/loss before tax	Tax on profit/loss for the year
Kaiserplast A/S, Fjends	100%	t.DKK 12,000	50,899	(37,606)	(10,909)
Accoat A/S, Helsingør	100%	t.DKK 10,000	34,977	30	230
Gibo Plast A/S, Viborg	100%	t.DKK 6,065	26,555	5,767	1,768
Tinby Sp. z o.o., Poland	100%	t.PLN 50	609	(662)	(417)
TPI Polytechniek B.V., Holland	60%	t.EUR 113	5,165	1,184	860
Tinby USA Inc., USA	100%	t.USD 360	2,979	1,809	241
			121,184	(29,478)	(8,227)
Goodwill on consolidation			3,633	0	0
			124,817	(29,478)	(8,227)
Amortisation of goodwill			0	6,741	0
Impairment losses, Group			(8,225)	(11,750)	(3,525)
Intra-group profits			(10,214)	0	0
			106,378	**(34,487)**	**(11,752)**

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Parent 2003	Parent 2004	Note		Group 2004	Group 2003
		15.	**Inventories**		
1,479	1,983		Raw materials and consumables	56,271	40,530
2,181	3,753		Work in progress	9,881	8,735
4,739	5,198		Manufactured goods and goods for resale	49,898	44,192
8,399	**10,934**			**116,050**	**93,457**
		16.	**Contract work in progress**		
0	0		Selling price of completed work	6,666	20,660
0	0		Invoiced on account	(4,910)	(15,966)
0	**0**			**1,756**	**4,694**
		17.	**Share capital**		
			The share capital consists of 1,778,670 shares at DKK 100.		
			The shares have not been divided into classes.		
			Changes in share capital in the period from 2000 to 2004:		
	176,440		Share capital at 1 January 2000		
	1,427		Issue of employee shares 2000		
	177,867		**Share capital at 31 December 2004**		
Nominal value	Percentage of share capital			Nominal value	Percentage of share capital
1,438	0.81		Treasury shares at 1 January 2004	1,438	0.81
0	0		Acquisition/sale 2004	0	0
1,438	**0.81**		**Treasury shares at 31 December 2004**	**1,438**	**0.81**
			Pursuant to the resolution passed at the Annual General Meeting, the Company may acquire treasury shares at a maximum of up to 10% of the share capital (nominal value), until the next ordinary general meeting.		
		18.	**Deferred tax liabilities**		
			Deferred tax is incumbent on the following items:		
(392)	(342)		Intangible assets	3,798	4,638
6,966	6,439		Property, plant and equipment	15,630	30,905
0	0		Fixed asset investments	(1,050)	0
315	431		Inventories	2,887	2,672
43	(290)		Receivables	(623)	(400)
(59)	(947)		Liabilities other than provisions	(2,082)	(1,583)
0	0		Tax loss carryforward	0	(923)
6,873	**5,291**			**18,560**	**35,309**

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Parent 2003	Parent 2004	Note		Group 2004	Group 2003
		18.	**Deferred tax liabilities (continued)**		
			Deferred tax can be specified as follows:		
0	0		Tax assets	(1,542)	(2,222)
6,873	5,291		Deferred tax	20,102	37,531
6,873	**5,291**			**18,560**	**35,309**
		19.	**Long-term liabilities other than provisions**		
			Due after more than five years:		
0	0		Bank debt	6,244	7,519
17,854	14,591		Financial institutions	52,333	45,300
17,854	**14,591**			**58,577**	**52,819**
		20.	**Assets charged**		
			Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the properties.		
56,649	**55,974**		Carrying amount of mortgaged properties	**115,010**	**118,591**
			Loans with credit institutions are secured by way of a letter of indemnity on real property and mortgages registered to the mortgagor with secondary liability.		
20,339	**19,657**		Carrying amount of mortgaged properties	**49,127**	**50,823**
			Loans with credit institutions are secured by way of a letter of indemnity and mortgages on movable property registered to the mortgagor secured upon operating equipment and fixtures and fittings, tools and equipment.		
0	**0**		Carrying amount of mortgaged operating equipment	**6,450**	**15,991**
			Subsidiaries' payables are secured by mortgages registered to the mortgagor on real property.		
0	**10,592**		Carrying amount of mortgaged properties	**-**	**-**
		21.	**Rental and lease commitments**		
			The Group has entered into rental and lease commitments relating to operating equipment.		
			Furthermore, a rental commitment is incumbent on the group enterprises.		
718	**1,568**		Rental and lease commitments, operating equipment	**4,006**	**10,301**
0	**0**		Rental commitments, buildings	**4,034**	**9,643**

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Parent 2003	Parent 2004	Note		Group 2004	Group 2003
		22.	**Recourse guarantee commitments and contingent liabilities**		
			Together with its subsidiaries, the Parent has entered into cash-pool arrangements with banks in which the Parent is liable for the total withdrawal from the overdraft accounts.		
94,470	**185,753**		Subsidiaries' bank debt		
			The Parent has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.		
6,000	**6,000**		Surety, guarantee and liability		
			A letter of support has been issued for subsidiaries.		
5,362	**4,921**		Letter of support		
			The Parent SP Group A/S is jointly taxed with a number of subsidiaries. The jointly taxed companies are jointly and severally liable for the other jointly taxed companies' tax liability.		
		23.	**Fee to auditors appointed by the Company in general meeting**		
			External expenses include fee to auditors appointed by the Company in general meeting:		
			Deloitte		
230	240		Audit services	920	988
358	222		Non-audit services	382	698
			BDO ScanRevision		
80	85		Audit services	211	241
0	0		Non-audit services	0	125
668	**547**			**1,513**	**2,052**

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24. **Related parties**

Related parties with a controlling interest in SP Group A/S:

Related parties include group enterprises, see Group chart on page 51 and the Parent's Executive and Supervisory Boards.

Transactions between related parties and SP Group A/S in 2004:

Apart from transactions eliminated in the consolidated financial statements, SP Group A/S has not had any transactions with related parties in 2004.

Remuneration etc paid to the Executive and Supervisory Boards is disclosed in note 4, staff costs.

25. **Financial instruments**

The Group uses forward contracts and options to hedge the interest rate and currency risks.

	Group			
	Notional amount 31.12.04	Unrealised exchange adjustment at 31.12.04	Notional amount 31.12.03	Unrealised exchange adjustment at 31.12.03
Forward contracts, CHF	24,047	(59)	26,051	(4,457)
Options, CHF	23,850	(332)	24,000	(21)
	47,897	**(391)**	**50,051**	**(4,478)**

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Note		Group 2004	Group 2003
26.	**Working capital changes**		
	Change in inventories	(20,257)	(3,347)
	Change in receivables	1,319	(7,882)
	Change in financial current assets	0	388
	Change in trade payables, etc	10,898	(14,576)
		(8,040)	**(25,417)**
27.	**Acquisition of enterprises and activities**		
	Intangible assets	(7,977)	(157)
	Property, plant and equipment	(554)	(57,775)
	Fixed asset investments	0	(2,500)
	Inventories	(2,336)	(22,806)
	Receivables	0	(31,147)
	Financial current assets	0	(388)
	Tax asset	0	(2,081)
	Cash, cash equivalents and bank debt, net	0	11,212
	Minority interests	(1,530)	1,147
	Financial liabilities	0	32,718
	Non-interest bearing debt	1,448	37,093
	Income taxes	0	1,246
	Goodwill relating to acquisition of enterprises	0	(34,275)
	Restructuring costs	0	7,487
	Capital investment	0	(4,014)
	Intra-group transfers	0	10,407
		(10,949)	**(53,833)**
28.	**Cash and cash equivalents**		
	Cash	13,106	10,667
	Short-term bank debt	(136,044)	(87,385)
		(122,938)	**(76,718)**

Companies of the SP Group

			Nominal share-capital ('000)	Ownership
SP Group A/S	**Denmark**	**DKK**	**177.867**	
Kaiserplast A/S	Denmark	DKK	12.000	100%
Schrøder-Plast A/S	Denmark	DKK	5.000	100%
SP International A/S	Denmark	DKK	2.600	64%
Schroder-Plast Technologies (Suzhou) Co., Ltd.	China	RMB	23.592	100%
Sønderborg Plast A/S	Denmark	DKK	1.500	100%
Tech-Plast ApS	Denmark	DKK	200	100%
Gibo Plast A/S	Denmark	DKK	6.065	100%
Accoat A/S	Denmark	DKK	10.000	100%
Tinby USA, Inc.	USA	USD	360	100%
Ergomat LLC	USA	USD	582	77%
Ergomat Canada Inc.	Canada	CAD	0	100%
TPI Polytechniek B.V.	Netherlands	EUR	113	60%
Tinby GmbH	Germany	EUR	154	100%
Tinby Sp. z o.o.	Poland	PLN	50	100%

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