Annual Report

'13

CVR no: 15 70 13 15

SP Group

Contents

Company details

2 Group chart
3 Letter to the shareholders

Management commentary

4 Financial highlights
5-6 The year in outline and outlook for 2014
7-9 Strategic development and goals
10-19 Business areas
- 10-11 Coatings
- 12-19 Plastics

20-21 Risk management
22-25 Corporate governance
- 22-23 Corporate Governance
- 24-25 Directorship

26-27 Shareholder information
28 Quality control
29-31 CSR reporting

Statement by Management on the annual report and Independent auditor's report

32 Statement by Management on the annual report
33 Independent auditor's report

Consolidated financial statements and parent company financial statements

34 Income statement
35 Statement of comprehensive income
36-37 Balance sheet
38-39 Statement of changes in equity
40 Cash flow statement
41-83 Notes

The picture on the front page shows a pre-filled device for handling biopsies manufactured by SP Medical A/S

Company details

Company details

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CVR no: 15 70 13 15
Financial year: 1 January to 31 December
Registered office: Northern Funen
Website: www.sp-group.dk
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Board of Directors

Niels Kristian Agner (Chairman)
Erik Preben Holm (Deputy Chairman)
Hans Wilhelm Schur
Erik Christensen
Hans-Henrik Eriksen

Executive Board

Frank Gad, CEO
Jørgen Hønnerup Nielsen, CFO

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting will be held on Wednesday 30 April 2014 at 12.00 p.m. at SP Group A/S, Snavevej 6-10, 5471 Søndersø, Denmark

Design & graphical production: meyer & bukdahl as

Group chart

Activities

SP Group manufactures moulded plastic components and performs coatings on plastic and metal components. SP Group is a leading supplier of plastic manufactured products for Danish industries with increasing exports and growing production from own factories in Denmark, Poland, Latvia, China, the USA and Brazil. SP Group has subsidiaries in Denmark, Sweden, the Netherlands, Poland, Latvia, Canada, the USA, Brazil and China. SP Group is listed on NASDAQ OMX Copenhagen and employed an average of 1,136 people in 2013.

SP Group A/S

- **Surface solutions**
  - **Coating**
    - **Accoat A/S**
      - Accoat do Brasil Ltda.
      - Accoat Technology ApS
- **Plastic solutions**
  - **Polyurethane (PUR)**
    - **Tinby A/S**
      - Tinby Sp. z o.o.
      - Tinby Co., Ltd.
      - Tinby Denmark A/S
      - Tinby Inc.
    - **Ergomat A/S**
      - Ergomat-Nederland B.V.
      - Ergomat Sweden AB
      - Ergomat Inc.
      - Ergomat Canada Inc.
      - Ergomat Sp. z o.o.
    - **TPI Polytechniek BV**
      - TPI Polytechniek ApS
  - **Vacuum**
    - **Gibo Plast A/S**
      - Gibo Sp. z o.o.
  - **Injection moulding**
    - **SP Moulding A/S**
      - SP Moulding Poland Sp. z o.o.
      - SP Moulding (Suzhou) Co., Ltd.
    - **SP Medical A/S**
      - SP Medical Poland Sp. z o.o.

We act as an innovative,
reliable and competitive partner
for our customers

SP Group's two business areas have the following activities: Coatings and Plastic solutions

Coatings: Develops and produces fluoroplastic coatings (Teflon®), PTFE and other refined materials for a number of customers' products and production plants. The customers are primarily in the health care, cleantech and oil and gas industries.

Plastic solutions: Generated by using one or more of the following technologies: Reaction injection moulding (polyurethane), vacuum forming and injection moulding – these are described below.

- Polyurethane (PUR): Manufactures moulded products in solid, foamed, flexible and light-foam PUR for a number of industries, among these the clean-tech industry. Moreover, it manufactures ventilation equipment, ergonomic mats and striping products.

- Vacuum: Manufactures thermo-moulded plastic components for refrigerators and freezers, cars, buses and other rolling stock (automotive) and the cleantech and medical device industries by traditional vacuum forming, High-pressure and Twinsheet.

- Injection moulding: Manufactures injection-moulded plastic precision components for a wide range of industries. The business area also produces FDA-registered products for medical device customers.

Dear shareholders and other stakeholders

2013 was another interesting year; however, it was characterised by low growth in the global economy.

The national debt of a number of countries has reached a level making it reasonable to question whether the countries will ever be able to repay their debt. This doubt has left its mark, particularly in Europe, and adversely affects global growth.

The central banks' cure is still low interest rates and extensive liquidity contributions to the markets.

Naturally, the low growth rates in the economy have affected SP Group's and our customers' development; however, we were able to realise reasonable results.

Sales to our customers abroad increased by 8.1% and now account for 50.1% of total sales.

Revenue in Denmark decreased by 8.0% due to a decreasing number of large projects compared to 2012.

Total revenue amounted to DKK 1,102 million, which is a decrease of 0.6% compared to 2012 and slightly lower than the most recently published expectations on 4 November 2013.

EBITDA increased by 8.6% to DKK 114.2 million. EBIT increased by 12.4% to DKK 65.3 million.

Profit before tax and non-controlling interests increased by 20.6% to DKK 50.2 million, which is our best results so far.

Diluted earnings per share increased by 22.2% to DKK 18.74 per share.

Cash flows from operating activities were positive by DKK 66.9 million.

Net interest-bearing debt increased by DKK 34.6 million to DKK 430.0 million at the end of 2013, which corresponds to 3.8 times EBITDA for the year.

2013 was an eventful year, and moreover:

- Our sales to the health care industry increased by 9.1% and now amount to 38.1% of revenue.
- Our sales to the oil and gas industry increased by 55.9% and now amount to more than 2% of revenue.
- Our sales to the cleantech industry decreased by 17.8% and now amount to 28.2% of revenue. The decrease is due to a decrease in the number of projects. The customers still replace glass fibre, wood and metal by plastic, which is often better, cheaper and lighter.
- We entered into a number of contracts and partnership agreements with good potential for the future.
- The four new factories in Brazil, Poland, China and Denmark, which were put into operation at the end of 2010, have picked up more pace and contributed positively to the results for the year.
- In 2011, we set up a new factory of 6,600 sqm. in Poland for vacuum forming. This factory was commissioned in 2012 and has contributed positively to the results for the year.
- In 2011, we set up a new factory of approx. 3,700 sqm. in Poland for production of injection-moulded medical device products. This factory was expanded in 2012 and 2013 and has contributed positively to the results for the year.
- We obtained a number of new major customers and did not lose any major customers in 2013.
- We launched a number of new and improved products in 2013 (guidewires, ergonomic mats and farm ventilation equipment). Moreover, we have developed new products to be launched in 2014. We develope our medical device expertise in Denmark, Poland, Brazil and China.
- We set up a new factory of 5,000 sqm. in the USA for PUR production. The factory was put into operation in Q1 2014.
- We invested a total of DKK 67.2 million in new equipment, of which DKK 17.1 million is held under a finance lease.
- We set up a new factory of 6,400 sqm. in Denmark for extrusion. Due to changed market conditions, the factory is not expected to be put into commercial operation until H1 2014.
- We sold more new moulds to our customers than previously, but we have re-invoiced fewer moulds.
- The price of the SPG share increased to 230 at the end of 2013, which provided our shareholders with a return of 93.8%. This is considerably higher than the general returns in the market.
- We distributed dividend of DKK 2.50 per share. It is the second time in 13 years that the shareholders have received dividend.

These are the results on which we will base our activities.

Based on the financial performance in 2013 (NIBD/EBITDA < 4, EBIT% > 5 and equity ratio including non-controlling interests > 25%) and the outlook for 2014, the Board of Directors proposes dividends of DKK 3.00 per share.

The central banks' low-interest policy and the fiscal relief packages continue to have a positive and stabilising effect on the global economy, and we must hope that authorities do not overreact when they begin to slow down again as the improved prospects are fragile.

In 2013, our tax expenses amounted to DKK 11.1 million, corresponding to an effective tax rate of 22%. We pay tax in the countries where the income is earned in accordance with national and international transfer pricing rules, and it is our goal to act as a responsible member of society in all areas where we operate.

The reduction of the corporation tax rate in Denmark as adopted by the Danish Parliament is a significant step towards restoring the competitiveness of Danish enterprises. A reduction of duties on production should follow.

We will continue to adjust capacity, save – and pursue new opportunities in the medical device industry, the cleantech industry and food-related industries – and move labour-intensive production from Denmark to Poland and China.

Plastic is the material of the future, and only our own lack of creativity sets the limits to the application of plastic in future society.

I want to thank our many good and loyal customers and other co-operative partners. Thanks to shareholders and lenders for backing us up. Also, thank you to our employees for their committed contribution and readiness to change. We will continue to put all our creativity into creating even better solutions for the benefit of both our customers and shareholders.

Frank Gad
CEO

Group financial highlights

DKK '000	2013	2012	2011	2010	2009
INCOME STATEMENT					
Revenue	1,102,053	1,108,527	976,805	851,902	681,943
Profit before depreciation and amortisation (EBITDA)	114,180	105,179	96,531	83,019	40,216
Depreciation, amortisation and impairment losses	-48,838	-47,066	-43,770	-41,327	-41,209
Profit/loss before net financials (EBIT)	65,342	58,113	52,761	41,692	-993
Loss from financial income and expense	-15,180	-16,502	-18,486	-12,894	-13,465
Profit/loss before tax and non-controlling interests	50,162	41,611	34,275	28,798	-14,458
Profit/loss for the year	39,077	31,837	25,906	25,281	-12,395
SP Group A/S' share	39,039	31,563	22,832	21,440	-13,580
Earnings per share, DKK each unit	19.91	15.66	11.28	10.59	-6.74
Diluted earnings per share, DKK each unit	18.74	15.34	11.11	10.45	-6.74
BALANCE SHEET					
Non-current assets	538,012	511,864	440,111	420,210	405,760
Total assets	884,740	836,333	769,107	741,653	674,255
Equity	243,996	227,046	191,090	176,217	148,399
Equity, including non-controlling interests	252,326	240,131	205,599	190,667	159,719
Investments in property, plant and equipment, excl. acquisitions	67,242	120,754	53,415	37,463	32,656
CASH FLOW STATEMENT					
Cash flows from operating activities	66,903	100,094	66,885	57,828	45,338
Cash flows from investing activities	-67,133	-87,624	-51,852	-46,889	-35,783
Cash flows from financing activities	-47,861	882	-13,705	47,285	-16,354
Change in cash and cash equivalents	-48,091	13,352	1,328	58,224	-6,799
FINANCIAL RATIOS					
Net interest-bearing debt (NIBD)	430,030	395,399	355,047	367,441	376,864
NIBD/EBITDA	3.8	3.8	3.7	4.4	9.4
Operating profit (EBITDA margin), %	10.4	9.4	9.9	9.7	5.9
Profit margin (EBIT margin), %	5.9	5.2	5.4	4.9	-0.1
Profit/loss before tax and non-controlling interests in% of revenue	4.6	3.8	3.5	3.4	-2.1
Return on invested capital, including goodwill, %	9.8	9.6	9.3	7.5	-0.2
Return on invested capital, excluding goodwill, %	11.7	11.7	11.5	9.3	-0.2
Return on equity (ROE), excluding non-controlling interests, %	16.6	15.1	12.4	13.2	-8.8
Equity ratio, excluding non-controlling interests, %	27.6	27.1	24.8	23.8	22.0
Equity ratio, including non-controlling interests, %	28.5	28.7	26.7	25.7	23.7
Financial gearing	1.7	1.6	1.7	1.9	2.4
Cash flow per share, DKK	32.1	48.7	32.5	28.4	22.6
Total dividends for the year per share, DKK	3.0	2.5	2.0	0	0
Listed price, DKK per share, year end	230.0	120.0	91.0	84.5	42.9
Net asset value per share, DKK per share, year end	125	115	94	87	73
Listed price/net asset value, year end	1.84	1.04	0.96	0.97	0.59
Average number of employees	1,136	1,062	999	895	849
Number of shares, year end	2,024,000	2,024,000	2,024,000	2,024,000	2,024,000
Portion relating to treasury shares, year end	77,815	48,746	0	0	0

The key figures and ratios for 2009-2013 have been prepared in accordance with IFRS. The ratios have been calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios 2010". See page 48 for definitions.

The year in outline

2013 in outline

Sales of plastic solutions increased slightly, and sales of surface coatings decreased as expected.

The Group's revenue decreased by 0.6% to DKK 1,102.1 million against DKK 1,108.5 million in 2012. The change is due to fewer large projects and more small projects, which overall resulted in slightly decreased volumes. Moreover, the agreements with large injection moulding customers have been changed so that customers to a larger extent purchase moulds directly from mould manufacturers and so that SP Group therefore only invoices its own work on engineering, validation, etc., opposed to previous years when we purchased and delivered the moulds as part of our services. This reduced revenue by approx. DKK 20 million compared to 2012.

The sale of own brands increased by 0.6%. SP Group experienced fair growth in the sale of ergonomic products (+14.2%) and guidewires (+9.9%) but a relatively large decline in the sale of farm ventilation components (-18.3%).

Sales to the health care industry increased by 9.1% and were widely based on customers, products, geography and technology. Sales to the health care industry now account for 38% of our sales (against 35% in 2012).

Foreign sales increased by 8.1% and now account for 50.1% (up from 46.1% in 2012). Particularly in North America, growth rates were high, but also in Europe, growth rates were fairly high. It is the first time our direct sales abroad amount to more than 50% of revenue.

The Group's operating profit – EBITDA – increased by 8.6% to DKK 114.2 million, which is the highest so far. The EBITDA margin amounted to 10.4%, which is the highest so far and the first time that the margin is above 10%. The increase is attributable to higher internal efficiency and to the results of the previous years' relocations and efforts to optimise the product mix. During the year, considerable resources were dedicated to the commissioning of new production facilities in the USA, China, Poland and Denmark, which had a negative impact on the operating profit. Investments in property, plant and equipment amounted to DKK 67.2 million, which is a decrease of DKK 53.5 million compared to 2012. Investments for the year did essentially not include property investments.

Depreciation, amortisation and impairment losses amounted to DKK 48.8 million, which is a little higher than in 2012.

EBIT amounted to DKK 65.3 million, corresponding to 5.9% of revenue. EBIT increased by 12.4% compared to 2012.

The Group's financial expenses decreased from DKK 16.5 million in 2012 to DKK 15.2 million in 2013. The financial expenses decreased due to a slightly lower interest rate level, a slightly larger debt during most of the year and exchange rate adjustments. Lending margins were a little lower than in 2012.

Diluted earnings per share amounted to DKK 18.74, which is an increase of 22.2% compared to 2012.

At the end of 2013, interest-bearing debt can be specified by currency as follows:

DKK	DKK	240 million
EUR	DKK	205 million
PLN	DKK	5 million
USD	DKK	-13 million
RMB	DKK	-7 million
Total	DKK	430 million

Cash flows

Cash flows from operating activities decreased to DKK 66.9 million (against DKK 100.1 million in 2012) primarily due to increased funds tied up in working capital. Cash flows from investing activities amounted to DKK 67.1 million, which partly related to capacity and competency development within the medical device industry (approx. DKK 28 million), the cleantech industry (approx. DKK 6 million) and food-related industries (approx. DKK 7 million) and partly to general productivity promoting and energy saving investments (approx. DKK 26 million). Further the remaining 10% of the shares in TPI Polytechniek BV were acquired so that it is now a wholly-owned subsidiary.

An amount of DKK 50.5 million was repaid in respect of long-term borrowing, and new long-term loans of DKK 20.0 million were raised (refinancing of loans where the lending margin was reduced by 140 basis points).

Dividend of DKK 5.4 million was paid to the shareholders, and treasury shares of DKK 12.0 were acquired, net.

The change in cash and cash equivalents was negative by DKK 48.1 million.

Balance sheet

The balance sheet total was increased from DKK 836.3 million to DKK 884.7 million, which is primarily attributable to the acquisition of new machines and an increase of the working capital.

Net interest-bearing debt (NIBD) increased to DKK 430.0 million from DKK 395.4 million and amounted to 3.8 times EBITDA for the year.

It is Management's opinion that the Company still has reasonable capital resources and sufficient liquidity for the Company's plans and operations. The Company has had a long-term fruitful co-operation with its financial co-operative partners, which is expected to continue.

The capital structure has changed so that the current interest-bearing debt has been increased from 19.9% to 24.0% of the balance sheet total, and the non-current interest-bearing debt has decreased from 31.3% to 27.8% of the balance sheet total. The equity interest has been reduced from 28.7% to 28.5%, and non-interest bearing debt has decreased from 20.1% to 19.7%.

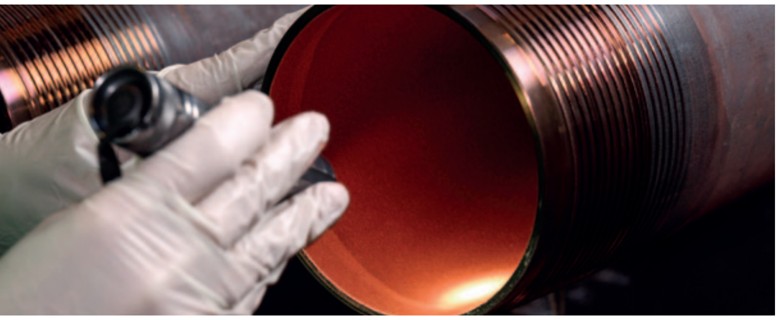
The net interest-bearing debt thus increased from 47.3% to 48.6% of the balance sheet.

In 2013, equity was adversely affected by exchange rate adjustments (DKK 3.8 million) of the foreign companies. Moreover, equity was adversely affected by the acquisition of treasury shares at DKK 12.0 million, net, the payment of dividend of DKK 5.4 million and the acquisition of non-controlling interests' share in TPI Polytechniek BV at DKK 7.0 million. Value adjustments of financial instruments acquired to hedge future cash flows, primarily forward contracts (PLN against EUR) affected comprehensive income and thereby equity positively by DKK 0.3 million.

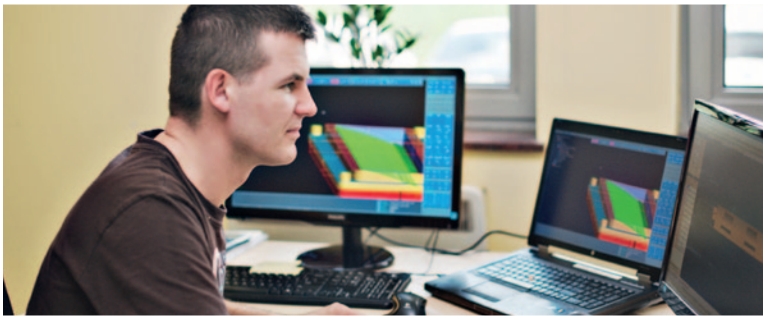
Q4 2013

In Q4 2013, SP Group traded for DKK 289.2 million, which is a slight increase compared to the same period the year before.

EBITDA amounted to DKK 29.8 million, which is a decrease of 1.5% compared to the same period the year before.



Accoat's quality inspection of tubes coated with DuPont™ StreaMax™ to the oil and gas industry



Piotr Taborowski, project manager at Gibo Sp. z o.o. in Poland

EBIT remained unchanged at DKK 18.6 million compared to the same period the year before.

Profit before tax and non-controlling interests was improved by DKK 0.5 million, totalling DKK 13.8 million.

The EBITDA margin in Q4 was 10.3%, and profit/loss before tax and non-controlling interests amounted to 4.8% of revenue.

In Q4, cash flows from operating activities amounted to DKK 31.9 million (2012: DKK 60.6 million). Cash flows from investing and financing activities amounted to a negative DKK 32.8 million (2012: a negative DKK 22.0). Accordingly, the change in liquidity was negative by DKK 0.9 million (2012: DKK 38.6 million).

Follow-up on previously published expectations

Profit for the year of DKK 50.2 million before tax and non-controlling interests corresponds to the most recently published on 4 November 2013 expectations of DKK 45-50 million. Revenue amounted to DKK 1,102.1 million, which is slightly lower than the most recently published expectations on 4 November 2013 of "a continued slightly higher level of activity than in 2012 (DKK 1,108.5 million), but the market prospects are still uncertain".

Previously published expectations:

22 March 2013:	A slightly larger profit before tax and non-controlling interests and a level of activity slightly higher than in 2012 are expected for 2013, but the market prospects for the year are still uncertain. NIBD/EBITDA of 3-4 at year end is expected.
22 May 2013:	See above.
22 August 2013:	See above.
4 November 2013:	Expectations are clarified and adjusted upward: A profit before tax and non-controlling interests of DKK 45-50 million is expected for 2013 against a previously expected slightly higher profit than in 2012 (DKK 41.6 million) and a slightly higher level of activity than in 2012 (DKK 1,108.5 million), but market prospects are still uncertain. NIBD/EBITDA of 3-4 at year end is expected.

NIBD/EBITDA of 3.8 also corresponds to the most recently published expectations on 4 November 2013.

Cash flows were affected by the reduced sale of selected debt and adversely affected by inventory adjustments.

Due to the realised results for 2013 combined with the expectations for 2014, Management no longer considers issuing new shares unless new business opportunities arise such as a major acquisition.

Events after the balance sheet date

As announced in Company Announcement no. 9/2014 on 24 February 2014, the Company has entered into an agreement to acquire 80% of the shares in Bröderna Bourghardt AB in Sweden, which manufactures plastic components in Telene in Latvia. The Management of Bröderna Bourghardt AB remains unchanged and will still hold the remaining 20% of the shares. Payment was made cash. In addition, the seller may accumulate an earn-out of up to SEK 4 million until 2016.

Apart from this, no significant events have occurred after the balance sheet date until the publication of this annual report which have not already been incorporated in this annual report and which change the assessment of the Group's and the Company's financial position.

Outlook for 2014

Global economy is also expected to grow in 2014, but it is still fragile and subject to uncertainty. In the neighbouring markets in Europe, a low growth rate is expected in the economy in general as a number of countries still have very large deficits on public finances and a large debt.

We will launch a number of new products and solutions to customers, particularly in the health care, cleantech, food-related and oil and gas industries. These new solutions are expected to contribute to growth and earnings.

The Company will maintain a high level of investment in 2014; however, a lower level than in 2013. The largest single investment is expected to be made in the medical device activities.

Depreciation and amortisation are expected to be realised at a somewhat higher level than in 2013.

Financial expenses are expected to be realised at a lower level than in 2013.

Combined with strict cost control and early capacity adjustment as well as continued strong focus on risk management, cash management and capital management, this contributes to creating a good basis for the Group in the future.

A slightly larger profit before tax and non-controlling interests and a level of activity slightly higher than in 2013 are expected for 2014, but the market prospects for the year are still uncertain.

Strategic development

Financial goals are maintained

In the annual report for 2007, we wrote:

"The financial goals for 2012 are based on the assumption of annual average GDP growth of 3% on the Group's markets and generally active markets."

Unfortunately, the GDP growth on the Group's markets was far below 3% in 2008 and 2009, and the markets were not active. In the period 2010-2013, the markets gradually improved, but there was no growth in GDP in the neighbouring markets. As previously announced, it will therefore be difficult to meet the goals for 2012 disclosed in 2007 at present, and probably not until 2015, due to the financial crisis and the subsequent global recession.

In continuation of our results for 2013, it is still our opinion that we will be able to meet the goals by 2015 or 2016.

With the initiatives included in the Group's strategy plan, revenue is expected to increase to DKK 1.5 billion.

The operating margin before depreciation, amortisation and financial items (EBITDA) is to be increased to 12%. It is Management's goal to realise a ratio of net interest-bearing debt to EBITDA of 3-4 at year end 2014 and to reduce it to 2-3 at year end 2015.

In the long term, profit before tax and non-controlling interests is expected to gradually increase to approx. 6-7% of revenue as the share of own products and advanced solutions is expected to increase more than the rest of revenue in relative terms. In respect of to sub-supplier tasks, the goal is still to achieve profit before tax and non-controlling interests corresponding to 5% of revenue.

SP Group will continue to reduce net interest-bearing debt by strengthening cash flows from operating activities and by selling non-value-creating assets in order to release capital.

The equity ratio (including non-controlling interests' share of equity) will be maintained at 20-35% in 2014, and the Company will seek to increase it to 25-40% by 2015. Should the equity ratio decrease due to the expansion of activities, the Company will consider asking the shareholders for additional capital. If, on the other hand, the equity ratio increases, the excess capital will be transferred back to the shareholders.

SP Group aims at providing its shareholders with a fair return through increases in the share price. The goal is that earnings per share will increase by at least 20% p.a. on average over a five-year period. In 2010, the share price increased by 97%. In 2011, the share price increased by 7.7%. In 2012, the share price increased by 32% and yielded dividends of 2%. In 2013, the share price increased by 92% and yielded dividends of 2.0%.

The Company will still try to fully or partially hedge warrant programmes by buying back treasury shares.

Dividends of DKK 3.0 per share for 2013 are recommended to the annual general meeting.

Customers

A service level adapted to the individual customer's requirements and expectations is decisive to the customer's perception of us as a competitive, innovative, reliable and decent supplier.

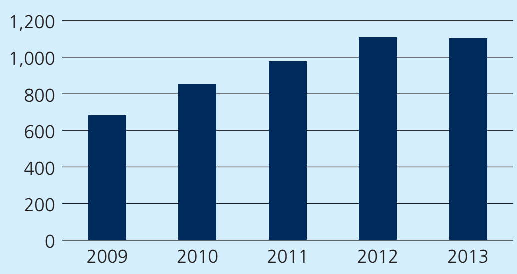
Customers' requirements and expectations are constantly growing as development offers more and more options, and a number of areas seem to be increasingly complex. Therefore, the customers benefit from SP Group's expertise when making decisions on plastic and surface coatings. SP Group's offer to its customers is based on the ambition of being the best local partner within plastics and coatings in relation to product supply, competitiveness, availability and value creation. Often, SP Group succeeds in solving the customers' global needs through local presence in China, Poland and Denmark or by creating a global competitive solution from one factory. In 2010, the local presence in Brazil was established. In North America, we have placed sales and service activities, which were expanded with production activities in 2013.

With the acquisition of Bröderna Bourghardt AB in 2014, we have increased our local presence in Sweden and Latvia where we now have both sale and production of Telene products and composite solutions.

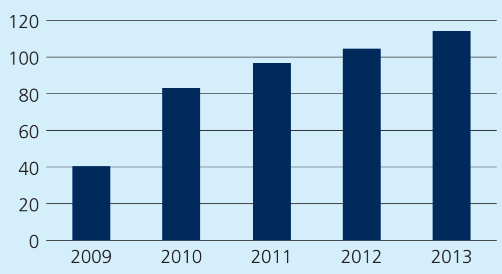
Advisory services within plastics and surface treatment are becoming increasingly important, and SP Group is using the Group's expertise and technologies to provide additional value to the customers' products. In 2013, the co-operation with leading universities in the EU was extended as was the co-operation with a number of suppliers' research centres and laboratories. Our suppliers include the world's leading chemical groups.

Sales under own brands should be further increased. In a number of global niches, SP Group controls a large part of the value chain with own products, which have higher margins than many of the products that SP Group manufactures as a sub-supplier. The total sale of ventilation equipment from TPI, ergonomic workplace equipment from Ergomat and guidewires under the SP Medical brand has increased from DKK 90 million in 2004 to DKK 182 million in 2013. A number of new products (logo mats, hard surface ventilation equipment and special guidewires) were developed and marketed in 2012 and 2013. Apart from increasing sales of existing products, the Group will continue to develop new products under its own brands.

Group revenue 2009-2013 (DKK million)



Operating profit EBITDA 2009-2013 (DKK million)



Growth must also be generated with customers and growth industries. An obvious example is the medical device industry, which takes 30.5% of the Group's revenue. Sales to this industry have increased by more than 200% since 2004 and amounted to DKK 336.5 million in 2013. Growth in medical device sales is to be maintained with the dedicated business unit SP Medical as the primary driver. The sale of products to the medical device industry and the sale of own ergonomic products are reported collectively as "healthcare". The below figure shows the development in total health care sales, which amounted to 38.1% of revenue in 2013.

SP Group has also established an international position as a supplier of cleantech solutions, and this position must be strengthened.

The below figure shows the development in sales to the cleantech industry, which amounted to 28.2% of revenue in 2013. Sales to the cleantech industry decreased by 17.8% in 2013 due to a decrease in the number of large projects compared to the record year 2012.

A number of our customers are food manufacturers or suppliers to food manufacturers. This area is called "food-related industries". Sales to food-related industries accounted for 15.2% of revenue in 2013 and amounted to DKK 167.6 million. Below, the development in sales to food-related industries is outlined.

During recent years, we have developed a number of unique services to the oil and gas industry. These sales increased by 55.9% in 2013 and now amount to more than 2% of the Group's sales.

The healthcare, cleantech, food-related and oil and gas industries accounted for 84% of revenue in 2013.

As disclosed in the annual report for 2012, we lost one major customer in 2012 as we were unable to reach an agreement on future prices. This customer was an automotive customer. Several of our other automotive customers are facing difficulties in the current market. Our sales to the automotive industry decreased by 44%.

The geographic expansion will continue through increased sales from factories in Denmark, Latvia, Brazil, China, the USA and Poland and special focus on new markets in Eastern Europe, the Americas and Asia. International sales have increased over the past eight years from approx. 30% to approx. 50%, and the share is to be further increased.

Efficiency and rationalisation

In 2013, the Group's production structure was further rationalised and production efficiency enhanced.

The competency development will continue at the factories in China, Poland, Latvia, Brazil, the USA and Denmark so we will be able to meet our customers' needs efficiently and in a better and cheaper way.

In Denmark, we continued the commission of a new factory for coating of pipes for the oil and gas industry (friction reduction and corrosion protection).

In Brazil, we increased production in the new factory for coating of medico components.

In Denmark and Poland, we have expanded new white rooms to perform tasks for customers in the medical device industry, primarily injection moulding and assembly work.

In China, we have improved a number of methods, systems and processes, which has contributed to a significant increase in efficiency. In China, we have also commissioned a new factory for manufacturing components to the cleantech industry.

In Poland, we have constructed a new factory for the manufacture of PUR components to the cleantech industry and ergonomic mats.

In Poland, we have constructed a new factory for the manufacture of vacuum-formed components.

In the USA, we have constructed a new factory for the manufacture of PUR components to the cleantech industry and ergonomic mats.

The reliability of delivery (on time delivery) from all factories was increased and has now reached 98-99% and must be further improved.

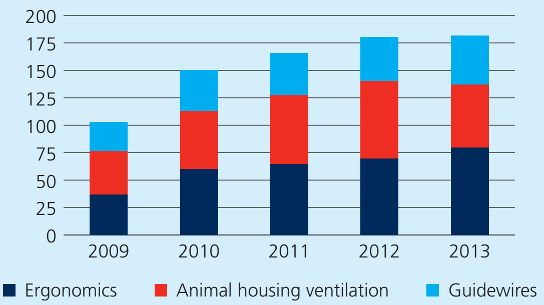
The level of quality is measured on an ongoing basis, and constant efforts are made to improve quality.

Apart from capacity adjustments, we focus on adjusting general costs on an ongoing basis. SP Group's goal is for all production facilities to manufacture and deliver better, cheaper and faster. On an ongoing basis, measures are taken to reduce the consumption of materials and resources (CO2 reduction, etc.) and to reduce break-in periods and switch-over times in production. The current LEAN process will continue with focus on improving processes and flows and strengthening our employees' competencies.

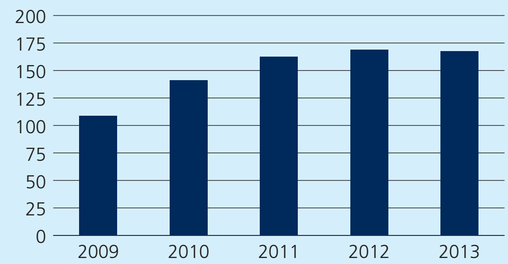
In 2012 and 2013, the size of the organisation in Gibo's factory in Skjern was reduced.

Finally, SP Group will continuously and critically analyse the Group's activities. If activities and enterprises are unable to attain reasonable earnings, they will be closed down or sold.

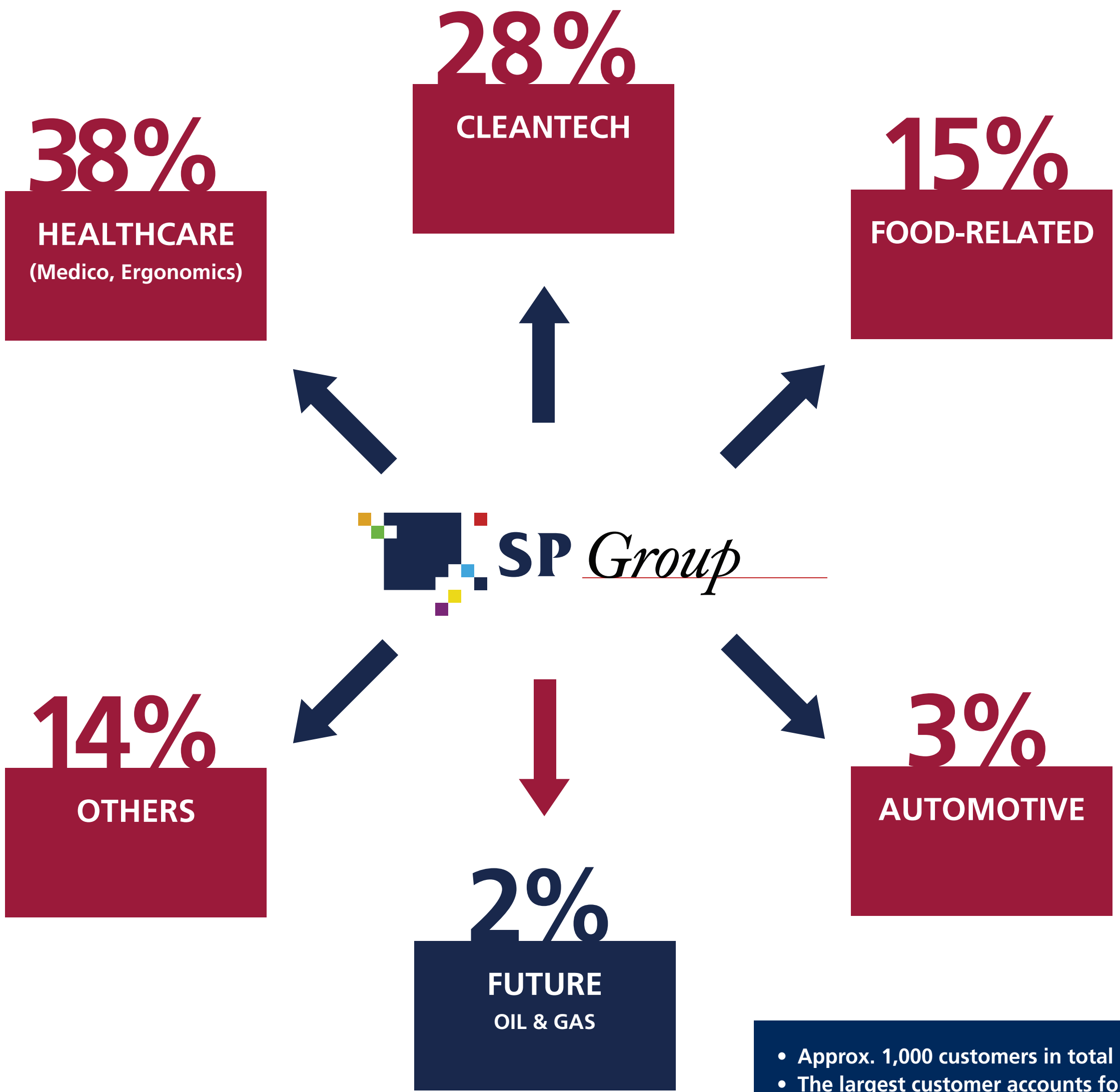
Revenue under own brands 2009-2013 (DKK million)



Revenue from food-related industries 2009-2013 (DKK million)

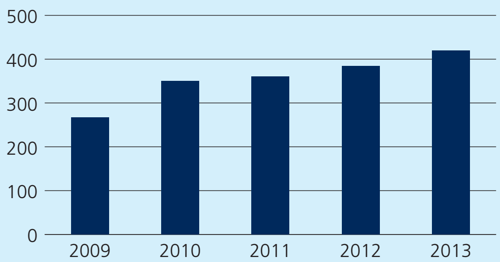


SP Group's sales in 2013 broken down by industry segments:

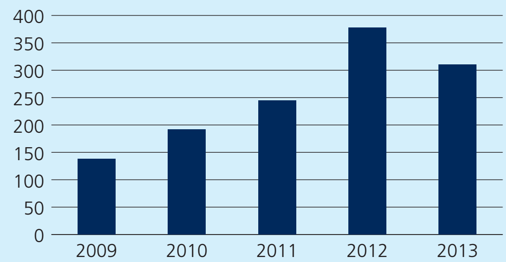


- Approx. 1,000 customers in total
- The largest customer accounts for 3%
- The ten largest customers account for 52%
- The twenty largest customers account for 65%

Revenue from healthcare products 2009-2013 (DKK million)



Revenue from cleantech industries 2009-2013 (DKK million)



Coatings

- More tasks in the oil and gas industry
- New tasks in the cleantech industry
- More tasks in the medical device industry

2013 in outline

Revenue decreased by 13.6% to DKK 183.5 million. Revenue related to the medical devise and oil and gas industries increased as expected, while revenue related to the cleantech industry decreased due to a decrease in the number of large projects compared to the previous year which saw an unprecedented level of activity.

Accoat increased its marketing efforts towards customers in the oil and gas industry in the USA, Brazil, Denmark and Norway, which has resulted in new tasks for future delivery.

Operating profit (EBITDA) decreased as expected in 2013 compared to 2012 as the product mix was changed, and the level of activity was lower. EBITDA decreased from DKK 38.4 million to DKK 28.0 million.

Significant growth is expected in the coming years, but the level of activity will vary from year to year. Therefore, in recent years, investments have been made in further furnace capacity and a phosphatising plant to be used for coating tasks for customers in the cleantech and oil and gas industries. As a major expansion of the facilities in Kvistgaard is not possible, a pipe coating plant has been set up in Stoholm in buildings owned by SP Moulding, which has reduced its area requirements.

In Brazil, investment was made in a small coating plant, which was put into operation at the end of 2010. In the short term, the plant will perform tasks for customers in the medical device industry. In the long term, the plant is also to perform tasks for the Brazilian oil and gas industry and the cleantech industry.

Name:	Accoat A/S
Website:	www.accoat.dk
Location:	Kvistgaard in North Zealand, Stoholm in Jutland, Denmark, and São Paulo in Brazil
Executive Board:	Niels Uhrbrand, Managing Director
Activities:	Accoat performs coatings for industrial products and production plants. The components coated range from very small needles to large tank facilities.
Description:	Accoat develops and manufactures environmentally friendly technical solutions for industrial and medical purposes, including fluoroplastics (Teflon®), PTFE and other precious metals.
Environment/quality:	Reference is made to the outline of certificates on page 28.

After a number of investments, the plant in Kvistgaard is now able to surface treat extremely heavy and large components with dimensions of up to 12 x 3 x 3 metres. The plant holds one of the largest furnaces in Europe for sintering Teflon-coated components and is able to manufacture multiple batches in five furnaces at a time. With these facilities, Accoat is among the most modern and environmentally friendly coating enterprises in the EU.

During the year, Accoat performed tasks for customers in 21 countries.

Markets and products

In 2013, Accoat A/S coated a range of different products such as medical device equipment, chemical reactors, tanks, thermocouples, ovens, baking machines, filling machines, engine components, ventilation equipment as well as equipment for the oil and gas industry. In principle, Accoat A/S can coat all types of components but has decided to focus on high-build (multiple layers) corrosion-protective coatings as well as non-stick and low-friction coatings. In these areas, Accoat A/S is a market leader in the Nordic countries and ranks among the four largest players in Europe.

The penetration barriers on the high-build coating market are high as it requires great expertise and costly facilities to manufacture coatings in environmentally friendly synthetic materials. Accoat A/S develops and tests the coatings in its own laboratory to be able to document properties and product life. The market is driven by the fact that fluoroplastic coatings can improve the application, strength and product life of a number of products.

For instance, coatings may facilitate the cleaning of surfaces, which reduces the use of detergents, water and time and which also results in shorter production stoppage during cleaning. Coatings may also make products and production equipment oil- and water-repellent, heat insulating, electrically insulating or resistant to chemicals. In some industries, coatings are necessary to comply with safety requirements.

Customers also experience that they can replace expensive materials such as titanium with other and low-cost surface-treated materials. Consequently, the overall demand for coatings, including nanocoatings, is expected to increase significantly over a number of years.

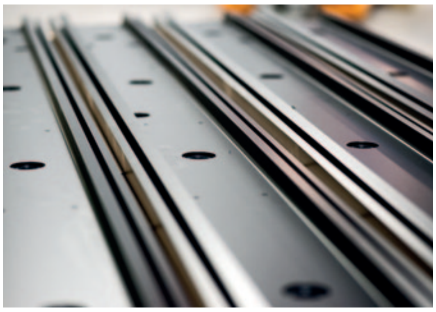
Accoat A/S has been approved by the Danish Veterinary and Food Administration to manufacture food contact materials and, thus, meets the requirements in relation to coatings approved for food.

Strategy

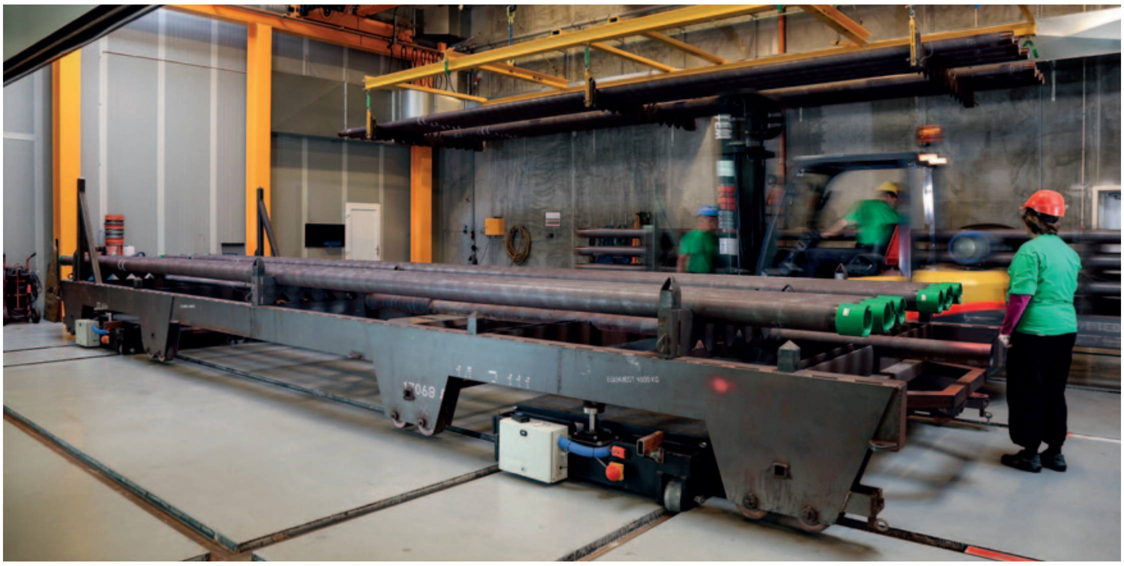
Accoat A/S continues to strengthen product development, improve the properties of coatings and develop and test new products and processes together with the customers and leading universities.

Quality inspection of tubes coated with DuPont™ StreaMax™ for the oil and gas industry

Aluminium parts coated with Accolan P284 to be used in the graphic industry



Robotized coating with Accotron of parts for the chemical industry



Handling of tubes for the Oil and gas industry at our plant in Stoholm, Jutland

Moreover, Accoat is involved in research-related projects. In 2014, Accoat will commence a 4-year project in cooperation with the Danish National Advanced Technology Foundation.

Marketing is improved globally, and Accoat A/S is visible on the largest markets and has cultivated prospective customers in the medical device and food industries and, in particular, in the oil and gas industry and the cleantech industry.

Sales are strengthened through more systems selling where Accoat A/S advises customers on the construction of the components and on the choice of materials before the components are coated. For this purpose, Accoat Technology ApS was established.

Accoat A/S' efforts to develop customised processes and products are made in close co-operation with customers and suppliers. Examples of these include the development of antistatic coatings for the paint and varnish industry and inside coating of pipes for the oil industry.

Outlook for 2014

Accoat expects increasing revenue in 2014, and the operating profit (EBITDA) is also expected to increase.

Development in Coatings 2011-2013

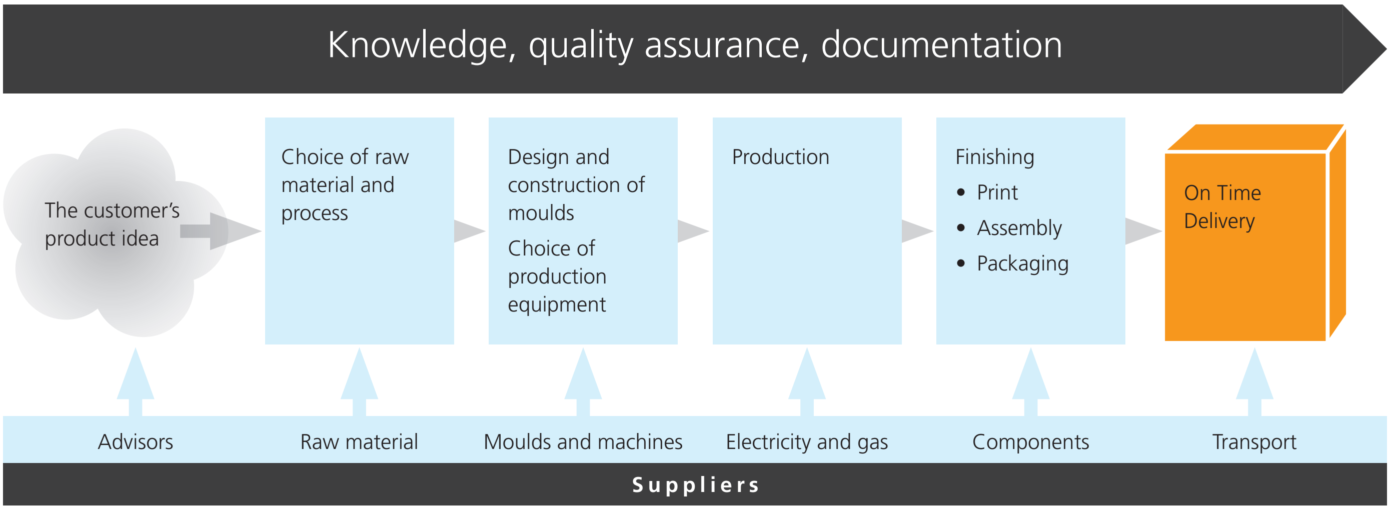
DKKm	2013	2012	2011
Revenue	183.5	212.4	138.8
Profit before net financials, depreciation and amortisation (EBITDA)	28.0	38.4	13.6
Profit before net financials (EBIT)	19.3	29.7	3.5
Total assets	120,3	124.4	112.7
Average number of employees	81	73	63

Plastics

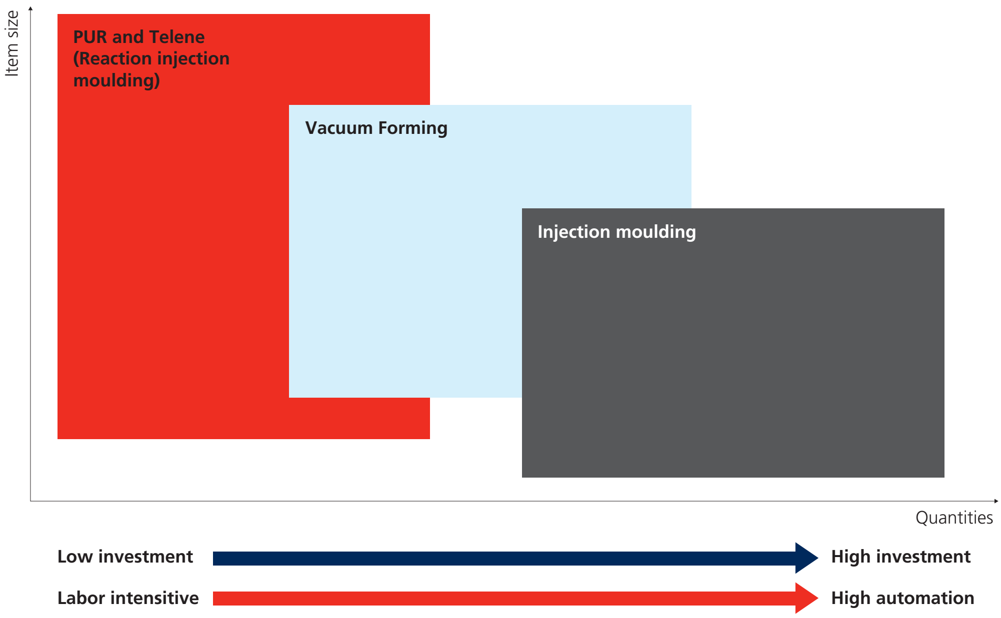
- New tasks in the healthcare industry
- New tasks in the cleantech industry
- More tasks in food-related industries

All plastic enterprises in SP Group provide customised solutions in close co-operation with the customers.

SP Group's value creation



The choice of production technology depends, among other things, on the size of the component and the number to be produced:



Often a product starts its life cycle in PUR. When the product has attained a certain market penetration, Mark II is made in vacuum, and much later when the production reaches a high amount, Mark III is injection moulded.

LifeStraw® Family 2.0 is the next generation of Vestergaard's high-volume point-of-use water filter. It converts microbiologically contaminated water into clean, safe drinking water, filtering up to 30,000 litres of EPA-quality water, enough to supply a family of five with clean drinking water for three to five years.

LifeStraw® Family 2.0 is a durable, table top version. It includes a large dirty water storage tank and built in safe storage container with tap.

SP Moulding has been instrumental in developing this unique offering from Vestergaard. SP Moulding is now focusing on scaling up production of this product.

We therefore report the plastic enterprises in:

- Injection moulding (SP Moulding and SP Medical)
- Vacuum (Gibo Plast)
- PUR (Ergomat, Tinby and TPI Polytechniek)

collectively as PLASTICS.

In the future, Bröderna Bourghardt AB and SP Extrusion A/S will also be included in Plastics.

2013 in outline

Revenue increased by 1.4% to DKK 920.8 million, which is lower than expected at the beginning of the year.

Operating profit measured by EBITDA amounted to DKK 96.3 million, which is 23.1% higher compared to 2012 and the best operating profit to date.

Very large investments were made in 2013, which adversely affected revenue. The investments are expected to contribute positively to results as from 2014.

The significant improvement in results is primarily attributable to Ergomat and Gibo Plast. Moreover, SP Moulding, SP Medical and Tinby experienced progress.

Outlook for 2014

The business segment expects growth in revenue and earnings.

The activities are expected to be expanded in the Netherlands, Poland, China, the USA, Latvia and Denmark.

Development in Plastics 2011-2013

DKKm	2013	2012	2011
Revenue	920.8	907.8	843.5
Profit before net financials, depreciation and amortisation (EBITDA)	96.3	78.2	90.5
Profit before net financials (EBIT)	59.4	43.2	58.9
Total assets	803,6	720.2	662.8
Average number of employees	1,042	977	927

Injection moulding

- Global progress
- Reasonable results
- Many new tasks

2013 in outline

The improved economic trends combined with a number of new solutions and the sale of a number of new moulds resulted in an increase in activities and operating profit.

SP Moulding saw a reasonable entry of a number of new industrial customers in Europe, America and Asia, and business with existing customers increased in both Europe and Asia.

SP Medical entered into a number of new agreements with both new and existing customers in the medical device industry.

In 2011, SP Medical fitted a new injection moulding factory in Poland for production of medical device products. In 2012 and 2013, the factory was fitted with more machines. SP Medical also fitted the factory in Karise with more machines in 2012 and 2013.

In 2013, considerable amounts were invested in new advanced production equipment (robots, special-purpose machines, injection-moulding machines, energy savings and IT) as well as break-in of new projects.

Name:	SP Moulding A/S, SP Medical A/S
Website:	www.sp-moulding.dk and www.sp-medical.dk
Location:	Juelsminde, Stoholm, Karise, Zdunska Wola (Poland) and Suzhou (China)
Executive Board:	Frank Gad, CEO
Activities:	SP Moulding is the leading Danish manufacturer of injection-moulded plastic precision components for a wide range of industrial companies. SP Moulding (Suzhou) Co. Ltd. in China and SP Moulding Poland Sp. z o.o. manufacture technical plastics and perform assembly work. The business unit SP Medical manufactures in Karise and Zdunska Wola (Poland) to medical device customers.
Description:	In addition to the actual moulding, which is carried out in modern production facilities, the business area handles all finishing such as ultrasound welding, surface treatment and compression. SP Moulding and SP Medical also handle partial or full assembly, packaging and consignment for a large number of customers.
Environment/quality:	Reference is made to the outline of certificates on page 28.

Both SP Moulding and SP Medical have entered into a contract for the purchase of injection-moulding machines to be delivered in 2014. The machines are to be used to expand activities with existing customers.

SP Moulding has been re-elected as preferred supplier with one of its large customers abroad, which is leading in its field in Europe and also a global leader.

Markets and products

With approx. 300 injection-moulding machines (including two- and three-component machines), SP Moulding and SP Medical are the largest independent injection moulder in Denmark, ranking among the largest two in the Nordic countries. The Danish market is estimated to amount to approx. DKK 3-4 billion, including large industrial groups' own production. The market is still characterised by many small suppliers and excess capacity in certain areas, and a number of customers are moving to low-wage areas. However, several groups with own production of injection-moulded plastics choose to outsource activities to specialists like SP Moulding and SP Medical. Moreover, the market share is increased by replacing other materials with plastics.

SP Moulding has obvious advantages on the Northern European market by virtue of its size and expertise in injection moulding and design, product development, international sourcing of moulds and raw materials as well as additional services such as full assembly, packaging and dispatch of finished products, often in close co-operation between the factories in Poland, China and Denmark. Price is still a significant parameter, and therefore, production needs to be further improved. In Poland and China, SP Moulding is a small supplier of technical plastics, but in both countries, there is a basis for considerable growth by virtue of the enterprise's overall know-how.

SP Medical addresses a potential market of approx. DKK 15 billion with annual growth of 5-7%. SP Medical ranks as the one of the 2-3 largest Nordic suppliers of injection-moulded plastics to the medical device industry, and in the niche of PTFE-coated guidewires for urology and radiology, etc., SP Medical is among the three largest suppliers in Europe. SP Medical also manufactures medical components and equipment and surface treats products with function-enhancing coatings. With its expertise and quality standards, the opportunity for SP Medical to increase its market shares us good.

Strategy

SP Moulding will increase exports from the two Danish factories to the neighbouring markets, and the Polish factory will strengthen the marketing of technical plastics and assembly on the growth markets in Eastern and Western Europe. In China, production capacity has been expanded, and sales are strengthened. SP Moulding will continue moving labour-intensive tasks from Denmark to Poland and China.

Healthcare components,
SP Medical

SP Moulding manufactures components for this meter for ítron

SP Moulding manufactures components for Grundfos' flow pipe

2K component for Danfoss – a handle for a thermostat valve

2K clip as wire clamp

3K component for Danfoss – cap with embedded packing in mounting holes

On all markets, SP Moulding is to win market shares by improved customer services, intensified participation in the customer product development and a targeted effort towards growth sectors. Expertise should be strengthened on an ongoing basis so that SP Moulding can differentiate itself in the future. In all plants, the production efficiency programme will continue, among other things by means of Lean projects, more automation and focus on energy and raw material consumption, disposals as well as switch-over times. SP Moulding will continue its participation in the strengthening of the position in the Nordic countries where relevant.

SP Medical will continue to intensify marketing efforts towards new customers, especially benefiting from the fact that the unit with the Polish factory has become increasingly competitive in relation to labour-intensive tasks. The medical device expertise must be strengthened on an ongoing basis, and the clean room production in Denmark and Poland must be expanded. In China, "white room production" has been established.

Polyurethane

- Higher level of activity
- New products
- Expansion in Poland, the USA and China

2013 in outline

Ergomat experienced high growth in the sale of ergonomic mats and the striping product DuraStripe® on almost all global markets. The highest growth rates were seen in North America and France. Also Asia and the neighbouring markets in Northern Europe saw good progress.

Name:	The business area consists of three activities with polyurethane (PUR) as the common denominator: Ergomat A/S, Tinby A/S and TPI Polytechniek BV.
Websites:	www.ergomat.com, www.tinby.dk, www.tpi-polytechniek.com.
Location:	Søndersø, Zdunska Wola (Poland) and 's-Hertogenbosch (the Netherlands), Helsingborg (Sweden), Cleveland (the USA), Montreal (Canada) and Suzhou (China).
Executive Board:	Claus Lendal, Managing Director of Ergomat A/S. Torben Nielsen, Managing Director of Tinby A/S and Loïc van der Heijden, Managing Director, TPI Polytechniek BV.
Ergomat A/S	develops and sells ergonomic solutions under own brands – Ergomat® mats and DuraStripe® striping tape – to global corporate customers. Ergomat has sales companies in Europe and North America. The products are manufactured in Poland and the USA.
Tinby A/S	manufactures moulded products in solid, foamed and flexible PUR for the graphics, medical device, furniture, refrigerator and cleantech industries, among others. In Poland, Tinby Sp. z o.o. manufactures light-foam products for TPI. The companies in the USA and China manufacture light-foam products and other plastic solutions primarily for the cleantech industry.
TPI Polytechniek BV	develops and sells components for ventilation of industrial buildings as well as pig and poultry houses, primarily products under the TPI brand, which is manufactured by Tinby in Poland. Global sales are handled from the Netherlands. Sales in Scandinavia are handled from Søndersø in Denmark.
Description:	PUR is manufactured by mixing two special liquids, which react, and by pressing the mixture into a mould forming the required component. Expertise comprises knowing the scope for variation and making the best of the material. The process is also called Reaction Injection Moulding – or just RIM.
Environment/quality:	Reference is made to the outline of certificates on page 28.

Tinby experienced fair growth in global activities. In 2010, Tinby set up a new factory of 6,500 sqm. in Poland and a new factory of 2,400 sqm. in China. Both factories were set up and put into operation within the approved financial limits and schedules, and in 2011, both factories were commissioned in 2011 and still meet expectations.

In Poland, an additional factory of 2,100 sqm. was set up; it is used by Tinby. This factory was put into operation in 2013.

Tinby is setting up local production in the USA in order to service its North American customers better. The set-up takes place next to Ergomat's existing facilities.

In the USA, Ergomat is setting up local production of ergonomic mats in order to improve its service (delivery time) in favour of its many North American customers.

In Poland, Ergomat has established its own company, which has taken over the rapidly growing production of ergonomic mats from Tinby and strengthened sales efforts locally.

TPI experienced a decline in global activities. Due to political instability, the agricultural sector is reluctant to invest in new large animal housing in some parts of the world. TPI maintained and strengthened its sale of projects. In countries where poultry and pig houses are increasingly being closed to prevent air-borne diseases from reaching livestock, negative static pressure ventilation equipment needs to be installed.

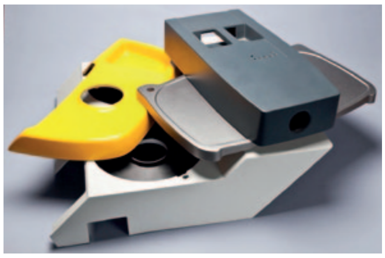
Markets and products

Ergomat is a market leader in Europe and ranks among the world's three largest suppliers of ergonomic workplace mats, supplemented with the striping product DuraStripe®. Ergomat manufactures and markets a wide range of mats with focus on ergonomically correct solutions in order to improve the working environment and prevent industrial injuries. In addition to the mats, Ergomat manufactures and markets DuraStripe® striping products, which may be used when implementing Lean Manufacturing. Ergomat is a market leader in these two segments. The main markets are North America, Germany, Sweden, France and South Korea, but today, Ergomat sells its products in more than 60 countries via own offices and distributors. In addition to the main markets, focus is on new markets in Central America and South America as well as in Asia.

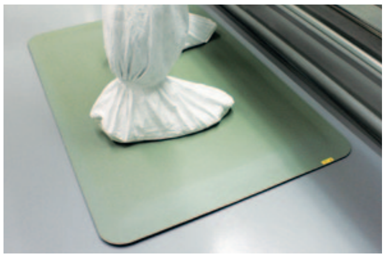
In 2013, Ergomat successfully launched its logo mat concept in Japan, and this unique concept, which is patented, will be launched in the other markets in the coming years. In 2013, Ergomat also launched new mat solutions to the food industry, including Ergomat Supersafe with suction discs and mats to white rooms. A new DuraStripe® product was also launched in 2013; a special edition for AGVs (Automated Guided Vehicles).

TPI Polytechniek – ventilation in a pig house

Rollers in hard PUR for developers (X-ray)



Various components in hard PUR



The new Optimal ESD Smooth/Smooth mat is an easily cleaned mat designed specifically to address the matting concerns faced in technical cleanroom environments requiring the dissipation of static electricity.

Tinby is Scandinavia's leading supplier of moulded components in solid, foamed, flexible polyurethane and combinations hereof. Tinby's components are used for cleantech tasks, in medical device products, instruments, furniture, graphic machines, ventilation, coatings, window and construction profiles, insulation caps and cabinets. Tinby develops special raw materials for narrow and broad product solutions and masters a number of technologies for the refinement of the products, including combination technologies, in-mould coating, varnishing and coatings.

With the development of raw materials and technologies, Tinby has succeeded in attracting a large number of tasks, particularly within cleantech, and the geographical focus has also resulted in considerable growth.

TPI is the leading supplier in Europe of light-foamed chimneys, air intake, air gratings and ventilation ducts for the agricultural and industrial sectors. PUR is especially suitable for these purposes as the material is light, well-insulating and weather resistant and does not develop condensation when temperature changes. Demand is especially driven by the industrialisation of the agricultural sector in Eastern Europe, which is expected to continue for the next 5-10 years, but also Western Europe and Southern Europe are significant markets. Moreover, the Middle East and overseas markets will come to play a more important role. TPI has customers in 40 countries.

TPI has improved a number of its products and commenced the marketing of these products. The products were received well by the market.

During the year, TPI expanded its product portfolio with vacuum-formed components manufactured by Gibo Plast and injection-moulded components manufactured by SP Moulding.

Strategy

More direct sales, intensified marketing, more external distributors on selected markets are to increase Ergomat's sales. Ergomat will increasingly cultivate commercial and service enterprises, the administrative and health sectors and strengthen the efforts in America, Eastern Europe and Asia.

Plagiarism and increased competition require development of new products and concepts, and Ergomat will differentiate itself by offering integrated solutions across existing products and by offering supplementary services. At the end of 2010, production was moved to Poland where it is efficient. In 2014, production in the USA was commenced in order to improve customer service and competitiveness.

As a result of the substantial increase in sales and in order to ensure room for future growth, Tinby has entered into a contract with a local investor in Poland on the construction and rental of two new factories of 6,500 sqm. each. The first factory was ready in the middle of 2010 and was commissioned in 2011.

The second factory was ready in the beginning of 2012 and was commissioned. To strengthen its competitive power further and continue to improve customer service, Tinby has set up a factory in China in close connection with SP Moulding's existing factory.

Tinby's establishment in China in 2010 still progresses well, and new customers were obtained in 2013.

Tinby's planned establishment in North America in 2012 in close connection with Ergomat's existing facilities – to improve customer service and competitiveness – has been postponed to the beginning of 2014 due to changed market conditions.

TPI expands its product programme within ventilation for the agricultural sector on an ongoing basis. The company is cultivating new markets in Asia, the Middle East and Southern Europe on a direct basis and at the same time enhancing the relationship with large turnkey suppliers. TPI will also increasingly focus on industrial ventilation solutions to increase revenue and reduce the dependency on the agricultural sector. TPI will be open to consolidation internationally. The expected growth in production will be handled by Tinby's Polish factory.

ERGOMAT continued to add special application technical mats to their portfolio last year with the introduction of the Super Safe Ergo. This mat's unique features includes an anti-microbial additive and suction cups on the underside for increased safety and security in critical, wet environments like health care, pharmaceutical and food processing.

Vacuum forming

- Improved operating results in 2013
- New tasks in the cleantech industry
- Expansion in Poland

2013 in outline

Gibo Plast succeeded in ensuring a solid improvement in operating profit despite a decreasing level of activity.

2013 was an eventful year as Gibo Plast expanded its activities in Poland and transferred machinery and production to Poland.

In Denmark, much money and many efforts were invested in the installation and commission of two new production lines which facilitate better and more effective servicing of existing customers. Both new production lines function satisfactorily.

As expected, investments in new plant and the relocation of parts of production to Poland have entailed lower costs and improved operating results.

In 2012, SP Group provided DKK 30 million as new equity by means of a cash contribution in order to strengthen the capital base in Gibo Plast.

The merger of Gibo Plast and DKI Form produced one of the largest vacuum forming facilities in Scandinavia to perform complex tasks. In the long term, the merger will enable considerable synergies. In close co-operation with Tinby, Gibo has created a number of interesting solutions to our customers in which the two enterprises' expertise is united.

Name:	Gibo Plast A/S
Website:	www.gibo.dk
Location:	Skjern and Sieradz (Poland)
Executive Board:	CEO Lars R. Bering
Activities:	Gibo Plast develops, designs and manufactures thermo-formed plastic components. The components are mainly used in refrigerators and freezers, buses and cars (automotive), medical device and lighting equipment as well as in the cleantech industry. Gibo Plast has specialised in traditional vacuum forming and the sophisticated High-pressure and Twinsheet technologies.
Description:	Vacuum forming is a process in which plastic sheets are heated and subsequently moulded under vacuum and/or high pressure. The products are subsequently finished by cutting, milling (CNC milling) and finally assembled into the finished product.
Environment/quality:	Reference is made to the outline of certificates on page 28.

Markets and products

The Scandinavian market for vacuum-formed plastics is valued at approx. DKK 5-600 million. The market is undergoing drastic changes as a number of traditional users of vacuum-formed plastics are pressured by competitors in low-wage areas and therefore move their production to Southern and Eastern Europe or Asia. On the other hand, many components made of materials such as glass fibre, wood and metal may advantageously be replaced by plastic as plastic is lighter and easier to mould, which provides the basis for a growing demand.

An example is Gibo Plast's transport boxes, which are used by automotive, food and electronics enterprises for transportation of particularly sensitive goods or semi-manufactured products both internally and over long distances. The boxes are lighter than wooden boxes, easier to clean and designed so that the components do not touch each other and can easily be moved by industrial robots. Another example is wind turbines where the design qualities of thermo-moulded plastics are pronounced. Plastic sheets come in all colours and with a countless number of different surfaces. Moreover, the components may be provided with technical properties, e.g. the ability to resist heat, cold temperatures, wind, weather and blows.

Within traditional vacuum forming, Gibo Plast is a market leader in Scandinavia and ranks among the ten largest suppliers in Europe. Within the High-pressure and Twinsheet technologies, the position has been strengthened. Gibo Plast is able to handle components of many different sizes and masters both large-scale production and minor series with customised, logo-embossed components. The offer to the customers is supplemented with 3D CAD/CAM design, CNC milling, decoration, surface treatment, assembly, glueing and packaging.

Strategy

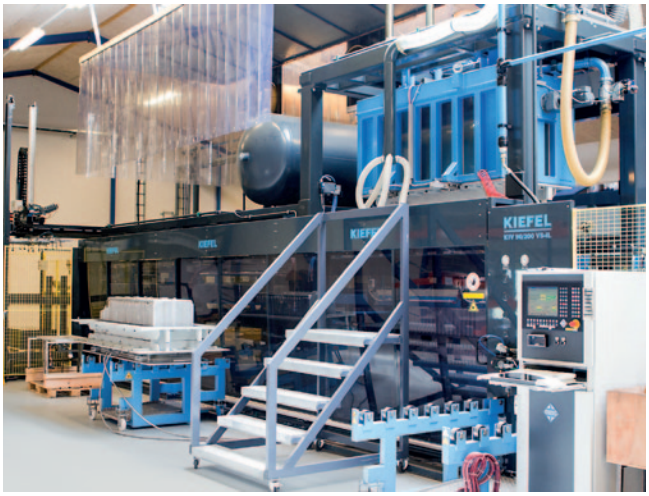
In 2012, Gibo Plast put in two new large vacuum forming machines with robots and CNC-controlled millers. In one of the new plant, it will be possible to manufacture very large plastic components of up to 4.2 x 2.5 x 0.7 metre, which makes Gibo Plast a market leader in Northern Europe within moulding of large components. The components are to replace metal and glass fibre components in wind turbines, buses and trains. This will provide Gibo Plast with a competitive advantage in connection with large components. At the other new plant, production will include transparent components in a "white room" where a dust free environment combined with robots is to ensure better quality and lower payroll costs.

After the acquisition of DKI Form in 2008, Gibo Plast has consolidated production in Denmark at the 12,000 sqm. plant in Skjern.

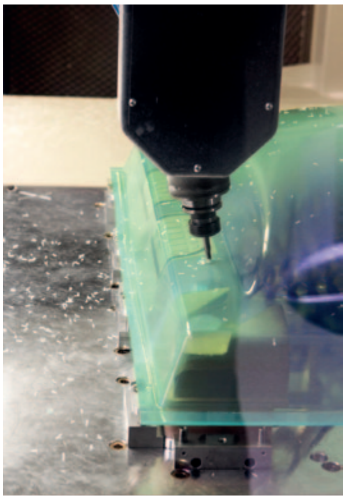
In 2011, assembly activities were established in Poland. In Q1 2012, the first vacuum forming machines were moved to Poland, both from the factory in Skjern and the phased-out plant in Spentrup. During 2012, Gibo Plast's production in Poland was expanded to the new 4,000 sqm. factory. In 2013, the production was expanded to comprise 6,500 sqm.

Sebastian Augustyniak and Krzysztof Szatanik at the plant in Poland. Finishing and packing of roof for construction equipment

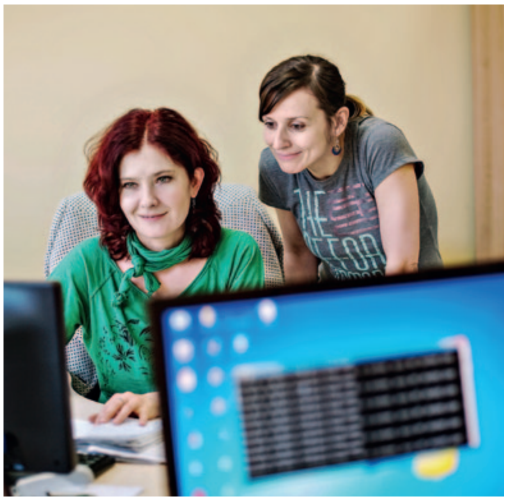
Vijaykumaran Kanapathyppilai at a final product for the wind turbine industry



The machine can produce 60 inner boxes for refrigerators in 4 mm thickness per hour



Trimning of a transparent part



Izabela Dombrow and Dominika Rytczak at Gibo's plant in Poland

Together with a continued improvement of the productivity in Skjern, these initiatives have contributed significantly to improving Gibo Plast's profitability in 2013, and they are expected to continue 2014. Gibo Plast has a balanced customer portfolio and a good exposure to a number of industries. The enterprise is making targeted efforts to attract new customers. At the same time, the company improves the relationship with existing customers. Gibo Plast will increasingly contribute to the customers' development phase so that new projects and solutions can be designed and implemented in co-operation with the customers.

Gibo Plast will use the location in the neighbouring areas to cultivate new markets in Eastern and Central Europe. Marketing on new and existing markets will be focussed on disseminate knowledge of plastics in sectors which have traditionally used glass fibre, metals and wood and especially on the High-pressure and Twinsheet technologies allowing greater freedom in design and flexible production of complicated large-sized components. In the long term, Gibo Plast will test new plastic technologies.

Gibo Plast has developed new projects for customers in the automotive and cleantech industries, which are expected to contribute positively to sales and earnings in 2014.

Risk management

Identification of business risks and management of such risks are part of the annual strategy plan of the Group and the two business areas approved by the Board of Directors. Further, the Board of Directors determines the framework for managing interest rate, credit and currency risks and addressing risks related to raw materials and energy prices. The framework is assessed at least once a year.

The following risks have been identified as the key risks for SP Group, but the list is neither prioritised nor exhaustive:

Commercial risks

Market and competitor risks

The recession had a different impact on SP Group's customers, but by far the majority of the customers' sales were affected. SP Group's sales and earnings are therefore very dependent on the future development in GDP.

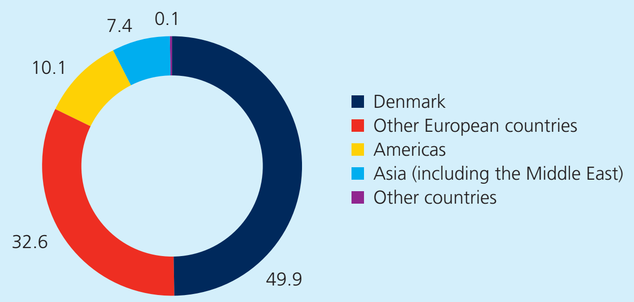
Several segments of SP Group's Danish primary market have been characterised by excess capacity, numerous small marketers, price pressure and customers requiring still smaller batches and more flexible production. Furthermore, SP Group is experiencing increased competition from the low cost producers in Eastern Europe and Asia. In order to reduce the dependence on the Danish market, SP Group is operating in several areas:

Firstly, exports are increased on an ongoing basis. The Group focuses in particular on other Northern European markets while selected niche products are sold globally. The international share of revenue amounted to 50.1% in 2013 (2012: 46.1%).

Secondly, SP Group relocates production to its plants in Poland and China on an ongoing basis, and this relocation will continue. Moreover, production activities have been established in Brazil, and in 2014, production activities have been established in the USA and acquired in Latvia. With these measures, the Group will still be able to provide services to customers that outsource their production to these areas and will also be able to cultivate new customers in Eastern Europe, China and the Americas.

Thirdly, SP Group's Danish plants are undergoing continuous modernisation and automation in order to become more efficient and flexible. This work will continue. Finally, SP Group is consolidating parts of the Danish industries either by acquisitions, by merging own plants or by insourcing customers' own production (customers are outsourcing their production to SP Group). This process will also continue, and SP Group has intense focus on reducing costs and utilising the size and expertise of the Group to improve competitiveness. As part of the strategy to differentiate itself, the Group is also strengthening its expertise and competencies in relation to processes, design and materials.

Revenue by geographical area in % – 2013



Customers

SP Group has approx. 1,000 active customers. The ten largest customers account for 52% of the Group's revenue, and this share has decreased by two percentage points compared to 2012. The 20 largest customers account for 65% of revenue (against 67% in 2012). The 20 largest customers are large consolidated, internationally operating industrial groups.

The largest single customer takes 13.1% of the Group's revenue (an increase from 12.0% in 2012). At plant level, the dependence on single customers is higher as a result of the specialisation and focus on specific industries.

38% of the Group's sales relates to the healthcare sector, which is thus the largest single industry. SP Group has deliberately cultivated this industry because it is a growth sector offering a variety of opportunities for utilising the expertise of SP Group across its business areas. The exposure to the healthcare industry is therefore desired, and risks are reduced by the Group supplying components to a number of different healthcare enterprises in different segments and on all continents. Rising energy prices have increased the global demand for cleantech products (insulation, energy saving products, renewable energy and environment). Sales to the cleantech industry now account for 28% of the Group's revenue. At group level, SP Group is not over-exposed to certain lines of businesses.

Declining sales to individual or several customers may have a material effect on the Group's earning capacity. To minimise this risk, the Group also seeks to enter into multi-annual customer and co-operation agreements which stipulate the terms of future orders. Furthermore, SP Group is engaged in tasks of production development in co-operation with the customers in order to clearly stand out as a strategic partner. Finally, the Group works on the development of more niche products and products under own brands where the Group is able to control sales to a wider extent. Products under own brands accounted for approx. 16% of the Group's revenue in 2013, including medical device products (guidewires).

Raw material prices and suppliers

The earnings of SP Group depend on the prices of energy, raw materials (plastics) and other production materials. Most of the Group's raw materials are oil-based, and large fluctuations in oil prices may therefore lead to price increases, which SP Group cannot transfer directly to sales prices.

SP Group enters into hedges on electricity, gas and raw materials on an ongoing basis and has agreed on sales price adjustments with a number of customers in case of increases in energy and raw material prices. The Group has centralised its purchase of critical raw materials to increase the level of delivery reliability and to achieve a better bargaining position by purchasing larger bulks. At the same time, SP Group examines the possibility of sourcing critical raw materials globally on an ongoing basis. The exposure to oil price-driven increases in raw material prices may be reduced but will fundamentally persist.

Restructuring the production system

Production systems are changed on an ongoing basis, partly by investing in new production equipment and partly by modifying the systems and distribution of tasks. This means that the Group gradually obtains improved specialisation of the production at each plant and that efficiency is increased. There is a risk that the implementation of these changes may cause delays and disruptions and thus inflict extra costs on the Group or affect business volumes. There is also the risk that relocating production equipment and production tasks may cause delays and price increases.

Through careful planning, SP Group aims at minimising costs and time spent by restructuring the production systems. A smooth and swift implementation of these processes is necessary to increase the profitability of the Group.

Key persons

SP Group is dependent on a number of key persons in the Executive Management and among the Group's specialists. SP Group seeks to retain key persons by offering them challenging tasks, a basic salary in conformity with applicable market conditions and incentive programmes rewarding special performances.

Insurance

SP Group has an extensive insurance programme reflecting the scope of the Group's activities and their geographical location. Once a year, the insurance programme is examined together with the Group's global advisor to make adjustments supporting the Group's development on an ongoing basis, thereby minimising any impact on the Group's financial performance. Once a year, the insurance policies are also examined by the Board of Directors and adjusted as required.

Environmental performance

The production plants are subject to a number of environmental requirements in all countries, and further, a number of environmental and quality assurance systems have been implemented by the plants on a voluntary basis. SP Group complies with applicable environmental requirements but provides no guarantees that the general as well as the working environment may not be affected by accident despite comprehensive safety procedures. (Moreover, reference is made to pages 29-30 on CSR).

Financial risks

The Group's cash flows and borrowing are controlled centrally in accordance with the policies approved by the Board of Directors. No speculation in financial risks takes place.

Interest rate risks

Interest rate risks primarily derive from the net interest-bearing debt, i.e. mortgage debt and bank debt less negotiable current asset investments and cash and cash equivalents. At year end, net interest-bearing debt amounted to DKK 430.3 million. 19% of the debt carried a fixed rate for minimum 2-5 years, including mortgage debt with an average interest rate of approx. 1.8%. An increase in the general interest level of one percentage point will result in an increase in the Group's annual interest expenses before tax of approx. DKK 3.5 million.

SP Group focuses on increasing cash flows from operating activities so that the net interest-bearing debt can be reduced and the Group can finance investments via operating activities. The Group also aims at reducing debt by selling non-value creating assets and activities.

Credit risks

SP Group systematically monitors the credit rating of customers and cooperative partners on an ongoing basis and makes use of credit insurance and sale of invoices to partially hedge credit risks. However, trade with blue-chip groups is not subject to credit insurance. No individual customers or cooperative partners pose an unusual credit risk to the Group. The customers and cooperative partners are normally well-reputed companies operating in many different business sectors and countries, which reduces the overall credit risk.

Currency risks

In accordance with the policies approved by the Board of Directors, SP Group concludes currency transactions to hedge commercial agreements. Hedging takes place by means of borrowing, forward exchange contracts or options, and Management assesses the need for hedging each individual transaction on an ongoing basis.

In general, there is a good balance between income and expenses. Approx. 85% of sales are thus recognised in DKK or EUR, and approx. 70% of the Group's fixed costs are incurred in DKK or EUR. The most important commercial currency risk is indirect and relates to the customers' sales outside Europe. Similarly, purchasing is primarily conducted in DKK and EUR although the prices of goods depend on the USD rate.

Moreover, there is a currency risk between PLN and EUR and between RMB and USD as the Group has increasing exports from Poland and China which are settled in EUR and USD, respectively. In order to hedge the currency risk between PLN and EUR, EUR is sold against PLN on forward contracts for up to 36 months (hedging). At year end 2013, we had hedged approx. 85% of the expected net cash flows for the coming 36 months.

48% of the Group's financing has been obtained in EUR, and the remaining debt has been obtained in DKK. A fluctuation of 1% in the EUR rate against DKK may therefore affect the financial performance by up to DKK 2.0 million. To reduce the currency risk and match income and expenses even better, debt relating to the Chinese and Polish enterprises has been raised in USD, PLN and EUR.

Liquidity risks

It is the Group's objective to have sufficient cash resources to be able to continuously make appropriate arrangements in case of unforeseen changes in cash outflows.

It is Management's opinion that the Company still has reasonable capital resources compared to the Company's operations and sufficient liquidity to meet the Company's present and future liabilities. The Company has had a long-term fruitful and constructive co-operation with its financial business partners. This is expected to be continued. The Group has neither neglected nor been in breach of loan agreements in the financial year or the comparative year.

Corporate governance

Proper and decent management

Proper and decent management is a precondition for SP Group being able to create long-term value for its shareholders, customers, employees and other stakeholders. Management sets up clear strategic and financial goals and provides information on goal achievement on an ongoing basis in order for all stakeholders to be able to evaluate the development and future of the Group. It is essential to Management that SP Group meets its stakeholders at eye level and that the shareholders can exercise their rights freely.

The Board of Directors and the Executive Board act openly in relation to their work and their approach to management. Consequently, Management has chosen to follow the recommendations for corporate governance issued by the Committee on Corporate Governance in 2013 based on the "comply or explain" principle. At http://www.sp-group.dk/investor+relations/corporate+governance, the Board of Directors systematically describes "the Company's position on the recommendations on corporate governance of May 2013" in the section Corporate governance. SP Group complies with the majority of the recommendations but has chosen a different practice in some areas which is more suitable for SP Group. The main deviation involves the following:

- SP Group has not determined any mandatory retirement age for the members of the Board of Directors. SP Group finds that a mandatory retirement age is discriminating and also that the capacity and contribution of each member are more important than their birth certificates.

In a few areas, SP Group has not formalised procedures and policies to the same extent as suggested by the Committee on Corporate Governance. SP Group has, for instance, neither an actual stakeholder policy (but a clear attitude towards and policies for communication) nor has it any separate engagement description for the chairman (instead this is part of the rules of procedure for the Board of Directors).

The Board of Directors has considered appointing committees under the Board of Directors but found that, due to the size of the Group, SP Group does not need such committees and that the Board of Directors is of a size where it is natural and appropriate for the collective Board of Directors to discuss subjects such as audit, nomination and remuneration. SP Group has decided to let the collective Board of Directors carry out the duties of the Audit Committee.

The work of the Board of Directors

In 2013, the Board of Directors held nine meetings of which two of them focused on strategy and budgets, respectively. At the strategy meeting in December, the Board of Directors also discussed business risks and the management of such risks at group level and in the business areas. Once a year, the Board of Directors determines the framework for managing interest rate, credit and currency risks and risks related to raw materials and energy prices, and the Board of Directors follows up on the implementation of this framework on an ongoing basis. Discussion and revision of the rules of procedure in June are a routine procedure at the board meeting. Moreover, the Board of Directors carries out the duties of the audit committee. Separate meetings in the audit committee are held in connection with meetings of the Board of Directors when audit and accounting matters are on the agenda.

The Board of Directors assesses the Group's financial position, goals, dividend policy and share structure on an ongoing basis. The dividend policy is specified in the section Shareholder information, and the financial goals are specified in the section Strategic development. The Board of Directors assesses that the financial structure is appropriate for the present size and challenges of SP Group, and the Board of Directors still aims at an equity ratio of 20-35% to ensure an efficient capital structure in 2014. At year end 2015, the equity ratio is expected to have been increased to 25-40%. If the equity ratio increases, the excess capital will be paid to the shareholders.

The Board of Directors receives a weekly report from the Executive Board on a number of pre-determined subjects, including cash flows and development of the business areas. Moreover, the Board of Directors receives a monthly report with detailed financial follow-up.

Composition of the Board of Directors

The board members elected by the shareholders are up for election each year. During recent years, the Board of Directors has been reduced from eight to five members. 4-5 members is an appropriate number as the Board of Directors can thus work efficiently and gather quickly while at the same time being diverse enough to represent different experience.

The Board of Directors is composed of persons with relevant insight into the plastics industry and management experience from internationally operating production enterprises. The chairman of the Board of Directors, Niels K. Agner, has previously represented a large shareholder in the Board of Directors, and Hans W. Schur is still connected to a large shareholder of the Company, but none of them have been principal shareholders. Thus, no member of the Board of Directors has any other interest in SP Group than safeguarding the shareholders' interests, and SP Group assesses that the Board of Directors currently possesses the qualifications and experience necessary to manage the Group and act as an efficient sparring partner to the Executive Board. Of the board members elected by the annual general meeting, only Erik Christensen and Hans-Henrik Eriksen are assessed to be independent in accordance with the criteria defined by the Committee on Corporate Governance. The other three board members have been members of the Board of Directors for more than twelve years.

At the annual general meeting in 2009, the two employee representatives on the Board of Directors resigned as their term of office expired. No new representatives have been elected in accordance with the rules of election of group representatives for SP Group's Board of Directors. In the coming year, the Board of Directors will therefore only consist of the members elected by the shareholders.

Remuneration of Management

The Company's remuneration policy has been approved by the general meeting, most recently in 2008, and will be presented at the annual general meeting in 2014 with proposed amendments.

The Board of Directors has no incentive programmes but receives an ordinary remuneration determined by the annual general meeting. As announced at the latest annual general meeting, it is recommended that remuneration for 2013 be fixed at DKK 400,000 to the chairman, DKK 250,000 to the deputy chairman and DKK 200,000 to other members. The members of the Board of Directors will not receive any remuneration for any ad hoc tasks but will be reimbursed for travelling expenses in connection with meetings, etc.

The Board of Directors will propose that remuneration for 2014 remains unchanged at DKK 400,000 to the chairman, DKK 250,000 to the deputy chairman and DKK 200,000 to other board members.

Remuneration of the Executive Board is negotiated by the chairman and adopted by the Board of Directors. Remuneration consists of a basic salary and usual allowances such as telephone, company car, etc., free of charge. Total remuneration of the Executive Board amounted to DKK 5.4

Accoat's booth at the oil and gas exhibition Offshore Technology Conference (OTC) in Houston.

million in 2013 against DKK 5.1 million in the previous year. The Executive Board bears the pension contributions itself. The Company's notice of dismissal to CEO Frank Gad is 24 months and 12 months to CFO Jørgen Hønnerup Nielsen. If the Executive Board is dismissed in connection with an acquisition of SP Group (including a merger or other combination), the Company will not be obligated to pay any further severance pay.

The Executive Board has no short-term incentive programmes such as bonus. However, SP Group has set up long-term incentive programmes. In 2010, Frank Gad and Jørgen Hønnerup Nielsen were granted 14,000 and 6,000 warrants, respectively.

The granting in 2010 was based on the annual general meeting's granting of authority to the Board of Directors in May 2009 to issue up to 80,000 warrants to the Executive Board and executives of the Group and later increase the share capital by up to DKK 0.8 million when and if the warrants were exercised. Based on this authority, the Board of Directors granted warrants to the Executive Board and 20 other executives in March 2010.

The warrants issued can be exercised to subscribe for shares from 1 April 2013 to 31 March 2015. However, the executives may only exercise warrants during the first two weeks of the open windows when insiders are normally allowed to trade the Company's shares. The exercise price is DKK 45, which was the price when SP Group presented the annual report for 2009 plus annual interest of 7.5% until the time when the warrants are exercised. By means of this interest, SP Group ensures that the programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The warrants are hedged by means of treasury shares. Both Frank Gad and Jørgen Nielsen exercised their warrants in 2013. At year end 2013, 3,000 warrants under the 2010 programme were outstanding.

In 2011, the Board of Directors issued 100,000 warrants to the Executive Board and executives in the Group. Frank Gad received 20,000 warrants, and Jørgen Nielsen received 10,000 warrants. The remaining 70,000 warrants were distributed between 21 executives. The issued warrants can be exercised to purchase shares in the period 1 April 2014 to 31 March 2017; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise prise is fixed at DKK 100 based on the listed price immediately before and after the publication of the annual report on 30 March 2011. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2011 and until the warrants can be exercised at the earliest. Thus, SP Group ensures that the programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2011 was made based on the authority granted to the Board of Directors by the annual general meeting in 2010.

In 2012, the Board of Directors issued 100,000 warrants to the Executive Board and executives in the Group. Frank Gad received 20,000 warrants, and Jørgen Nielsen received 10,000 warrants. The remaining 70,000 warrants were distributed between 22 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2015 to 31 March 2018; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise prise is fixed at DKK 120 based on the listed price immediately before and after the publication of the annual report on 28 March 2012. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2012 and until the warrants can be exercised at the earliest. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2012 was made based on the authority granted to the Board of Directors by the annual general meeting in 2011.

In 2013, the Board of Directors issued 100,000 warrants to the Executive Board and executives in the Group. Frank Gad received 17,000 warrants, and Jørgen Nielsen received 8,000 warrants. The remaining 75,000 warrants were distributed between 23 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2016 to 31 March 2019; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise prise is fixed at DKK 145 based on the listed price immediately before and after the publication of the annual report on 22 March 2013. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2013 and until the warrants can be exercised at the earliest. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2013 was made based on the authority granted to the Board of Directors by the annual general meeting in 2013.

The Board of Directors believes that share-based arrangements are necessary to ensure that SP Group will be able to attract and retain qualified executives and key persons. The Board of Directors wishes to tie the executives closer to the Group, reward them for their contribution to the long-term value creation and establish that executives and shareholders have a common interest in increased share prices.

SP Group's programmes so far have all been multi-annual programmes to promote long-term conduct among the executives, and as a result of the annual interest surcharge, the exercise price has been higher than the share price at the grant date. These principles will also apply in the future.

Directorships in Danish and foreign companies, etc., at 1 March 2014

Niels Kristian Agner,
Director, Værløse, born in 1943.
Member of the Board of Directors and chairman since 1995.
Remuneration: DKK 400,000.
No. of shares: 31,725 personally owned (0) and 5,500 through his own company (0). Related party: 7,000 (0).
Other directorships: Pigro Management ApS (D), Dantherm A/S (BM), D. F. Holding, Skive A/S (BF), Aktieselskabet Schouw & Co. (BM), G.E.C. Gads Forlag Aktieselskab af 1994 (BM), C. E. Gads Fond (commissioned), Direktør Hans Hornsyld og Hustru Eva Hornsylds Legat (BM), Direktør Svend Hornsylds Legat (BM) and SP Moulding A/S (BF).

Erik Preben Holm,
CEO, Hellerup, born in 1960.
Member of the Board of Directors since 1997, deputy chairman.
Remuneration: DKK 250,000.
No. of shares: 31,750 personally owned (+29,790) and 0 through his own company (-29,790).
Other directorships: KK-Group A/S (BF), Vernal A/S (BF), Sticks 'N' Sushi A/S (BF), Sticks 'N' Sushi Holding A/S (BF), Vega Sea A/S (BF), Arvid Nilssons Fond (NF), SP Moulding A/S (NF), AO Invest A/S (BM), Brødrene A & O Johansen A/S (BM), Fonden Maj Invest Equity General Partner (BM), Maj Invest Equity A/S (BM), Lilleheden A/S (BM), Palsgaard Gruppen A/S (BM), PLUS A/S (BM), Genan A/S (BM), Genan Business & Development A/S (BM), Erik Holm Holding ApS (D), Fondsmæglerselskabet Maj Invest A/S (D), Maj Invest Equity A/S (D) and Interbuild ApS (D).

Hans Wilhelm Schur,
CEO, Horsens, born in 1951.
Member of the Board of Directors since 1999.
Remuneration: DKK 200,000.
No. of shares: 0 personally owned and related party 387,851 (+20,000).
Other directorships: Dansk Industri, Horsens (BM), Danmarks Industrimuseum (BF), Konsul Axel Schur og Hustrus Fond (BF), Schur International a/s (D og BM), Schur International Holding a/s (D og BM), International Packaging Group (BF), Conflex Packaging GmbH (BM), SP Moulding A/S (BM) and member of Nykredit's Committee of Representatives.

Erik Christensen
Director, Vejle, born in 1937.
Member of the Board of Directors since 2002.
No. of shares: 18,000 personally owned (0) and 32,000 (+2,904) though his own company. Related party: 63,000 (+16,000).
Remuneration: DKK 200,000.
Other directorships: Nagel Danmark A/S (BM), Andresen Invest A/S (BF), B. Christiansen Holding A/S (BM), British Car Import A/S (BM), China Car Import A/S (BF), Ejendomsselskabet af 1. oktober 1999 A/S (BM), Ejendomsselskabet Petersbjerg Kolding A/S (BM), Ejendomsselskabet Sjællandsvej A/S (BM), Hyundai Bil Import A/S (BM), K. Christiansen Holding A/S (BM), Konsul Axel Schur og Hustrus Fond (BM), Luise Andresens Fond (BF), Nic. Christiansen Holding A/S (BF), Nic. Christiansen Import A/S (BF), Nic. Christiansen Invest A/S (BM), Olitec Packaging Solution A/S (BM), Sarepta A/S (BM), Schur Conference Center A/S (BM), Schur International Holding A/S (BM), Schur Invest A/S (BM), SP Moulding A/S (BM), NCG Retail A/S (BM) and NCG Retail Nordic A/S (BM), Ferrum Holding A/S (BF), Ferrum A/S (BF) and NBK Invest A/S (BM).

Hans-Henrik Eriksen,
CEO, Risskov, born in 1960.
Member of the Board of Directors since 2013.
Remuneration: DKK 140,110.
No. of shares: 1,500 personally owned (+1,500)
Other directorships: Colombus E. ApS (BF),Coffee Brewer Nordic A/S (BF), Digi Kiosk ApS (BF), Færch Holding ApS (NF), R. Færch Plast A/S (NF), Lysholt Erhverv A/S (BM), Buen 1 ApS (BM), L E 2 ApS (BM), Exact Brazil A/S (BM), Green Tech Center A/S (BM), Cardlab ApS (BM), Cardlab Innovation ApS (BM), Bagger-Sørensen Fonden (BM), SP Moulding A/S (BM), Limb Holding A/S (BM), Limb Finance ApS (BM), Michael Limb ApS (BM), Michael Limb Holdings Ltd. (BM), High Firs Investment Company Ltd. (BM), Random Wood Investment Company Ltd. (BM), Jutland Equity Investment Company Ltd. (BM), Bagger-Sørensen & Co. A/S (D), Bagger-Sørensen Invest A/S (D), Vecata Ejendomme A/S (D), Vecata Invest A/S (D), Liplasome Pharma ApS (D), 4 Best Invest ApS (D), Arcedi Biotech ApS (D), Tina Holding ApS (D) and J-Flight ApS (D).

BF = chairman of the board. D = director. NF = deputy chairman. BM = board member.

Key elements in the Group's internal control and risk management systems in connection with the financial reporting

Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other adjustments in connection with the financial reporting. The Group's control and risk management systems can provide reasonable but not absolute assurance that fraudulent use of assets, losses and/or material errors and omissions in connection with the financial reporting are avoided.

Control environment

At least once a year, the Board of Directors assesses the Group's organisational structure, the risk of fraud and the existence of internal rules and guidelines.

The Board of Directors and the Executive Board lay down and approve overall policies, procedures and controls in significant areas in connection with the financial reporting process, including business procedures and internal controls, budget and budget follow-up procedures, procedures for the preparation of monthly financial statements and controlling in this connection and procedures for reporting to the Board of Directors.

The Board of Directors may set up committees in relation to special tasks. For further information, see the section Proper and decent management.

The Executive Board monitors on an ongoing basis compliance with relevant legislation and other regulations and provisions in connection with the financial reporting and reports to the Board of Directors on an ongoing basis.

Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of the risk management, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. In this connection, Management's incentive/motive, if any, for fraudulent financial reporting or other fraud is discussed.

Executive Board

Frank Gad, CEO
Born in 1960, MSc in Economics and Business Administration, Frederiksberg.
Salary in 2013: DKK 3.5 million and a car.
Share-based salary in 2013:
DKK 94,742*.
Frank Gad took up his position in November 2004 and is also the CEO of SP Moulding A/S and chairman of the Board of Directors of the most significant subsidiaries of SP Group.
Previous employment: CEO of FLSmidth A/S (1999-2004), CEO of Mærsk Container Industri A/S (1996-1999) and employment at Odense Staalskibsværft (1985-1999), Executive Vice President at the time of resignation.
External directorships: Member of the Board of Directors of Plastindustrien i Danmark.
Director of Frank Gad ApS, Gadplast ApS and Gadmol ApS. Member of the Committee of Representatives of Foreningen Nykredit.
Shares in SP Group: 83,966 personally owned (+11,750) and 233,469 (+11,000) through his own company. Related party: 3,990 (0).
* Assessed according to Black Scholes at the grant date.

Jørgen Hønnerup Nielsen, CFO
Born in 1956, Graduate Diploma in Business Administration, Odense.
Salary in 2013: DKK 1.5 million and a car.
Share-based salary in 2013:
DKK 71,833*.
Jørgen Nielsen joined Tinby in 1987 and has been employed in SP Group since 2002. Jørgen Nielsen was admitted as member of the Group Executive Board at 1 March 2007.
Previous employment: Rasm. Holbeck og Søn A/S 1985-87, Revisionsfirmaet Knud E. Rasmussen 1978-85.
External directorships: None.
Shares in SP Group: 12,800 personally owned (+6,000).
* Assessed according to Black Scholes at the grant date.

Management team

Other executive employees of SP Group are:
Niels Uhrbrand, Managing Director of Accoat A/S
Lars Ravn Bering, Managing Director of Gibo Plast A/S
Torben Nielsen, Managing Director of Tinby A/S
Steen Ole Therkelsen, Director of Tinby A/S, retired on 31 December 2013
Adam Czyzynski, Managing Director of Tinby Sp. z o.o., Poland
Jeroen van der Heijden, Managing Director, TPI Polytechniek BV, the Netherlands, until 31 December 2013; subsequently, chairman of the Board of Directors
Loïc van der Heijden, Managing Director, TPI Polytechniek BV, the Netherlands, from 1 January 2014
Claus Lendal, Managing Director of Ergomat A/S
Kenny Rosendahl, Director of SP Medical A/S
Mogens Laigaard, Director of SP Medical A/S, guidewire department
Jens Hinke, Director of R&D in SP Group A/S
Jan R. Sørensen, Managing Director of SP Moulding (Suzhou) Co., Ltd., China
Jens Birklund Andersen, Director of SP Moulding A/S, Stoholm
Jesper R. Holm, Director of SP Moulding A/S, Juelsminde
Iwona Czyzynski, Plant Manager, SP Medical Sp. z o.o., Poland
Renato Miom, Plant Manager, Accoat do Brasil Ltda., Brazil
Anie Simard, Vice President, Ergomat Inc., USA
Monika Karczewska, Plant Manager, SP Moulding Sp. z o.o., Poland
April Zhu, Plant Manager, Tinby Co. Ltd., China
Erik Kjellner, Managing Director of SP Extrusion A/S
David Bourghardt, CEO of Bröderna Bourghardt AB, Sweden, from 24 February 2014
Mia Mørk, Executive Assistant in SP Group A/S

Audit committee

The duties of the audit committee are carried out by the collective members of the Board of Directors. Erik Christensen and Hans-Henrik Eriksen are independent members with accounting qualifications.

Auditors

To perform the audit, an audit firm of state authorised public accountants is appointed at the annual general meeting upon the Board of Directors' recommendation. The auditors are representatives of the general public. The auditors prepare long-form audit reports to the collective Board of Directors at least twice a year and also immediately after identifying any matters which the Board of Directors should address. The auditors participate in the meetings of the Board of Directors in connection with the presentation of long-form audit reports to the Board of Directors. Prior to the recommendation for appointment at the annual general meeting, the Board of Directors makes an assessment, in consultation with the Executive Board, of the auditors' independence, competences, etc.

All significant subsidiaries are audited by the Parent's auditors or by their foreign co-operative partners.

Ownership interest at 20 March 2014:

Board of Directors & Executive Board:	Private	Own company	Related party	Total	% of share capital
Niels Kristian Agner	31,725	5,500	7,000	44,225	2.2
Erik Preben Holm	31,750			31,750	1.6
Hans Wilhelm Schur			387,851	387,851	19.2
Erik Christensen	18,000	32,000	63,000	113,000	5.6
Hans-Henrik Eriksen	1,500			1,500	0.1
Frank Gad	83,966	233,469	3,990	321,425	15.9
Jørgen Nielsen	12,800			12,800	0.6
	179,741	**270,969**	**461,841**	**912,551**	**45.1**

Shareholder information

Overall objective

SP Group seeks to openly communicate the Group's operations, development, strategy and goals. The purpose is to ensure the liquidity of the Company's share and that the pricing reflects the realised results as well as future earnings potential. SP Group's goal is to ensure a positive rate of return to the shareholders through increases in the share price and payment of dividends.

Share capital

SP Group's shares are listed on NASDAQ OMX Copenhagen under the short name SPG, the ISIN code is DK0010244771 and ID CSE3358. SP Group is included in the Materials sector.

The share capital of DKK 20.24 million is distributed on 2,024,000 shares of DKK 10 each. SP Group only has one class of shares, and all shares are freely negotiable, and the voting and ownership rights are not subject to any restrictions.

The Board of Directors is authorised to carry out a capital increase in accordance with the existing warrant programmes. At the same time, the Board of Directors is authorised to increase the share capital by up to nom. DKK 10 million in the period until 1 April 2015 by subscribing for new shares at market price or a lower price determined by the Board of Directors, however, not below DKK 10.

Change of control

The Company's lenders are entitled to renegotiate the loan terms in case of change of control.

A number of customers are entitled to cancel trading agreements in case of change of control.

Shareholders' return

At present, the Board of Directors of SP Group primarily intends to use profits to strengthen the Company's financial position and finance initiatives contributing to profitable growth. The Board of Directors proposes dividends to the shareholders of DKK 3.00 per share as the Group has reduced its debt to less than four times EBITDA reaching its goal that EBIT is to exceed 5% of revenue and that the equity ratio exceeds 25%.

During the year, the share was traded between price 120.0 and price 242.0. The share ended the year at a price of DKK 230.0, which corresponds to a market value of DKK 465.5 million. In 2013, the share return was +93.8%, including dividends of DKK 2.5 per share. The increase in the price of SP Group's shares was thus considerably higher than the general development on NASDAQ OMX Copenhagen.

Share buy-back programme

To partially hedge existing warrant programmes, SP Group launched a share buy-back programme on 23 August 2012 (company announcement no. 17, 2012) under the so-called "Safe Harbour" regulation.

At year end 2012, 48,746 shares had been acquired at a price of DKK 6.1 million under the programme, which expired on 29 April 2013. On 2 January 2013, the share buy-back programme was expanded by DKK 5.0 million to DKK 13.0 million for partial payment in relation to the acquisition of non-controlling shares in the subsidiary TPI Polytechniek BV.

A total of 101,620 shares were acquired at an average price of 127.92 under the programme, and DKK 13.0 million was used.

On 19 April 2013, the Board of Directors decided to initiate a new share buy-back programme under the Safe Harbour regulation of DKK 8.0 million expiring on 31 December 2013 (company announcement no. 25, 2013).

The share buy-back programme was later extended to 10 April 2014 and expanded to DKK 18 million (company announcement no. 65, 2013). At year end 2013, 59,529 shares totalling DKK 10.9 million had been acquired under the programme.

In 2013, 71,834 shares were sold via the exercise of warrants, and 12,000 shares were sold as partial payment for the acquisition of the remaining 10% of TPI Polytechniek BV.

The holding of treasury shares at year end 2013 amounted to 77,815 shares.

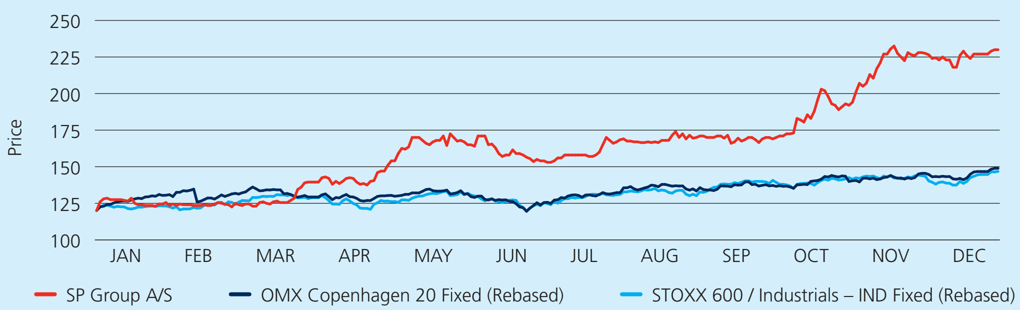
A new share buy-back programme will be initiated under the Safe Harbour regulation. The programme will be effective from 11 April to 31 December 2014 at an amount of up to DKK 8 million. The purpose is to partially hedge warrant schemes.

Ownership and liquidity

At the beginning of March 2014, two shareholders gave notice of holding more than 5% of the shares, namely Schur Finance A/S and Frank Gad (including related party) with a total of 35.0%. During the year, the number of registered shareholders increased from 755 to 852, and the registered shareholders' total ownership interest now amounts to 91.1% of the share capital (against 85.9% at the beginning of March 2013).

The known shareholder base outside Denmark is still modest. 39 international shareholders with a total of 6.4% of the shares have been registered (against 28 at the beginning of March 2013).

Development in the price of SP Group's shares from 1 January to 31 December 2013. Index 1.1.2013 = 120.0



During the year, 572,007 shares were traded corresponding to 28.3% of the share capital. The share price of the traded shares amounted to DKK 96.3 million. Revenue measured in DKK increased by 70.0% compared to the previous year, and measured in number of components, the increase in revenue was 16.5% compared to the previous year.

Information

Generally, SP Group seeks to maintain an ongoing, timely and balanced dialogue with existing and potential shareholders, share analysts and other stakeholders. The Company's executives participate in meetings with both professional and private investors as well as analysts on an ongoing basis. Presentations from the meetings are available on the website where other relevant information can also be found and access to news subscriptions is provided. Finally, it is important to SP Group that all requests and inquiries from shareholders and other stakeholders are handled as quickly as possible.

SP Group has an idle period of three weeks up to the publication of scheduled interim and full-year reports where period the Group does not comment on financial performance or expectations. Outside these idle periods, the central point of communications to the share market is the well-defined financial goals set out by the Group on which SP Group follows up on an ongoing basis.

The person responsible for investor and analyst relations is CEO Frank Gad, tel. (+45) 70 23 23 79, e-mail: info@sp-group.dk.

Further shareholder information is available at the website www.sp-group.dk.

Published stock exchange announcements in 2013 and 2014:
Announcements are available at SP Group's website: www.sp-group.dk

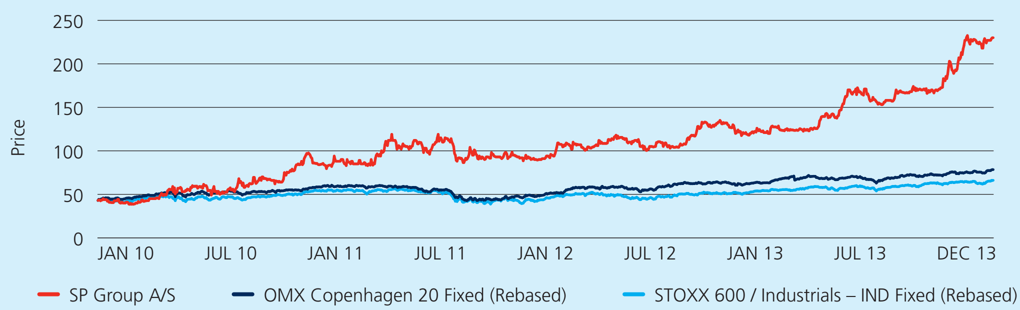
Financial calendar for 2014

27 March	Preliminary announcement of financial statements for 2013
30 April	Annual general meeting and interim report for Q1 2014
21 August	Interim report for H1 2014
4 November	Interim report for Q3 2014

Share information – SP Group A/S – beginning of March 2014

Name	Registered office	Number	Share (%)
Schur Finance A/S	Horsens	387,851	19.2%
Frank Gad, including related parties,	Frederiksberg	321,425	15.9%
		709,276	**35,1%**
Distribution of other shares			
SP Group (treasury shares)		95,060	4.7%
Registered shares below 5%		1,038,763	51.3%
Non-registered shares		180,901	8.9%
TOTAL		**2,024,000**	**100.0%**

Development in the price of SP Group's shares from 1 January 2010 to 31 December 2013. Index 3.1.2010 = 42,9



Quality control

At the end of 2013, all the Group's production sites in Denmark, Poland and China were ISO 9001 certified.

Site	ISO 9001	ISO 14001	ISO 18000	Other
Gibo				
– Denmark	x	x	x	
– Poland	x	x	x	DIN 6701
SP Moulding				
– Juelsminde	x	x		
– Stoholm	x	x		
– Poland	x	x		
– China	x	x		
SP Medical				
– Karise	x	x		ISO 13485
– Poland	x	x		ISO 13485
Tinby				
– Denmark	x			
– Poland	x			
– China	x	x		
Accoat				
– Stoholm	x	x		
– Kvistgaard	x	x		
– Brazil				

R&D

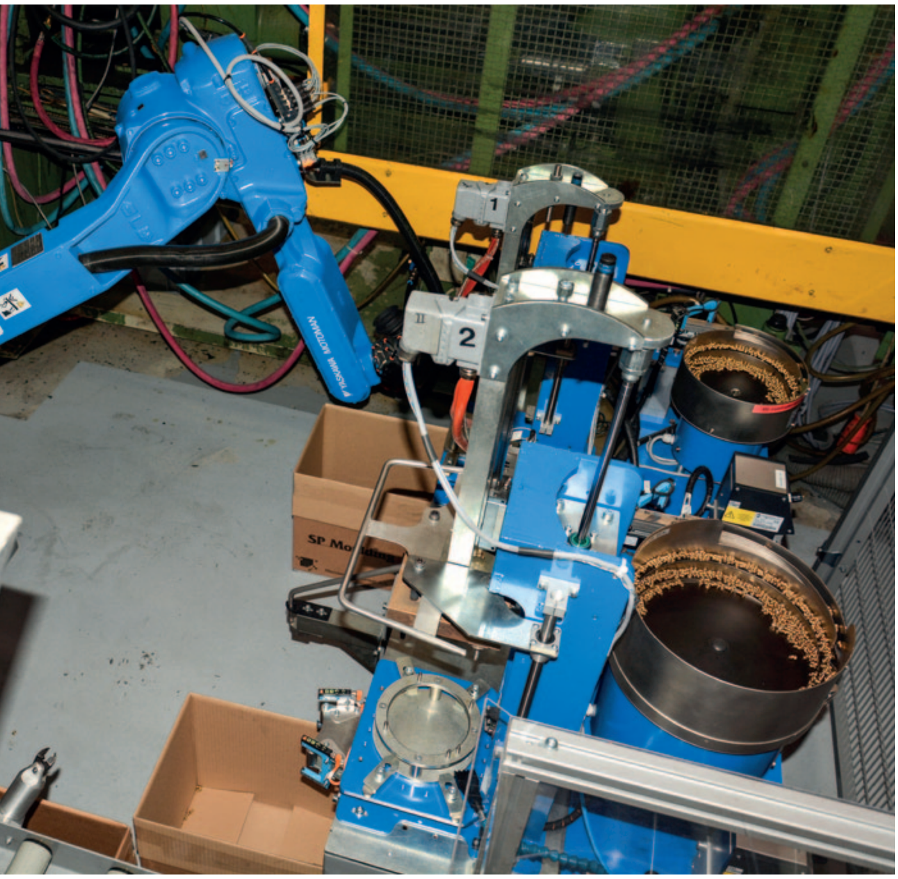
Never before have our R&D activities generated as much press coverage as in 2013. The technical journals and even the tabloids found our innovative "molecular nanoglue" remarkable. The research work carried out by Aarhus University, SP Group and another large Danish company during the past five year has shown very promising results. A patent application has been filed.

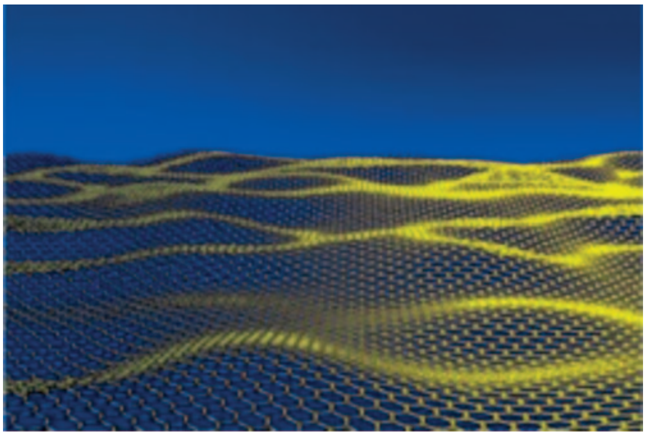
By applying a layer of 50 nm, plastic and metal can be joined together. The "nanoglue" is tailored to the materials, and at present, we are working on a specific customer engagement. We expect that this technology will enable us to offer our customers unique solutions, both within injection moulding and corrosion protective coatings.

Another product that we have high expectations for is composite materials consisting of plastics and graphene. We are part of two simultaneous and publicly subsidised projects within graphene, which were commenced in 2013. A number of companies and three universities participate, and the total budget for the project period is DKK 75 million. See picture below.

The activities within development and production of components for fuel cells now have their own premises close to the R&D department. Products and processes are optimised on an ongoing basis.

The relationships with customers are cultivated, and new relationships are established as we develop innovative, value-creating solutions for our customers.





Schematic picture of graphene, which is graphite and thus pure carbon in very thin layers. A million layers of graphene on top of each other 1 millimetre thick

Robotic assembly cell

Corporate social responsibility

Corporate social responsibility statement

SP Group acknowledges the Group's responsibility to contribute to a sustainable development, and SP Group recognises the correlation between acting responsibly on the one hand and increasing the Group's earnings and growth on the other.

The basis of SP Group's work with social responsibility is the UN Global Compact – the ten principles of human rights, employee rights, environment and anti-corruption according to which the UN has listed guidelines for companies' work to ensure a more sustainable development. SP Group follows the 10 principles set out in the UN Global Compact and gives an account of the four areas in the following.

As of the beginning of 2012, SP Group's largest subsidiary, SP Moulding A/S, participates in the Global Compact.

Environment and climate

In accordance with the UN Global Compact, SP Group takes initiatives to promote greater environmental responsibility and reduce the Group's impact on the internal and external environment, and SP Group also seeks to promote the use of more environmentally friendly technologies and materials.

It is SP Group's strategy that all production companies must implement a certifiable environmental management system which ensures:

- use of environment-friendly products in the production and development processes
- minimisation of waste and refuse as well as resource consumption
- recycling of materials and products to the widest extent possible
- a satisfactory working environment for the employees, prioritising safety and environmental impacts

With the substantial increase in energy and raw material prices as well as increasing waste disposal expenses, it is financially sound to reduce energy and raw material consumption and reduce the waste percentage. Therefore, all plants focus on these efforts. SP Moulding's factories have introduced decentralised grinders on all machines to replace the central grinders. This ensures that the remaining material from the production of each component is grinded immediately and led down a closed system together with the plastic material for the next component. In this way, a larger part of the plastic material is used. Tinby has also improved the processes so materials are now fed more effectively, which increases the rate of use and reduces waste.

Every month, SP Group examines a number of key figures for consumption of energy, heating, water and raw materials in all its factories. The results are used for internal benchmarking and to widely implement initiatives which, at some plants, have proved to reduce the resource consumption. If the duty system is changed in Denmark, a greater part of the excess waste heat can be used for heating. During the year, large investments have been made in energy saving equipment.

In 2013, SP Group carried out tests using recycled plastics for selected products (Plastic Wood Compound). The tests are expected to result in commercial production during 2014. Thus, SP Group will contribute to dramatically reducing not only its own but also others' environmental impact.The goal is to replace wood from rain forests with plastics from sorted household waste.

The most considerable impact on the environment occurs when SP Group's enterprises consume energy (particularly power) and raw materials during production and divert waste from production. The direct CO2 emission from the companies is limited, but CO2 indirectly impacts the environment when power plants produce the power and when products are transported from SP Group. SP Group has no direct influence on the power plants' production, but a substantial part of the power is purchased from Danish plants where the power is produced from renewable energy, primarily wind turbines. In respect of transportation, SP Group selects partners with modern and environmentally friendly materials.

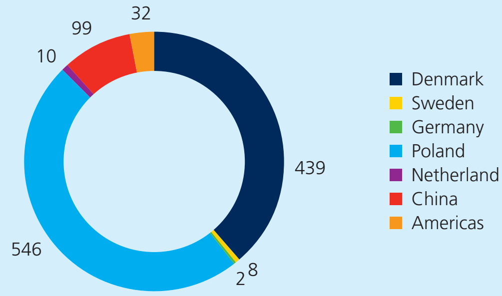
Plastics produced and used with care have a positive impact on the environment. In environmental life cycle analyses, plastics are generally superior to most alternative materials. Therefore, an increased use of plastics will reduce the total impact on the environment.

Acid gasses, however, are produced during production of fluoroplastic coatings, but they are removed in a flue gas scrubber before being led out through the chimney and are therefore not a nuisance to the surroundings. The use of fluoroplastic coatings is very beneficiary to the environment in many ways. They are, for example, used as corrosion protection in flue gas purifying plants at coal-fired power plants to avoid acid rainwater. At the same time, the coating of surfaces with fluoroplastics generates considerable savings on cleaning materials and solvents as well as water.

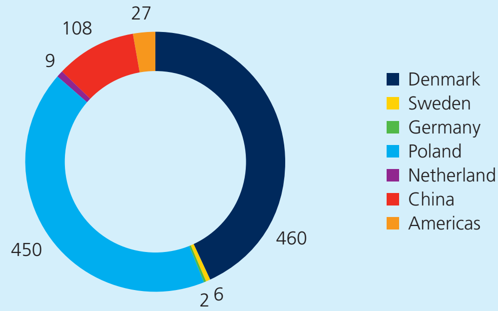
Generally, plastics are lighter than metal, and the lower weight can be used to increase the capacity of transport equipment and, thus, reduce fuel consumption, which is good for the environment. Obvious examples include rolling stock like agricultural machinery, tractors, combine harvesters, buses and cars where the exterior parts can be manufactured in plastic instead of metal, and the plastic lasts for many years – even when used outdoors – without corroding.

The unique insulation properties of polyurethane are used to reduce waste of heat, for example, and to ensure environmentally friendly and efficient district ventilating systems.

Distribution of employees by geographical area in 2013 (average)



Distribution of employees by geographical area in 2012 (average)



Health and safety have been taken into account in the production processes at the individual plants.

SP Group estimates that it complies with all current environmental regulations and that no enforcement orders remain unsolved anywhere in production.

A significant part of SP Group's products (28.3% of revenue) is sold to the cleantech industry, which uses the products for:

- reduction of energy consumption
- production of alternative energy
- purification of smoke from coal-fired power plants and petrochemical plants.

Employees

SP Group's average staff outside Denmark increased by approx. 15.8% to 697 employees in 2013. The number of employees in Denmark decreased from 460 to 439. Globally, SP Group's staff increased from 1,089 at the beginning of the year to 1,180 at year end. On average, there were 1,136 employees in SP Group in 2013. At year end, 39.3% of the staff was employed in Denmark, and 60.7% was employed abroad. The year saw a shift of approx. 4 percentage points. Going forward, growth is expected to take place primarily in Eastern Europe, Asia and the USA.

SP Group complies with the principles of the International Labor Organisation's convention and the UN Declaration on Human Rights (UNDHR). This means that the Group will not tolerate child labour or forced labour, will not employ minors and that any kind of discrimination in working and employment conditions is prohibited. SP Group solely recruits, appoints and promotes employees on the basis of their qualifications and experience. The employees have the right to freely unionise, express their opinions and participate in or elect people to participate in collective bodies. At the Danish companies, the employees appoint representatives for joint consultation committees and working environment committees where they meet with local management. At the production units in Poland and China, systems have been established where the employees appoint spokesmen for negotiations with management.

In Denmark, wages and salaries and working conditions are determined in collective agreements resulting from local negotiations. In Poland and China, the conditions and rights of the employees are primarily stipulated by legislation, codes and regulations. As an employer, SP Group observes national legislation and collective agreements as well as rules governing working hours, etc., as a minimum. Moreover, SP Group seeks to offer employees additional benefits.

In recent years, SP Group has closed down a number of Danish plants and discharged employees. Such measures are regrettable but necessary to strengthen competitiveness. In connection with comprehensive dismissals, SP Group complies with the rules of notice and negotiations with employees, but SP Group also seeks to ease the consequences for the affected employees by taking extra measures.

Furthermore, SP Group seeks to improve the employees' qualifications through supplementary training and continuing education. The goal is to improve the qualifications of the employees to enable them to handle different tasks, which increases production flexibility and provides varied workdays for the individual employee. SP Group also applies the systematic roll-out of Lean processes to the plants to enable the employees to influence their own working situation as well as processes and workflow.

The Board of Directors has determined a goal for the share of the underrepresented gender among the board members elected by the general meeting of 20% by 2017. The goal has been determined with a time frame of four years, and at year end, the share of women on the Board of Directors was 0%.

The Board of Directors of SP Group A/S has prepared a policy in order to increase the share of the underrepresented gender at all levels of management and to promote diversity in general. The goal is still to fill managerial posts based on the needed qualifications but to promote diversity when possible. The long-term goal is for the Company to reflect society and, in particular, the Company's customers, both in terms of gender but also in terms of nationality and ethnicity. This reflection of society should contribute positively to the Company as an attractive company for both customers and current and future employees so that the Company will be able to fulfil its business goals in the long term. At year-end, the share of women in the general management (Executive Board and management team) was 25 %. Reference is made to the overview on pp. 24-25.

Fight against corruption

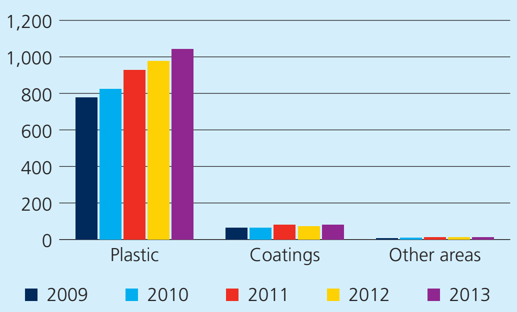
SP Group does not participate in corruption or bribery. Unfortunately, we are often met with requests for secret commission or the like, which we refuse.

Continued CSR work

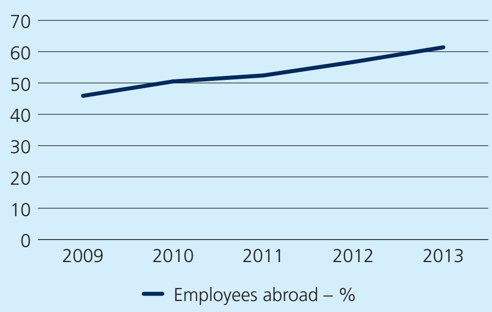
SP Group complies with the ten principles of the UN Global Compact in word and action and will sign the Global Compact charter. As of the beginning of 2012, SP Group's largest subsidiary, SP Moulding A/S, participates in the Global Compact. The Group will still focus on further promotion of the use of environmentally friendly technologies and materials and seek to disseminate knowledge of the unique properties of plastics.

At present, SP Group has no plans to perform extensive systematic CSR control at the Group's suppliers of material as the majority of them are large well-reputed international groups which give a detailed account of their efforts within corporate social responsibility in information material made available to the public. SP Group performs CSR control at the Group's mould suppliers.

Distribution of employees (average) 2009-2013



Distribution of employees abroad (average) 2009-2013



Plastics drives innovation, improves quality of life, facilitates resource efficiency and climate protection

Accoat, Gibo Plast, SP Moulding and Tinby manufacture items for the cleantech industry

Statement by Management on the annual report

The Board of Directors and the Executive Board have today presented the annual report of SP Group A/S for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2013 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2013.

In our opinion, the Management commentary gives a fair review of the development in the Group's and the Company's operations and financial matters, profit for the year, cash flows and financial position as well as information about material risks and uncertainties that the Group and the Company face.

We recommend that the annual report be approved at the annual general meeting.

Søndersø, 27 March 2014

Executive Board

Frank Gad
CEO

Jørgen Hønnerup Nielsen
CFO

Board of Directors

Niels K. Agner
chairman

Erik Preben Holm
deputy chairman

Erik Christensen

Hans Wilhelm Schur

Hans-Henrik Eriksen

Independent auditor's reports

To the shareholders of SP Group A/S

Report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of SP Group A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies for the Group as well as the Company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Conclusion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2013 and of their financial performance and cash flows for the financial year 1 January to 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management commentary

Pursuant to the Danish Financial Statements Act, we have read the Management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. Based on this, we believe that the disclosures in the Management commentary are consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 27 March 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Peter Gath
State Authorised Public Accountant

Income statement for 2013

PARENT				GROUP	
2012	**2013**	**Note**	DKK'000	**2013**	**2012**
8,218	9,152		Revenue	1,102,053	1,108,527
0	0	3.6	Production costs	-775,861	-795,975
8,218	**9,152**		**Contribution margin**	**326,192**	**312,552**
2,964	4,545	4	Other operating income	1,185	599
-7,384	-7,708	5	External expenses	-84,243	-84,088
-11,831	-12,329	5,6,7	Staff costs	-128,954	-123,884
-8,033	**-6,340**		**Profit/loss before depreciation, amortisation and impairment losses (EBITDA)**	**114,180**	**105,179**
-3,523	-3,225	8	Depreciation, amortisation and impairment losses	-48,838	-47,066
-11,556	**-9,565**		**Profit/loss before financial items (EBIT)**	**65,342**	**58,113**
22,845	26,462	9	Dividends from group enterprises	-	-
2,499	562	10	Other financial income	514	735
-8,161	-7,051	11	Financial expenses	-15,694	-17,237
5,627	**10,408**		**Profit/loss before tax**	**50,162**	**41,611**
4,152	2,381	12	Tax on profit/loss for the year	-11,085	-9,774
9,779	**12,789**		**Profit/loss for the year**	**39,077**	**31,837**
			Attributable to:		
			Parent's shareholders	39,039	31,563
			Non-controlling interests	38	274
				39,077	**31,837**
			Earnings per share (EPS)		
		13	Earnings per share (DKK)	19.91	15.66
		13	Earnings per share, diluted (DKK)	18.74	15.34
			Proposed profit appropriation		
5,060	6,072		Dividends		
4,719	6,717		Retained earnings		
9,779	**12,789**				

Statement of comprehensive income 2013

PARENT				GROUP	
2012	**2013**	**Note**	DKK'000	**2013**	**2012**
9,779	**12,789**		**Profit/loss for the year**	**39,077**	**31,837**
			Other comprehensive income:		
			Items which may be reclassified to the income statement:		
			Exchange rate adjustments relating to foreign		
0	0		subsidiaries	-3,775	2,883
			Value adjustments of hedging instruments:		
-2,153	-162		Value adjustment for the year	-4,467	9,868
0	0		Value adjustments transferred to revenue	3,817	2,555
772	1,067		Value adjustments transferred to financial expenses	1,067	772
345	-226	12	Tax	-64	-2,453
-1,036	**679**		**Other comprehensive income**	**-3,422**	**13,625**
8,743	**13,468**		**Total comprehensive income**	**35,655**	**45,462**
			Attributable to:		
			Shareholders of SP Group A/S	35,663	45,120
			Non-controlling interests	-8	342
				35,655	**45,462**

Balance sheet at 31/12/2013

PARENT				GROUP	
2012	2013	Note	DKK'000	2013	2012
0	0		Completed development projects	9,985	11,223
118	304		Software	6,927	3,813
0	0		Customer files	1,200	1,500
0	0		Goodwill	104,363	104,878
0	0		Development projects in progress	8,714	1,911
118	**304**	14	**Intangible assets**	**131,189**	**123,325**
71,400	69,226		Land and buildings	129,244	134,394
0	0		Plant and machinery	213,301	189,044
2,585	1,971		Other fixtures and fittings, tools and equipment	18,361	20,649
0	0		Leasehold improvements	13,026	13,994
303	0		Property, plant and equipment in progress	26,945	25,280
74,288	**71,197**	15	**Property, plant and equipment**	**400,877**	**383,361**
339,336	346,311	16	Investments in subsidiaries	-	-
3,000	3,000		Deposits	3,029	3,029
11,174	10,855	24	Deferred tax assets	2,917	2,149
353,510	**360,166**		**Other non-current assets**	**5,946**	**5,178**
427,916	**431,667**		**Non-current assets**	**538,012**	**511,864**
0	**0**	17	**Inventories**	**198,744**	**186,232**
296	205	18	Trade receivables	93,105	81,906
30,583	9,177		Receivables from subsidiaries	-	-
4,295	0		Income taxes receivable	562	492
7,107	7,028	19	Other receivables	16,312	16,817
1,938	2,056		Prepayments	10,028	6,767
44,219	**18,466**		**Receivables**	**120,007**	**105,982**
194	**12**	20	**Cash**	**27,977**	**32,255**
44,413	**18,478**		**Current assets**	**346,728**	**324,469**
472,329	**450,145**		**Assets**	**884,740**	**836,333**

PARENT				GROUP	
2012	2013	Note	DKK'000	2013	2012
20,240	20,240	21	Share capital	20,240	20,240
152	1,152	22	Other reserves	8,297	11,352
-6,132	-13,348		Reserve for treasury shares	-13,348	-6,132
164,468	167,096		Retained earnings	222,735	196,526
5,060	6,072		Dividends	6,072	5,060
183,788	**181,212**		**Equity attributable to Parent's shareholders**	**243,996**	**227,046**
-	**-**		**Equity attributable to non-controlling interests**	**8,330**	**13,085**
183,788	**181,212**		**Equity**	**252,326**	**240,131**
53,715	41,778	23	Bank debt	41,778	54,714
107,521	104,289	23	Financial institutions	165,046	175,025
1,420	666	23	Finance lease obligations	39,087	31,864
0	0	24	Deferred tax liabilities	11,015	8,004
162,656	**146,733**		**Non-current liabilities**	**256,926**	**269,607**
15,545	16,099	23	Current portion of non-current liabilities	33,081	30,849
63,968	53,607		Bank debt	179,015	135,202
0	0		Prepayments received from customers	257	655
1,650	766	25	Trade payables	116,796	106,197
37,129	45,797		Payables to subsidiaries	-	-
0	0		Income taxes	1,974	1,052
7,593	5,931	26	Other payables	43,799	52,194
0	0		Deferred income	566	446
125,885	**122,200**		**Current liabilities**	**375,488**	**326,595**
288,541	**268,933**		**Liabilities**	**632,414**	**596,202**
472,329	**450,145**		**Equity and liabilities**	**884,740**	**836,333**

27-29 Charges and contingent liabilities, etc.

32-40 Other notes

Statement of changes in equity for 2013

GROUP

DKK'000	Share capital	Other reserves	Reserve for treasury shares	Retained earnings	Proposed dividends	Equity attributable to the Parent's share-holders	Equity attributable to non-controlling interests	Total equity
Equity at 01/01/2012	**20,240**	**-3,221**	**0**	**170,023**	**4,048**	**191,090**	**14,509**	**205,599**
Profit/loss for the year	0	0	0	26,503	5,060	31,563	274	31,837
Exchange rate adjustments relating to foreign subsidiaries	0	2,815	0	0	0	2,815	68	2,883
Value adjustment of financial instruments acquired to hedge future cash flows	0	9,868	0	0	0	9,868	0	9,868
Portion relating to value adjustments transferred to revenue	0	2,555	0	0	0	2,555	0	2,555
Portion relating to value adjustments transferred to financial expenses	0	772	0	0	0	772	0	772
Tax on other comprehensive income	0	-2,453	0	0	0	-2,453	0	-2,453
Comprehensive income for the financial year	**0**	**13,557**	**0**	**26,503**	**5,060**	**45,120**	**342**	**45,462**
Share-based payment	0	864	0	0	0	864	0	864
Sale of warrants	0	152	0	0	0	152	0	152
Purchase of treasury shares	0	0	-6,132	0	0	-6,132	0	-6,132
Purchase of shares from non-controlling shareholders	0	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	-4,048	-4,048	0	-4,048
Non-controlling interests' share of dividends in subsidiaries	0	0	0	0	0	0	-1,766	-1,766
Other changes in equity	**0**	**1,016**	**-6,132**	**0**	**-4,048**	**-9,164**	**-1,766**	**-10,930**
Equity at 31/12/2012	**20,240**	**11,352**	**-6,132**	**196,526**	**5,060**	**227,046**	**13,085**	**240,131**
Profit/loss for the year	0	0	0	32,967	6,072	39,039	38	39,077
Exchange rate adjustments relating to foreign subsidiaries	0	-3,729	0	0	0	-3,729	-46	-3,775
Value adjustment of financial instruments acquired to hedge future cash flows	0	-4,467	0	0	0	-4,467	0	-4,467
Portion relating to value adjustments transferred to revenue	0	3,817	0	0	0	3,817	0	3,817
Portion relating to value adjustments transferred to financial expenses	0	1,067	0	0	0	1,067	0	1,067
Tax on other comprehensive income	0	-64	0	0	0	-64	0	-64
Comprehensive income for the financial year	**0**	**-3,376**	**0**	**32,967**	**6,072**	**35,663**	**-8**	**35,655**
Share-based payment	0	885	0	0	0	885	0	885
Share-based payment, exercised arrangements	0	-739	0	739	0	0	0	0
Sale of warrants	0	175	0	0	0	175	0	175
Purchase of treasury shares	0	0	-17,853	0	0	-17,853	0	-17,853
Sale of treasury shares, warrant programme	0	0	10,637	-4,925	0	5,712	0	5,712
Purchase of shares from non-controlling shareholders	0	0	0	-2,669	0	2,669	-4,329	-6,998
Distribution of dividends	0	0	0	0	-4,963	-4,963	0	-4,963
Distribution of dividends, treasury shares	0	0	0	97	-97	0	0	0
Non-controlling interests' share of dividends in subsidiaries	0	0	0	0	0	0	-418	-418
Tax on transactions in equity	0	0	0	0	0	0	0	0
Other changes in equity	**0**	**321**	**-7,216**	**-6,758**	**-5,060**	**-18,713**	**-4,747**	**-23,460**
Equity at 31/12/2013	**20,240**	**8,297**	**-13,348**	**222,735**	**6,072**	**243,996**	**8,330**	**252,326**

						PARENT
DKK'000	**Share capital**	**Other reserves**	**Reserve for treasury shares**	**Retained earnings**	**Proposed dividends**	**Total equity**
Equity at 01/01/2012	**20,240**	**172**	**0**	**159,749**	**4,048**	**184,209**
Profit/loss for the year	0	0	0	4,719	5,060	9,779
Value adjustment of financial instruments acquired to hedge future cash flows	0	-2,153	0	0	0	-2,153
Portion relating to value adjustment transferred to financial expenses	0	772	0	0	0	772
Tax on other comprehensive income	0	345	0	0	0	345
Comprehensive income for the financial year	**0**	**-1,036**	**0**	**4,719**	**5,060**	**8,743**
Share-based payment	0	864	0	0	0	864
Sale of warrants	0	152	0	0	0	152
Treasury shares	0	0	-6,132	0	0	-6,132
Distribution of dividends	0	0	0	0	-4,048	-4,048
Other changes in equity	**0**	**1,016**	**-6,132**	**0**	**-4,048**	**-9,164**
Equity at 31/12/2012	**20,240**	**152**	**-6,132**	**164,468**	**5,060**	**183,788**
Profit/loss for the year	0	0	0	6,717	6,072	12,789
Value adjustment of financial instruments acquired to hedge future cash flows	0	-162	0	0	0	-162
Portion relating to value adjustment transferred to financial expenses	0	1,067	0	0	0	1,067
Tax on other comprehensive income	0	-226	0	0	0	-226
Comprehensive income for the financial year	**0**	**679**	**0**	**6,717**	**6,072**	**13,468**
Share-based payment	0	885	0	0	0	885
Share-based payment, exercised arrangements	0	-739	0	739	0	0
Sale of warrants	0	175		0	0	175
Purchase of treasury shares	0	0	-17,853	0	0	-17,853
Sale of treasury shares, warrant programme	0	0	10,637	-4,925	0	5,712
Distribution of dividends	0	0	0	0	-4,963	-4,963
Distribution of dividends, treasury shares	0	0	0	97	-97	0
Other changes in equity	**0**	**321**	**-7,216**	**-4,089**	**-5,060**	**-16,044**
Equity at 31/12/2013	**20,240**	**1,152**	**-13,348**	**167,096**	**6,072**	**181,212**

Cash flow statement for 2013

PARENT				GROUP	
2012	2013	Note	DKK'000	2013	2012
-11,556	-9,565		Profit/loss before financial items (EBIT)	65,342	58,113
3,523	3,225		Depreciation, amortisation and impairment losses	48,838	47,066
864	885		Share-based payment	885	864
-546	586		Value adjustments, etc.	-131	290
63,441	27,580	30	Changes in net working capital	-24,541	5,951
0	0		Corrected for value adjustment of derivative financial instruments	1,068	10,665
55,726	**22,711**		**Cash flows from primary operating activities**	**91,461**	**122,949**
1,680	562		Interest income, etc., received	514	735
-8,161	-6,699		Interest expenses, etc., paid	-14,574	-15,969
3,300	6,769		Income taxes received/paid	-10,498	-7,022
52,545	**23,343**		**Cash flows from operating activities**	**66,903**	**100,693**
22,845	26,462		Dividends from subsidiaries	-	-
0	-6,975		Acquisition of non-controlling interests	-6,998	0
-13	-333		Acquisition of intangible assets	-10,948	-5,910
-45,771	-290		Acquisition of property, plant and equipment	-67,242	-120,754
0	237		Portion relating to finance leases	17,054	37,987
0	303		Sale of property, plant and equipment	1,001	454
-35,000	0		Capital contributions to subsidiaries	-	-
-57,939	**19,404**		**Cash flows from investing activities**	**-67,133**	**-88,223**
0	0		Dividends to non-controlling shareholders	-418	-1,766
-4,048	-4,963		Dividends paid	-4,963	-4,048
-6,132	-17,853		Purchase of treasury shares	-17,853	-6,132
0	5,712		Sale of treasury shares	5,712	0
152	175		Sale of warrants	175	152
0	0		Change, deposit	0	10,000
36,383	237		Raising of long-term loans	37,054	68,871
0	-237		Portion relating to finance leases	-17,054	-37,987
-17,823	-15,639		Instalments on non-current liabilities	-50,514	-28,208
8,532	**-32,568**		**Cash flows from financing activities**	**-47,861**	**882**
3,138	**10,179**		**Change in cash and cash equivalents**	**-48,091**	**13,352**
-66,912	-63,774		Cash and cash equivalents at 01/01/2013	-102,947	-116,299
-63,774	**-53,595**	31	**Cash and cash equivalents at 31/12/2013**	**-151,038**	**-102,947**

Notes

List of notes

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Production costs
4. Other operating income
5. Development costs
6. Staff costs
7. Share-based payment
8. Depreciation, amortisation and impairment losses
9. Income from group enterprises
10. Other financial income
11. Financial expenses
12. Tax on profit/loss for the year
13. Earnings per share
14. Intangible assets
15. Property, plant and equipment
16. Investments in subsidiaries
17. Inventories
18. Trade receivables
19. Other receivables
20. Cash
21. Share capital
22. Other reserves
23. Non-current liabilities
24. Deferred tax
25. Trade payables
26. Other payables
27. Charges
28. Rental and lease obligations
29. Recourse guarantee commitments and contingent liabilities
30. Changes in net working capital
31. Cash and cash equivalents
32. Fees to the Parent's auditor appointed by the general meeting
33. Related parties
34. Financial risks and financial instruments
35. Sale of financial assets
36. Segment information for the Group
37. Shareholder information
38. Acquisition of subsidiary in 2014
39. Events after the balance sheet date
40. Group chart

1. Accounting policies

SP Group A/S is a public limited company with its registered office in Denmark. The annual report for the period 1 January – 31 December 2013 comprises both the consolidated financial statements of SP Group A/S and its subsidiaries (the Group) and separate parent company financial statements.

The annual report of SP Group A/S for 2013 is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the presentation currency for the Group's activities and the functional currency of the Parent.

The accounting policies described below have been applied consistently to the financial year and the comparative figures. For prospectively implemented standards, comparative figures are not restated. As the implemented standards and interpretations have not affected the balance sheet at 1 January 2012 and the related notes, the balance sheet at 1 January 2012 and related notes have been omitted.

Change of accounting policies

Effective from 1 January 2013, SP Group A/S has implemented the following standards and interpretations, which may be relevant:

- Amendments to IAS 1 Presentation of items of other comprehensive income
- IFRS 13 Fair value measurement
- IAS 19 Employee benefits (amended 2011)
- Annual improvements to 2009-2011 cycle
- Amendments to IFRS 7 Offsetting financial assets and financial liabilities
- Amendments to IAS 36 (early adopted)

None of the new standards and interpretations affected recognition and measurement in 2013 and thus did not affect profit and diluted earnings per share either.

New accounting regulation

IASB has issued the following new financial reporting standards and interpretations that are not compulsory for SP Group A/S in the preparation of the annual report for 2013: IFRS 9-12, IFRS 14, amendments to IFRSs 10, 11 and 12, IAS 27 (2011), IAS 28 (2011), amendments to IAS 32, amendments to IAS 36, amendments to IAS 39, amendments to IAS 19, Annual Improvements to IFRSs 2010-2012, Annual Improvements to IFRSs 2011-2013 as well as IFRIC 21.

The Company has chosen to early adopt amendments to IAS 36 in 2013.

IFRS 9, IFRS 14, amendments to IAS 19, Annual Improvements to IFRSs 2010-12, Annual Improvements to IFRSs 2011-13 as well as IFRIC 21 have not been adopted by the EU.

In general, the adopted standards and interpretations which have not yet come into effect will be implemented as they become mandatory to SP Group A/S. None of the new standards or interpretations are expected to materially affect the financial reporting of SP Group A/S.

Consolidated financial statements

The consolidated financial statements include SP Group A/S (the Parent) and the enterprises (subsidiaries) controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way exercising control.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant influence, but not control, are considered 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 financial statement items of a uniform nature. The financial statements used for consolidation have been prepared in accordance with the Group's accounting policies.

Upon consolidation, intra-group income and expenses, intra-group balances and dividends as well as gains and losses on transactions between the consolidated enterprises are eliminated.

The subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Non-controlling interests

On initial recognition, non-controlling interest are either measured at fair value or at their proportionate share of the fair value of the acquiree's identifiable assets, liabilities or contingent liabilities. Choice of method is made for each individual transaction. Non-controlling interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. Comprehensive income is allocated to the non-controlling interest, irrespective of whether the non-controlling interest will become negative.

Acquisition of non-controlling interests in a subsidiary and disposal of non-controlling interests in a subsidiary that do not result in a loss of control are accounted for in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the Parent's share of equity.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements at the date of acquisition or establishment of such enterprises. The acquisition date is the date at which control of the enterprise is actually acquired. Divested or wound-up enterprises are recognised in the consolidated income statement up to the date of the divestment or winding-up. The divestment date is the date at which control of the enterprise actually passes to a third party.

When acquiring new enterprises over which the Group obtains control, the purchase method is applied under which identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the acquisition date. However, non-currents assets acquired for the purpose of resale are measured at fair value less anticipated selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute a liability for the acquiree. Allowance is made for the tax effect of restatements.

The cost of an enterprise comprises the fair value of the consideration paid for the acquiree. If the final determination of the consideration is conditional upon one or several future events, these are recognised at fair value thereof at the acquisition date. Costs which are attributable to the acquisition of the enterprise are recognised directly in profit/loss when incurred.

Positive differences (goodwill) between, on one hand, the consideration for the acquiree, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as an asset under intangible assets and are tested for impairment at least once a year. Where the carrying amount of the asset exceeds the recoverable amount, the asset is written down to this lower recoverable amount.

For negative differences (negative goodwill), the calculated fair values, the calculated consideration for the enterprise, the value of non-controlling interest in the acquiree and the fair value of previously acquired equity investments are reassessed. If the difference is still negative, the difference is recognised as income in the income statement.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. The provisional values may be adjusted or further assets or liabilities be recognised up to 12 months after the acquisition if new information is provided on matters existing at the acquisition date which would have affected the calculation of the values at the acquisition date had the information been known.

Changes in estimates of contingent considerations are generally recognised directly in profit/loss.

Gains or losses from divestment or winding-up of subsidiaries and associates

Gains or losses from divestment or winding-up of subsidiaries which result in a loss of control or significant influence, respectively, are calculated as the difference between, on one hand, the fair value of the sales proceeds or the settlement price and the fair value of any remaining investments and, on the other hand, the carrying amount of net assets at the time of divestment or winding-up, including goodwill, less non-controlling interests. The calculated gain or loss from such divestment or winding-up is recognised in profit/loss together with accumulated exchange rate adjustments, which were previously recognised in other comprehensive income.

Foreign currency translation

On initial recognition, transactions denominated in other currencies that the individual enterprise's functional currency are translated at the exchange rates at the transaction date. Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the exchange rates at the transaction date. Non-monetary items that are restated at fair value are translated at the exchange rates at the date of restatement.

When enterprises that present their financial statements in a functional currency different from DKK are recognised in the consolidated financial statements, the income statements are translated at average exchange rates on a monthly basis unless such rates vary significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date. Goodwill is considered to belong to the acquiree in question and is translated at the exchange rates at the balance sheet date.

Foreign exchange differences arising on translation of foreign enterprises' balance sheet items at the beginning of the year at the exchange rates at the balance sheet date and on translation of income statements from average rates to the exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, foreign exchange differences arising from changes made directly in the foreign enterprise's equity are also recognised in other comprehensive income.

On recognition in the consolidated financial statements of foreign subsidiaries with Danish kroner (DKK) as the functional currency that, however, present their financial statements in a functional currency different from DKK, monetary assets and monetary liabilities are translated at the exchange rates at the balance sheet date. Non-monetary assets and liabilities measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items measured at fair value are translated at the exchange rates at the date of the latest fair value adjustment. Income statement items are translated at the average exchange rates of the months unless these differ significantly from the actual exchange rates at the transaction date, except for items deriving from non-monetary assets and liabilities translated at historical rates applicable to the relevant non-monetary assets and liabilities.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value at the date of settlement.

Subsequently, derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised in other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as hedges of the fair value of a recognised asset or a recognised liability are recognised 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 qualifying for designation as effective hedges of future transactions are recognised in other comprehensive income. The ineffective part is recognised immediately in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of the cost of the relevant transactions.

Derivative financial instruments which do not qualify for designation as hedging instruments are considered trading portfolios and are measured at fair value with recognition of fair value adjustments on an ongoing basis in the income statement under financial income or financial expenses.

Share-based payment

Share-based incentive schemes under which executive employees may only opt to purchase shares in the Parent (equity-settled share-based payment arrangements) are measured at the equity instruments' fair value at the grant date and are recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity.

The fair value of the equity instruments is measured by using the Black-Scholes model with the parameters stated in note 7.

Taxation

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 directly in equity or other comprehensive income by the portion attributable to entries directly in equity or in other comprehensive income, respectively. Exchange rate adjustments on deferred tax are recognised as part of the year's adjustments in deferred tax.

Current tax payable or receivable is recognised in the balance sheet stated as tax calculated taxable income for the year, adjusted for tax paid on account.

When calculating the current tax for the year, the tax rates and tax rules effective at the balance sheet date are used.

Deferred tax is recognised in accordance with the balance-sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, except for deferred tax on all temporary differences arising on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination and where the temporary difference identified at the time of initial recognition neither affects net profit or loss or taxable income.

Deferred tax is recognised on all temporary differences related to investments in subsidiaries unless the Parent can control when the deferred tax is realised, and it is probable that the deferred tax will not crystallise as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured by using the tax rates and tax rules in the relevant countries which are based on acts passed or acts passed in reality at the balance sheet date and which are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in the income statement unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at the expected value of their realisation, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used. The Parent is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable income.

Discontinued operations and assets classified as held for sale

Discontinued operations comprise material business areas or geographical areas sold or held for sale according to an overall plan.

Results from discontinued operations are presented in the income statement as a separate item consisting of operating profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets and groups of assets held for sale are presented separately in the balance sheet as current assets. Liabilities directly related to the relevant assets are presented as current liabilities in the balance sheet.

Assets held for sale are not depreciated but are written down to the lower of fair value less estimated selling costs and carrying amount.

Income statement

Revenue

Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement when delivery has taken place and risks have been transferred to the buyer. Revenue is calculated ex. VAT, duties, etc., charged on behalf of third parties as well as discounts.

Production costs

Production costs comprise expenses incurred to realise revenue. Commercial enterprises include cost of sales in production costs, and manufacturing enterprises include costs of raw materials, consumables and production staff as well as maintenance of the property, plant and equipment and intangible assets applied in the manufacturing process.

Other operating income

Other operating income comprises income of a secondary nature to the Group's principal activities, including in particular external leases and compensations.

External expenses

External expenses comprise expenses for sale, advertising, administration, premises, bad debts, etc.

Other external expenses also include costs relating to development projects which do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc., for the Company's staff.

Government grants

Government grants are recognised when it is considered probable that the grant conditions have been met and that the grant will be received.

Grants to cover costs incurred are recognised proportionally in the income statement over the periods in which the related costs are recognised. The grants are set off against costs incurred.

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, liabilities and transactions denominated in foreign currencies, mortgage amortisation premium or allowance on mortgage debt, etc., as well as surcharges and refunds under the on-account tax scheme.

Interest income and expenses are accrued based on the principal amount and the effective interest rate. The effective interest rate is the discount rate used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount.

Dividends from equity investments are recognised when a final right to these dividends has been obtained. This is typically the date at which the general meeting adopts distribution from the relevant company.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between, on one hand, the cost of the acquiree, the value of non-controlling interests in the acquiree and the fair value of previously acquired investments and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities, see the description under the section on consolidated financial statements.

When goodwill is recognised, it is allocated to the activities of the Group generating separate payments (cash-generating units). The determination of cash-generating units complies with the managerial structure and internal financial management and reporting in the Group.

Goodwill is not amortised but is tested for impairment at least once a year, see below.

Other intangible assets

Development projects regarding clearly defined and identifiable products and processes are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and if the development costs of each asset can be reliably measured. Other development costs are recognised as costs in the income statement when incurred.

On initial recognition, development projects are measured at cost.
The cost of development projects comprises costs, including salaries and amortisation, that are directly attributable to the development projects and that are needed to complete the project, calculated from the date at which the development project first qualify for recognition as an asset.

Interest expenses on loans for financing the manufacturing of intangible assets are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

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

Development projects are written down to any lower recoverable amount, see below. Development projects in progress are tested for impairment at least once a year.

Acquired intellectual property rights in the form of software and customer files are measured at cost less accumulated amortisation and impairment losses.

Acquired intellectual property rights are amortised on a straight-line basis over the expected useful lives. The expected useful lives are as follows:

Software	3-5 years
Customer files	10 years

Acquired intellectual property rights are written down to any lower recoverable amount, see below.

Property, plant and equipment

Property, plant 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 own-manufactured assets, cost comprises costs directly attributable to the manufacturing of the asset, including materials, components, subsuppliers and wages. 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 for financing the manufacturing of property, plant and equipment are recognised in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the income statement.

The basis of depreciation is cost less the residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs if the asset is of an age and a condition that is expected after the end of the useful life. Where individual components of an item of property, plant and equipment have different useful lives, the are depreciated separately.

Acquired intellectual property rights are amortised on a straight-line basis over the expected useful lives. The expected useful lives are as follows:

Buildings	40 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-10 years
IT equipment	3-5 years

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

Depreciation methods, useful lives and residual amounts are reassessed annually.

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

Impairment of property, plant and equipment, intangible assets as well as investments in subsidiaries

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as investments in subsidiaries are tested at the balance sheet date for any indication of impairment. If impaired, the recoverable amount of the asset is estimated to determine the need for write-down and the extent thereof.

The recoverable amount of development projects and goodwill is estimated annually irrespective of any indications of impairment.

If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit in which the assets is included is estimated.

The recoverable amount is calculated as the highest of the asset's or the cash-generating unit's fair value less selling costs and value in use. When the value in use is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the time value of money, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment has been made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit, respectively, is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, write-down is distributed so that goodwill amounts are written down first, and subsequently, any remaining need for write-down is distributed on the other assets of the unit; however, the individual asset is not written down to an amount that is a lower than its fair value net of estimated selling costs.

Impairment losses are recognised in the income statement. In case of any subsequent reversals of impairment losses resulting from changes in the assumptions of the estimated recoverable amount, the carrying amount of the asset and the cash-generating unit, respectively, is increased to the adjusted estimate of the recoverable amount, however, not exceeding the carrying amount which the asset or the cash generating unit would have had if the write-down had not been performed. Impairment losses relating to goodwill are not reversed.

Investments in subsidiaries in the parent company financial statements
Investments in subsidiaries are measured at cost in the parent company financial statements.

If cost exceeds the recoverable amount of the investments, the investments are written down to this lower value, see the section on impairment above. If distributed dividends exceed the enterprise's earnings since the Parent's acquisition of the investments, this distribution is considered an indication of impairment, see the section on impairment above.

In connection with sale of investments in subsidiaries, profits or losses are calculated as the difference between the carrying amount of the investments sold and the fair value of the sales proceeds.

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

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as allocated fixed and variable indirect production costs.

Variable indirect production costs include indirect materials and payroll and are allocated based on precalculations of the goods actually produced. Fixed indirect production costs comprise costs of maintenance and depreciation of machinery, factory buildings and equipment applied for the manufacturing process as well as general costs relating to factory administration and management. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

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

Receivables
Receivables comprise trade receivables as well as other receivables. Receivables are categorised as loans and receivables which are financial assets with fixed or determinable payments which are not listed at an active market and which are not derivatives.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost. Write-downs are made on an individual as well as on a portfolio basis using an allowance account.

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

Dividends
Dividends are recognised as a liability at the date when they are adopted at the general meeting.

Treasury share reserve
The treasure share reserve comprises acquisition costs for the Company's holding of treasury shares. Dividend from treasury shares as well as gains and losses on the sale of treasury shares are recognised directly in retained earnings in equity.

Pension obligations, etc.
Under defined contribution plans, the Group pays fixed contributions to independent pension providers, etc., on an ongoing basis. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling the pension contribution. Contributions payable are recognised in the balance sheet under liabilities.

Under defined benefit plans, the Group is obligated to pay a specific benefit when the relevant employees retire. The Group has no defined benefit plans.

Mortgage debt
At the time of borrowing, mortgage debt is measured at cost less transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost. Consequently, the difference between the proceeds at the time of borrowing and the repayable amount is recognised in the income statement as a financial expense over the term of the loan using the effective interest method.

Lease obligations
Lease obligations relating to assets held under finance leases are recognised in the balance sheet as liabilities and measured at the lower of the fair value of the leased asset and the present value of future lease payments at the time of inception of the lease.

Subsequently, lease obligations are measured at amortised cost. The difference between the present value and the nominal amount of the lease payments is recognised in the income statement as a financial expense over the terms 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 comprise bank debt, trade payables and other payables to public authorities, etc.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost using the effective interest method to the effect that the difference between the proceeds and the nominal amount is recognised in the income statement as a financial expense over the term of the loan.

Deferred income

Deferred income is income received for subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

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 acquisition date, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes.

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

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

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using the average exchange rates for the months unless they differ significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates of each day are applied.

Cash and cash equivalents are cash and marketable securities with an insignificant price exposure less any overdraft facilities forming an integral part of cash management.

Segment information

Segment information is prepared in compliance with the Group's accounting policies and is based on the Group's internal management reporting.

Segment income and segment expenses as well as segment assets and segment liabilities consist of the financial statement items directly attributable to each segment and the financial statement items that can be allocated to each segment on a reliable basis. The unallocated financial statement items primarily relate to assets and liabilities as well as income and expenses related to in the Group's administrative functions, investing activities, income taxes, etc.

Non-current assets in the segments comprise assets used directly in the operation of the segment, including intangible assets and property, plant and equipment.

Current assets in the segments comprise assets used directly in the operation of the segment, including inventories, trade receivables, other receivables, prepayments and accrued income as well as cash.

Liabilities related to the segments comprise liabilities derived from the operation of the segment, including trade payables, provisions and other payables.

Transactions between the segments are priced at estimated market values.

Financial highlights

Financial highlights have been defined and calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Financial Ratios 2010" and IAS 33 "Earnings per share".

Key figures

The calculation of *earnings per share and diluted earnings per share* is specified in note 13.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating current assets less trade payables and other short-term operating liabilities. Cash is not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities less interest-bearing assets, including cash.

Ratios		Calculation formula	Ratios reflect
Operating profit/loss, EBITDA margin (%)	=	Profit/loss before depreciation, amortisation and impairment losses (EBITDA) x 100 / Revenue	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities.
Profit margin EBIT margin (%)	=	Profit/loss before net financials (EBIT) x 100 / Revenue	The Company's operating profitability expressed as the Company's ability to generate profits on operating activities before net financials.
Return on invested capital including goodwill (%)	=	Profit/loss before net financials (EBIT) x 100 / Average invested capital, incl. goodwill	The return generated by the Company on investors' funds through operating activities.
Return on invested capital excluding goodwill (%)	=	Profit/loss before net financials (EBIT) x 100 / Average invested capital, excl. goodwill	The return generated by the Company on investors' funds through operating activities.
Return on equity	=	Profit/loss for the year x 100 / Average equity	The Company's ability to generate return to the Parent's shareholders when considering the Company's capital base.
Financial gearing	=	Net interest-bearing debt / Equity	The Company's financial gearing expressed as the Company's sensitivity to fluctuations in the interest rate level, etc.
Equity ratio, excl. non-controlling interests	=	Equity ratio, excl. non-controlling interests x 100 / Total assets	The Company's financial standing.
Equity ratio, incl. non-controlling interests	=	Equity ratio, incl. non-controlling interests x 100 / Total assets	The Company's financial standing.
Equity value per share	=	Equity ratio, excl. non-controlling interests / Number of shares at year end	The value of equity per share according to the Company's annual report.
Cash flow per share	=	Cash flows from operating activities / Average number of diluted shares	Cash flows from operating activities generated per share by the Company.

2. Significant accounting estimates, assumptions and uncertainties

Several financial statement items cannot be reliably measured but only be estimated. Such estimates comprise assessments based on the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the conditions on which the estimate was based or due to additional information, further experience or subsequent events.

Significant accounting estimates

In connection with the accounting policies applied as described in note 1, Management has made accounting estimates in relation to for instance the valuation of goodwill, valuation of inventories, valuation of receivables and valuation of investments in subsidiaries in the parent company financial statements.

Assumptions and uncertainties relating to significant accounting estimates are described below. Furthermore, it is assessed that Management has not made accounting estimates that materially affect the annual report, and the accounting estimates made are not considered to be subject to significant uncertainty.

Changes in accounting estimates
No significant changes have been made in accounting estimates in the financial year.

Significant assumptions and uncertainties
Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In this connection, it is necessary to assume a course of events, etc., reflecting Management's assessment of the most likely course of events. In the annual report for 2013 as well as in annual reports for previous years, the following assumptions and uncertainties should be noted as they have significantly affected the assets and liabilities recognised in the annual report and may require corrections in subsequent financial years if the courses of events assumed are not realised as expected.

Recoverable amount of goodwill
An assessment of indication of impairment of recognised goodwill amounts requires a calculation of the values in use of the cash-generating units to which the goodwill amounts are allocated. The determination of the value in use requires an estimate of the expected future cash flows in each cash-generating unit as well as a determination of a reasonable discount rate. The carrying amount of goodwill amounted to DKK 107 million at 31 December 2013. For a further description of the applied discount rates, etc., see note 14. The impairment tests carried out show that the value in use of the two cash-generating units is significantly higher than the carrying amount of the assets related to the units.

Inventories
Individual write-down of inventories has been made based on turnover ratio, defective goods, etc.

Receivables
The Group has made individual write-downs of receivables based on estimates of the credit quality of the debtors. The risk of bad debts is limited as the Group's debtors have taken out credit insurance.

Investments in subsidiaries in the parent company financial statements
The assessment of the need for impairment write-down of investments in subsidiaries requires the determination of values in use of the individual subsidiaries. The determination of the value in use requires an estimate of the expected future cash flows in each subsidiary as well as a determination of a reasonable discount rate. In connection with the valuation, the same discount rate was used as in connection with the impairment test for goodwill. Reference is made to note 14. The tests performed show values exceeding the carrying amount of the individual investments.

PARENT			GROUP	
2012	2013	DKK'000	2013	2012
		3. Production costs		
0	0	Cost of sales	631,202	649,388
0	0	Write-down of inventories	1,499	2,478
0	0	Reversed write-down of inventories	-668	-1,288
0	0	Staff costs	143,878	145,397
0	**0**		**775,861**	**795,975**
		Reversal of write-down of inventories relates to disposal of inventories written down.		
		4. Other operating income		
2,964	4,545	Rent	140	0
0	0	Gain from sale of non-current assets	1,045	599
2,964	**4,545**		**1,185**	**599**
		5. Development costs		
3,770	4,246	Research and development costs incurred	13,314	7,127
0	0	Portion capitalised for accounting purposes	-9,068	-3,285
3,770	**4,246**	**Expensed in the financial year**	**4,246**	**3,842**
		Development costs substantially relate to payroll costs.		
		6. Staff costs		
9,947	10,409	Wages and salaries	232,421	227,132
333	328	Pension contribution, defined contribution plan	14,274	15,988
110	108	Other social security costs	14,078	11,306
577	599	Other staff costs	15,630	18,208
864	885	Share-based payment	885	864
0	0	Refund from public authorities	-2,939	-3,699
11,831	**12,329**		**274,349**	**269,799**
		Staff costs can be specified as follows:		
0	0	Production costs	143,878	145,397
11,831	12,329	Staff costs	128,954	123,884
0	0	Other cost groups	1,517	518
11,831	**12,329**		**274,349**	**269,799**
9	**9**	**Average number of employees**	**1,136**	**1,062**

6. Staff costs (continued)

Remuneration of Management

Remuneration of the members of the Parent's Executive Board and Board of Directors can be specified as follows:

	GROUP			
	Board of Directors		Executive Board	
DKK'000	2013	2012	2013	2012
Remuneration of the Board of Directors	1,190	1,050	-	-
Wages and salaries	0	0	5,231	4,912
Share-based payment	0	0	167	209
	1,190	**1,050**	**5,398**	**5,121**

	PARENT			
	Board of Directors		Executive Board	
DKK'000	2013	2012	2013	2012
Remuneration of the Board of Directors	1,190	1,050	-	-
Wages and salaries	0	0	4,871	4,552
Share-based payment	0	0	167	209
	1,190	**1,050**	**5,038**	**4,761**

The Company has entered into defined contribution plans for the majority of its employees.

Under the agreements made, the Company pays a monthly contribution to independent pension providers.

PARENT			GROUP	
2012	2013	DKK'000	2013	2012
333	328	Contributions to defined pension plans taken to the income statement	14,274	15,988

7. Share-based payment

Equity-settled share option plans, Parent and Group

To tie the Executive Board and other executives more closely to the Group, SP Group A/S has set up the following share-based payment arrangements:

Warrant scheme 2013
In 2013, the Group set up an incentive scheme for the Company's Executive Board and 23 executives. The scheme is based on warrants. A total of 100,000 warrants were issued, of which the Executive Board was granted 25,000, and the rest was granted to executives.

The warrants were granted based on a wish to tie the executives more closely to the Group.

The exercise price is fixed at DKK 145 per share of nominally DKK 10 plus 7.5% p.a. calculated from 1 April 2013 and until the warrants can be exercised at the earliest. The exercise price is fixed based on the listed price immediately before and after the publication of the annual report on 22 March 2013 and up to 18 April 2013. The issued warrants will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to purchase shares in the Company in the period 1 April 2016 to 31 March 2019. Alternatively, the Executive Board and the 23 executive employees purchase the warrants issued at market price as determined below by cash payment. The purchase option could be exercised until 19 June 2013. The Executive Board and two executive employees chose to exercise the option.

The estimated fair value of the warrants issued is calculated at approx. DKK 603 thousand on the assumption that the granted warrants will be exercised in April 2016. The warrants are valued using the Black-Scholes pricing model. Measurement is based on the following assumptions:

Volatility	19%
Risk-free interest rate	0.13%
Share price	138

The estimated volatility is determined based on the Company's share prices during the six months preceding 22 March 2013.

Warrant scheme 2012
In 2012, the Group set up an incentive scheme for the Company's Executive Board and 22 executives. The scheme is based on warrants. A total of 100,000 warrants were issued, of which the Executive Board was granted 30,000, and the rest was granted to executives.

The warrants were granted based on a wish to tie the executives more closely to the Group.

The exercise price is fixed at DKK 120 per share of nominally DKK 10 plus 7.5% p.a. calculated from 1 April 2012 and until the warrants can be exercised at the earliest. The exercise prise is fixed based on the listed price immediately before and after the publication of the annual report on 28 March 2012. The issued warrants will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to purchase shares in the Company in the period 1 April 2015 to 31 March 2018. Alternatively, the Executive Board and the 22 executive employees purchase the warrants issued at market price as determined below by cash payment. The purchase option could be exercised until 29 May 2012. CEO Frank Gad chose to exercise the option.

The estimated fair value of the warrants issued is calculated at approx. DKK 752 thousand on the assumption that the granted warrants will be exercised in April 2015. The warrants are valued using the Black-Scholes pricing model. Measurement is based on the following assumptions:

Volatility	31%
Risk-free interest rate	0.51%
Share price	102

The estimated volatility is determined based on the Company's share prices during the six months preceding 30 March 2012.

Warrant scheme 2011
In 2011, the Group set up an incentive scheme for the Company's Executive Board and 21 executives. The scheme is based on warrants. A total of 100,000 warrants were issued, of which the Executive Board was granted 30,000, and the rest was granted to executives.

The warrants were granted based on a wish to tie the executives more closely to the Group.

The exercise price is fixed at DKK 100 per share of nominally DKK 10 plus 7.5% p.a. calculated from 1 April 2011 and until the warrants can be exercised at the earliest. The exercise prise is fixed based on the listed price immediately before and after the publication of the annual report on 30 March 2011. The issued warrants will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period.

The warrants issued may be exercised to purchase shares in the Company in the period 1 April 2014 to 31 March 2017.

The estimated fair value of the warrants issued is calculated at approx. DKK 1,252 thousand on the assumption that the granted warrants will be exercised in April 2014. The warrants are valued using the Black-Scholes pricing model. Measurement is based on the following assumptions:

Volatility	37%
Risk-free interest rate	2.40%
Share price	85

The estimated volatility is determined based on the Company's share prices during the six months preceding 30 March 2011.

Warrant scheme 2010
In 2010, the Group set up an incentive scheme for the Company's Executive Board and 18 executives. The scheme is based on warrants. A total of 80,000 warrants were issued, of which the Executive Board was granted 20,000, and the rest was granted to executives. The warrants were granted based on a wish to tie the executives more closely to the Group.

The exercise price is fixed at DKK 45 per share of nominally DKK 10 plus 7.5% p.a. calculated from 1 April 2010 and until the warrants are exercised. The exercise prise is fixed based on the listed price immediately before and after the publication of the annual report on 30 March 2010. The issued warrants will expire without net settlement if the warrants are not exercised. The right to the warrants is earned over the period. The warrants issued may be exercised to purchase shares in the Company in the period 1 April 2013 to 31 March 2015. The estimated fair value of the warrants issued is calculated at approx. DKK 770 thousand on the assumption that the granted warrants will be exercised in March 2013. The warrants are valued using the Black-Scholes pricing model. Measurement is based on the following assumptions:

Volatility	45%
Risk-free interest rate	2.02%
Share price	42

The estimated volatility is determined based on the Company's share prices during the six months preceding 30 March 2010.

The incentive scheme has been exercisable since 1 April 2013. At year end 2013, 3,000 warrants had not yet been exercised.

7. Share-based payment (continued)

Development in the financial year

The development in unexercised warrants can be specified as follows:

Number	Number of warrants 2013	Number of warrants 2012	Average exercise price, warrants 2013	Average exercise price, warrants 2012
Unexercised warrants at 1 January	274,834	180,000	115	93
Granted in the financial year	100,000	100,000	180	148
Exercised in the financial year	-71,834	0	56	0
Expired/cancelled in the financial year	0	-5,166	0	56
	303,000	**274,834**	**150**	**115**
Exercisable at 31 December	3,000	0		

The fair values of the warrants issued calculated at the grant date are recognised proportionally in the income statement as staff costs over the period up to the exercise date.

PARENT 2012	PARENT 2013	DKK'000	GROUP 2013	GROUP 2012
		Equity-settled share option plans, Parent and Group		
		Development in the financial year		
864	885	Share-based payment recognised in income statement, equity-settled share option plan	885	864
		8. Depreciation, amortisation and impairment losses		
86	147	Amortisation of intangible assets	4,635	4,194
3,437	3,078	Depreciation on property, plant and equipment	44,203	42,872
3,523	**3,225**		**48,838**	**47,066**
		9. Dividends from group enterprises		
22,845	26,462	Dividends from subsidiaries	-	-
22,845	**26,462**		**-**	**-**
		10. Other financial income		
0	0	Interest, etc.	514	735
1,680	562	Interest from group enterprises	-	-
1,680	**562**	**Interest income from financial assets not measured at fair value through profit/loss**	**514**	**735**
819	0	Exchange rate adjustments	0	0
2,499	**562**		**514**	**735**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		11. Financial expenses		
6,513	4,887	Interest, etc.	13,507	15,969
772	1,067	Value adjustment transferred from equity through other comprehensive income regarding hedges	1,067	772
876	745	Interest to group enterprises	-	-
8,161	**6,699**	**Interest expenses on financial liabilities not measured at fair value through profit/loss**	**14,574**	**16,741**
0	352	Exchange rate adjustments	1,120	496
8,161	**7,051**		**15,694**	**17,237**

PARENT			GROUP	
2012	2013	DKK'000	2013	2012
		12. Tax on profit/loss for the year		
-3,949	0	Current tax	9,057	8,012
-203	-2,381	Change in deferred tax	2,082	1,615
0	0	Adjustment concerning previous years, deferred tax	29	0
0	0	Adjustment concerning previous years, tax	-83	147
-4,152	**-2,381**		**11,085**	**9,774**
		The current income tax for the financial year is calculated based on a tax rate of 25% (2012: 25%) for Danish enterprises. For foreign enterprises, the current tax rate in the country in question is used.		
		Tax on other comprehensive income		
-345	226	Fair value adjustment of financial instruments acquired to hedge future cash flows	64	2,453
-345	**226**		**64**	**2,453**
		Tax on items recognised in other comprehensive income can be specified as follows:		
-345	0	Current tax	0	0
0	226	Change in deferred tax	64	2,453
-345	**226**		**64**	**2,453**
		Reconciliation of tax rate		
-	-	Danish tax rate	25	25
-	-	Effect of differences in tax rates for foreign enterprises	-1	-2
-	-	Effect of changed corporation tax rate in Denmark	-2	0
-	-	Income from group enterprises	0	0
-	-	Other, including adjustment concerning previous years	0	0
-	**-**	**Effective tax rate for the year**	**22**	**23**
		The Parent's tax rate in 2013 as well as in 2012 is materially affected by tax-exempt dividends from subsidiaries.		
		The calculated current tax for the year can be specified as follows:		
		Denmark	0	0
		Poland	4,615	3,326
		USA	1,263	885
		China	382	189
		Sweden	623	332
		The Netherlands	1,364	2,710
		Brazil	810	570
			9,057	**8,012**

No tax has been paid in Denmark as the Group has tax loss carryforwards in Denmark from previous years, including in particular from 2004, 2008 and 2009. Reference is made to note 24.

DKK'000	GROUP 2013	GROUP 2012

13. Earnings per share

The calculation of earnings per share is based on the following:

DKK'000	2013	2012
Profit/loss to the Parent's shareholders	**39,039**	**31,563**

Number	2013	2012
Average number of shares issued	2,024,000	2,024,000
Average number of treasury shares issued	-63,031	-8,480
Number of shares used to calculate earnings per share	**1,960,969**	**2,015,520**
Average dilution effect of warrants outstanding	**122,640**	**41,713**
Number of shares used to calculate diluted earnings per share	**2,083,609**	**2,057,233**

14. Intangible assets

DKK'000 (GROUP)	Completed development projects	Software	Customer files	Goodwill	Development projects in progress
Cost at 01/01/2013	20,979	14,940	3,000	106,739	1,911
Value adjustment	-237	-21	0	-515	0
Reclassification	0	0	0	0	2,265
Transferred	2,265	0	0	0	-2,265
Additions	0	4,145	0	0	6,803
Disposals	0	0	0	0	0
Cost at 31/12/2013	**23,007**	**19,064**	**3,000**	**106,224**	**8,714**
Amortisation and impairment losses at 01/01/2013	9,756	11,127	1,500	1,861	0
Value adjustment	-46	-13	0	0	0
Amortisation for the year	3,312	1,023	300	0	0
Reversal relating to disposals	0	0	0	0	0
Amortisation and impairment losses at 31/12/2013	**13,022**	**12,137**	**1,800**	**1,861**	**0**
Carrying amount at 31/12/2013	**9,985**	**6,927**	**1,200**	**104,363**	**8,714**
Cost at 01/01/2012	19,765	11,864	3,000	106,870	417
Value adjustment	-160	35	0	-131	0
Additions	1,374	3,042	0	0	1,911
Disposals	0	-1	0	0	-417
Cost at 31/12/2012	**20,979**	**14,940**	**3,000**	**106,739**	**1,911**
Amortisation and impairment losses at 01/01/2012	6,568	10,405	1,200	1,861	0
Value adjustment	-16	32	0	0	0
Amortisation for the year	3,204	690	300	0	0
Reversal relating to disposals	0	0	0	0	0
Amortisation and impairment losses at 31/12/2012	**9,756**	**11,127**	**1,500**	**1,861**	**0**
Carrying amount at 31/12/2012	**11,223**	**3,813**	**1,500**	**104,878**	**1,911**

	PARENT	
DKK'000	Software 2013	Software 2012

14. Intangible assets (continued)

Cost at 1 January	644	631
Additions	333	13
Disposals	0	0
Cost at 31 December	**977**	**644**
Amortisation and impairment losses at 1 January	526	440
Amortisation for the year	147	86
Reversal relating to disposals	0	0
Amortisation and impairment losses at 31 December	**673**	**526**
Carrying amount at 31 December	**304**	**118**

Goodwill

Goodwill arising from business acquisitions, etc., is distributed at the acquisition date to the cash-generating units which are expected to obtain financial benefits from the business combination.

The carrying amount of goodwill is distributed as follows by cash-generating units:

	GROUP	
DKK'000	**2013**	**2012**
Coatings	9,823	9,823
Plastics	95,540	95,055
	104,363	**104,878**

14. Intangible assets (continued)

Goodwill

Goodwill is tested for impairment at least once a year and more frequently in the event of indications of impairment. The annual impairment test is usually performed at 31 December.

Goodwill was not written down in 2013 or 2012.

The recoverable amount of the cash-generating units to which the goodwill amounts relate is calculated on the basis of a calculation of value in use. In this relation, the most significant uncertainties are attributable to the determination of discount factors and growth rates as well as the expectations for sales in an unstable market.

The discount factors determined reflect the market assessments of the time value of money expressed as a risk-free interest rate and the specific risks related to the cash-generating unit.

The fixed sales prices, production costs and growth rates are based on historical experience as well as expectations for future market changes.

The calculation of the value in use is based on the cash flows stated in the most recent management-approved budget for 2014 and forecasts for 2015 and 2016. For financial years after the forecast period, cash flows have been extrapolated for the most recent forecast periods adjusted for an expected growth rate.

The most significant parameters applied when calculating recoverable amounts are as follows:

	2013	**2012**
Discount rate after tax	7.5%	7.5%
Discount rate before tax	9.2%	9.2%
Growth rate in the terminal period	2.0%	2.0%

The above parameters have been used for all cash-generating units as it is assessed that there are no material differences in the parameters affecting the value in use in the individual cash-generating units.

Other intangible assets

Apart from goodwill, all intangible assets are considered to have determinable useful lives over which the assets are amortised; see the description of accounting policies.

DKK'000	Land and buildings	Plant and machinery	Other fixtures, etc.	Leasehold improve-ments	GROUP Property, plant and equipment in progress

15. Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures, etc.	Leasehold improve-ments	Property, plant and equipment in progress
Cost at 01/01/2013	212,933	597,810	76,130	25,523	25,280
Value adjustment	0	-2,618	-277	-592	-2
Reclassification	0	737	-737	0	-2,265
Additions	488	55,821	5,466	1,535	26,164
Disposals	0	-3,896	-1,344	0	-22,232
Cost at 31/12/2013	**213,421**	**647,854**	**79,238**	**26,466**	**26,945**
Amortisation and impairment losses at 01/01/2013	78,539	408,766	55,481	11,529	0
Value adjustment	0	-848	-136	-248	0
Reclassification	0	0	0	0	0
Amortisation for the year	5,638	30,202	6,204	2,159	0
Reversal relating to disposals	0	-3,567	-672	0	0
Amortisation and impairment losses at 31/12/2013	**84,177**	**434,553**	**60,877**	**13,440**	**0**
Carrying amount at 31/12/2013	**129,244**	**213,301**	**18,361**	**13,026**	**26,945**
Portion relating to assets held under finance leases at 31/12/2013	0	37,744	1,318	0	0
Cost at 01/01/2012	179,557	540,968	69,581	19,156	13,999
Value adjustment	0	3,840	382	1,215	110
Reclassification	-2,297	-387	133	0	0
Additions	35,673	61,304	6,061	6,545	34,610
Disposals	0	-7,915	-27	-1,393	-23,439
Cost at 31/12/2012	**212,933**	**597,810**	**76,130**	**25,523**	**25,280**
Amortisation and impairment losses at 01/01/2012	75,242	386,611	48,659	9,499	0
Value adjustment	0	1,553	195	609	0
Reclassification	-2,297	-393	133	0	0
Amortisation for the year	5,594	28,588	6,518	2,172	0
Reversal relating to disposals	0	-7,593	-24	-751	0
Amortisation and impairment losses at 31/12/2012	**78,539**	**408,766**	**55,481**	**11,529**	**0**
Cost at 31/12/2012	**134,394**	**189,044**	**20,649**	**13,994**	**25,280**
Portion relating to assets held under finance leases at 31/12/2012	0	28,720	1,836	0	9,242

DKK'000	Land and buildings	Other fixtures, etc.	PARENT Property, plant and equipment in progress
15. Property, plant and equipment			
Cost at 01/01/2013	80,688	4,005	303
Additions	113	480	0
Disposals	0	-303	-303
Cost at 31/12/2013	**80,801**	**4,182**	**0**
Amortisation and impairment losses at 01/01/2013	9,288	1,420	0
Amortisation for the year	2,287	791	0
Reversal relating to disposals	0	0	0
Amortisation and impairment losses at 31/12/2013	**11,575**	**2,211**	**0**
Carrying amount at 31/12/2013	**69,226**	**1,971**	**0**
Portion relating to assets held under finance leases at 31/12/2013	0	1,318	0
Cost at 01/01/2012	35,121	3,822	282
Additions	45,567	183	21
Disposals	0	0	0
Cost at 31/12/2012	**80,688**	**4,005**	**303**
Amortisation and impairment losses at 01/01/2012	6,658	613	0
Amortisation for the year	2,630	807	0
Reversal relating to disposals	0	0	0
Amortisation and impairment losses at 31/12/2012	**9,288**	**1,420**	**0**
Carrying amount at 31/12/2012	**71,400**	**2,585**	**303**
Portion relating to assets held under finance leases at 31/12/2012	0	1,836	0

PARENT		
2012	2013	DKK'000
		16. Investments in subsidiaries
545,171	580,171	Cost at 1 January
0	6,975	Additions relating to acquisition of non-controlling interests
35,000	0	Additions relating to capital contributions to subsidiaries
580,171	**587,146**	**Cost at 31 December**
240,835	240,835	Write-down at 1 January
0	0	Write-down for the year
240,835	**240,835**	**Write-down at 1 December**
339,336	**346,311**	**Carrying amount at 31 December**

Investments in subsidiaries comprise:

	Registered office	Ownership interest		Share of voting rights		Activity
		2013	2012	2013	2012	
SP Moulding A/S	Denmark	100%	100%	100%	100%	Production and sale of injection-moulded items
Accoat A/S	Denmark	100%	100%	100%	100%	Production and sale of coatings
Gibo Plast A/S	Denmark	100%	100%	100%	100%	Production and sale of vacuum-formed items
Tinby A/S	Denmark	100%	100%	100%	100%	Production and sale of polyurethane products
Ergomat A/S	Denmark	100%	100%	100%	100%	Production and sale of ergonomics solutions
SP Extrusion A/S	Denmark	100%	-	100%	-	Production and sale of extruded items
TPI Polytechniek B.V.	The Netherlands	100%	90%	100%	90%	Sale of ventilation components

In 2013, the ownership interest in TPI Polytechniek B.V. changed from 90% to 100% due to the purchase of an additional 10%.

Note 40 includes an overview of all enterprises in the Group.

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		17. Inventories		
0	0	Raw materials and consumables	88,435	91,526
0	0	Work in progress	15,900	7,683
0	0	Manufactured goods and goods for resale	94,409	87,023
0	**0**		**198,744**	**186,232**
0	0	Carrying amount of inventories recognised at net realisable value	8,010	8,650
		18. Trade receivables		
0	0	Write-down for the year recognised in the income statement	-34	-126

Trade receivables are written down if, based on an individual assessment of the debtors' ability to pay, the value has depreciated, e.g. in case of non-payment, suspension of payments, bankruptcy, etc.(evidence of impairment). Trade receivables are written down to net realisable value. Moreover, reference is made to note 34.

The carrying amount of receivables written down to net realisable value based on an individual assessment amounts to DKK 793 thousand (2012: DKK 0).

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		Due receivables not written down:		
255	8	Due by up to one month	13,944	14,172
0	0	Due between one and three months	5,744	4,164
0	0	Due by more than three months	1,656	951
255	**8**		**21,344**	**19,287**

19. Other receivables

Receivables are not subject to any special credit risks, and as in the previous year, write-down of these has not been recognised. None of the receivables have fallen due. They will fall due in 2014.

20. Cash

The Group's and the Parent's cash primarily consists of deposits in creditworthy banks. Consequently, cash is not considered to be subject to any special credit risk.

21. Share capital

The share capital consists of 2,024,000 shares. The shares are fully paid. The shares have not been divided into classes.

All shares rank equally.

	Issued shared			
DKK'000	**Number**		**Nom. value**	
	2013	**2012**	**2013**	**2012**
1 January	2,024,000	2,024,000	20,240,000	20,240,000
31 December	**2,024,000**	**2,024,000**	**20,240,000**	**20,240,000**

	Treasury shares					
DKK'000	**Number**		**Nom. value**		**% of share capital**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
1 January	48,746	0	487,460	0	2.4%	0.0%
Acquired	112,903	48,746	1,129,030	487,460	5.6%	2.4%
Used	-83,834	0	-838,340	0	-4.1%	0.0%
31 December	**77,815**	**48,746**	**778,150**	**487,460**	**3.8%**	**2.4%**

Acquisitions in 2012 and 2013 were made in order to partially fund existing warrant programmes.

The use in 2013 relates to the exercise of warrants and the partial payment in connection with the acquisition of the remaining 10% of the shares in TPI Polytechniek B.V.

Capital management

It is the Group's objective to have a solvency ratio of 20-35%. Capital is managed for the Group taken as a whole.

Payment of dividends must be made taking into consideration the necessary consolidation of equity as a basis for the Group's continued development and expansion.

				GROUP
DKK'000	Reserve for exchange rate adjustments	Reserve for Reserve for share-based payment	Hedging reserve	Total

22. Other reserves

DKK'000	Reserve for exchange rate adjustments	Reserve for Reserve for share-based payment	Hedging reserve	Total
Reserve at 01/01/2012	3,190	731	-7,142	-3,221
Exchange rate adjustment relating to foreign enterprises	2,815	0	0	2,815
Recognition of share-based payment	0	864	0	864
Sale of warrants	0	152	0	152
Value adjustments of financial instruments acquired to hedge future cash flows, net	0	0	10,742	10,742
Reserve at 31/12/2012	**6,005**	**1,747**	**3,600**	**11,352**
Exchange rate adjustment relating to foreign enterprises	-3,729	0	0	-3,729
Recognition of share-based payment	0	885	0	885
Share-based payment, exercised arrangements	0	-739	0	-739
Sale of warrants	0	175	0	175
Value adjustments of financial instruments acquired to hedge future cash flows, net	0	0	353	353
Reserve at 31/12/2013	**2,276**	**2,068**	**3,953**	**8,297**

			PARENT
DKK'000	Reserve for share-based payment	Hedging reserve	Total
Reserve at 01/01/2012	731	-559	172
Recognition of share-based payment	864	0	864
Sale of warrants	152	0	152
Value adjustments of financial instruments acquired to hedge future cash flows, net	0	-1,036	-1,036
Reserve at 31/12/2012	**1,747**	**-1,595**	**152**
Recognition of share-based payment	885	0	885
Share-based payment, exercised arrangements	-739	0	-739
Sale of warrants	175	0	175
Value adjustments of financial instruments acquired to hedge future cash flows, net	0	679	679
Reserve at 31/12/2013	**2,068**	**-916**	**1,152**

The reserve for exchange rate adjustments comprises all exchange rate adjustments arising from the translation of financial statements of entities with a different functional currency than Danish kroner.

The reserve for share-based payment comprises the accumulated value of the earned right to share option plans (equity-settled share option plans) measured at the fair value of the equity instruments at the grant date and recognised over the vesting period. The reserve is dissolved as the employees exercise the earned right to acquire share options or when the options expire without having been exercised.

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows where the hedged transaction has not yet been realised.

GROUP						
	Bank debt		Financial institutions		Finance lease liabilities (minimum lease payments)	
DKK'000	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
23. Non-current liabilities						
Non-current liabilities fall due as follows:						
Within one year from the balance sheet date	11,937	12,889	11,049	11,008	10,096	6,952
Between one and two years from the balance sheet date	11,937	12,937	11,099	10,303	18,925	7,286
Between two and three years from the balance sheet date	11,937	11,937	73,641	10,364	6,991	16,822
Between three and four years from the balance sheet date	11,937	11,937	11,182	72,920	7,494	2,992
Between four and five years from the balance sheet date	5,967	11,937	9,048	10,497	3,957	2,855
After five years from the balance sheet date	0	5,966	60,076	70,941	1,720	1,909
	53,714	**67,603**	**176,095**	**186,033**	**49,183**	**38,816**
Liabilities are recognised in the balance sheet as follows:						
Current liabilities	11,937	12,889	11,049	11,008	10,096	6,952
Non-current liabilities	41,778	54,714	165,046	175,025	39,087	31,864
	53,715	**67,603**	**176,095**	**186,033**	**49,183**	**38,816**
Fair value	53,715	67,603	177,656	188,233	49,183	38,816

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

GROUP		
	Present value of minimum lease payments	
DKK'000	**2013**	**2012**
Due within one year from the balance sheet date	10,096	6,952
Due between one and five years from the balance sheet date	39,087	31,864
	49,183	**38,816**

	PARENT					
	Bank debt		Financial institutions		Finance lease liabilities (minimum lease payments)	
DKK'000	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**

23. Non-current liabilities

	Bank debt 2013	Bank debt 2012	Financial institutions 2013	Financial institutions 2012	Finance lease 2013	Finance lease 2012
Non-current liabilities fall due as follows:						
Within one year from the balance sheet date	11,937	11,937	3,224	3,105	939	503
Between one and two years from the balance sheet date	11,937	11,937	3,252	3,130	435	863
Between two and three years from the balance sheet date	11,937	11,937	65,780	3,161	231	356
Between three and four years from the balance sheet date	11,937	11,937	3,308	65,691	0	201
Between four and five years from the balance sheet date	5,967	11,937	3,337	3,224	0	0
After five years from the balance sheet date	0	5,967	28,612	32,315	0	0
	53,715	**65,652**	**107,513**	**110,626**	**1,605**	**1,923**
Liabilities are recognised in the balance sheet as follows:						
Current liabilities	11,937	11,937	3,224	3,105	939	503
Non-current liabilities	41,778	53,715	104,289	107,521	666	1,420
	53,715	**65,652**	**107,513**	**110,626**	**1,605**	**1,923**
Fair value	53,715	65,652	109,019	112,026	1,605	1,923

The fair value of fixed-rate debt is calculated at the present value of the future payments of interest and instalments using the current market rate.

	PARENT	
	Present value of minimum lease payments	
DKK'000	**2013**	**2012**
Due within one year from the balance sheet date	939	503
Due between one and five years from the balance sheet date	666	1,420
	1,605	**1,923**

PARENT			GROUP	
Deferred tax assets	**Deferred tax liabilities**	DKK'000	**Deferred tax assets**	**Deferred tax liabilities**
		24. Deferred tax		
14,271	0	Deferred tax at 01/01/2012	1,950	3,793
0	0	Exchange rate adjustment	41	-16
0	0	Other adjustments, reclassification of tax payable at beginning of year	-1,570	-1,570
203	0	Change in deferred tax recognised in the income statement	1,728	3,344
0	0	Change in deferred tax recognised in other comprehensive income	0	2,453
-3,300	0	Transfer, subsidiaries	0	0
11,174	**0**	**Deferred tax at 31/12/2012**	**2,149**	**8,004**
0	0	Exchange rate adjustment	-99	-31
0	0	Other adjustments, reclassification of tax payable at beginning of year	0	0
2,381	0	Change in deferred tax recognised in the income statement	995	3,106
-226	0	Change in deferred tax recognised in other comprehensive income	-128	-64
-2,474	0	Transfer, subsidiaries	0	0
10,855	**0**	**Deferred tax at 31/12/2013**	**2,917**	**11,015**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		Deferred tax is recognised in the balance sheet as follows:		
11,174	10,855	Deferred tax assets	2,917	2,149
0	0	Deferred tax liabilities	-11,015	-8,004
11,174	**10,855**		**-8,098**	**-5,855**

DKK'000	01.01	Recognised in income statement	Recognised in other comprehen-sive income	Recognised in equity	Reclassifi-cation and other adjustments	31.12
						GROUP

24. Deferred tax

DKK'000	01.01	Recognised in income statement	Recognised in other comprehen-sive income	Recognised in equity	Reclassifi-cation and other adjustments	31.12
2013						
Intangible assets	11,569	166	0	0	0	11,735
Property, plant and equipment	21,589	-4,990	0	0	0	16,599
Inventories	2,875	102	0	0	0	2,977
Receivables	-83	139	0	0	0	56
Liabilities	-6,268	383	0	0	0	-5,885
Value adjustment of derivative financial instruments	1,295	-353	290	0	0	1,232
Tax loss carryforwards	-25,122	6,664	-226	0	68	-18,616
	5,855	**2,111**	**64**	**0**	**68**	**8,098**
2012						
Intangible assets	11,848	-255	0	0	-24	11,569
Property, plant and equipment	16,430	5,192	0	0	-33	21,589
Inventories	3,346	-464	0	0	-7	2,875
Receivables	-411	327	0	0	1	-83
Liabilities	-892	-5,378	0	0	2	-6,268
Value adjustment of derivative financial instruments	-1,767	260	2,798	0	4	1,295
Tax loss carryforwards	-26,711	1,934	-345	0	0	-25,122
	1,843	**1,616**	**2,453**	**0**	**-57**	**5,855**

DKK'000	01.01.	Transfer subsidiaries	Recognised in income statement	Recognised in other comprehen-sive income	Recognised in equity	31.12.
						PARENT
2013						
Intangible assets	29	0	38		0	67
Property, plant and equipment	-374	0	370	0	0	-4
Liabilities	-75	0	-4	0	0	-79
Tax loss carryforwards	-10,754	2,474	-2,785	226	0	-10,839
	-11,174	**2,474**	**-2,381**	**226**	**0**	**-10,855**
2012						
Intangible assets	48	0	-19		0	29
Property, plant and equipment	-190	0	-184	0	0	-374
Liabilities	-75	0	0	0	0	-75
Tax loss carryforwards	-14,054	3,300	0	0	0	-10,754
	-14,271	**3,300**	**-203**	**0**	**0**	**-11,174**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		25. Trade payables		
1,650	**766**	Trade payables	**116,796**	**106,197**
		Carrying amount is equal to the fair value of the liabilities.		
		26. Other payables		
		Other payables comprise items payable relating to payroll, withholding taxes, social contributions, holiday pay, derivatives, VAT and duties.		
		The holiday pay obligation represents the Group's obligation to pay salaries in the employees' holidays for which they have qualified at the balance sheet date to take in the subsequent financial year.		
		27. Charges		
		Mortgage debt is secured by way of mortgage on properties.		
		The mortgage also comprises the plant and machinery deemed part of the properties.		
		Moreover, loans with banks and financial institutions are secured by way of a letter of indemnity on real property and mortgages registered to the mortgagor with secondary liability, totalling a nominal amount of DKK 65 million (2012: DKK 65 million).		
71,400	**68,830**	Carrying amount of mortgaged properties	**128,847**	**130,471**
		Loans with banks and financial 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 of a nominal amount of DKK 40 million (2012: DKK 40 million).		
0	**0**	Carrying amount of mortgaged operating equipment	**35,655**	**37,289**
		Bank debt is secured by way of mortgage on shares in the Group's Danish subsidiaries.		
298,288	**298,288**	Carrying amount of pledged shares (cost)		
		Carrying amount of mortgaged enterprises (equity value)	**362,550**	**338,619**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		28. Rental and lease obligations		
		For the years 2014-2021, the Group has entered into operating leases on properties. The leases have fixed lease payments which are indexed annually. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
1,333	1,360	Within one year from the balance sheet date	16,822	14,656
5,604	5,716	Between one and five years from the balance sheet date	36,927	37,948
6,066	4,595	After five years from the balance sheet date	8,061	13,100
13,003	**11,671**		**61,810**	**65,704**
1,306	**1,333**	Minimum lease payments recognised in the income statement for the year	**15,293**	**15,784**
		A few of the leases include purchase options in the lease period at agreed fixed prices. If the options are not exercised, the leases will continue until 2021.		
		For the years 2014-2017, the Group has entered into operating leases on production machinery. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
0	0	Within one year from the balance sheet date	1,865	2,306
0	0	Between one and five years from the balance sheet date	2,163	4,414
0	0	After five years from the balance sheet date	0	0
0	**0**		**4,028**	**6,720**
0	**0**	Minimum lease payments recognised in the income statement for the year	**2,109**	**2,299**
		For the years 2014-2019, the Group has entered into operating leases on operating equipment and cars. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
167	152	Within one year from the balance sheet date	2,388	2,258
216	64	Between one and five years from the balance sheet date	2,716	3,572
0	0	After five years from the balance sheet date	105	247
383	**216**		**5,209**	**6,077**
167	**167**	Minimum lease payments recognised in the income statement for the year	**2,137**	**2,586**
		Overall, the rental and lease obligations can be specified as follows:		
1,500	1,512	Within one year from the balance sheet date	21,075	19,220
5,820	5,780	Between one and five years from the balance sheet date	41,806	45,934
6,066	4,595	After five years from the balance sheet date	8,166	13,347
13,386	**11,887**		**71,047**	**78,501**
0	**0**	Leases regarding acquisition of machinery for future delivery	**25,000**	**3,000**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**

29. Recourse guarantee commitments and contingent liabilities

		Together with its subsidiaries, the Parent has entered into bank commitments in which the Parent is liable for the total bank overdraft withdrawal.		
73,185	**125,408**	Subsidiaries' bank debt		
		The Parent has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.		
78,411	**69,244**	Surety, guarantee and liability		
		The Parent is jointly and severally liable for the subsidiaries' lease obligations.		
45,580	**56,294**	Minimum lease payments		

On behalf of a subsidiary, the Parent has provided a payment guarantee of DKK 1,966 thousand to a supplier (2012: DKK 772 thousand).

The Parent is jointly taxed with the Danish companies in the SP Group. As administrative company, together with the other companies included in the joint taxation, the Company has joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. At 31 December 2013, the jointly taxed companies´ net liabilities to SKAT amounted to DKK 0 (31 December 2012: DKK 0).

30. Changes in net working capital

2012	2013	DKK'000	2013	2012
0	0	Change in inventories	12,512	9,303
-25,795	-21,458	Change in receivables	13,955	-13,240
-37,646	-6,122	Change in trade payables, etc.	-1,926	-2,014
-63,441	**-27,580**		**24,541**	**-5,951**

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		31. Cash and cash equivalents		
194	12	Cash	27,977	32,255
-63,968	-53,607	Short-term bank debt	-179,015	-135,202
-63,774	**-53,595**		**-151,038**	**-102,947**
		32. Fees to the Parent's auditors appointed by the general meeting		
		External expenses include fees to the Parent's auditors appointed by the general meeting:		
		KPMG		
200	240	Statutory audit	840	850
0	0	Other assurance engagements	6	11
301	90	Tax and VAT advice	138	401
175	160	Non-audit services	337	262
676	**490**		**1,321**	**1,524**

33. Related parties

Related parties exercising control over the Group and the Parent

There are no related parties exercising control over SP Group A/S. Shareholders holding more than 5% of the share capital are disclosed in note 37.

For an outline of subsidiaries, see the group chart in note 40.

Related party transactions, Group

As in previous years, the Group has leased a production property from a companyin which members of the Group Executive Board and Board of Direkctors indirectly hold shares. Rent amounted to DKK 1,333 thousand in 2013 (2012: DKK 1,307 thousand). The lease, which was entered into in 2009, is non-terminable until 2021 (sale and lease back arrangement). During the lease term, the Group is entitled to repurchase the propertyat the original selling price. The Group did not have any other related party transactions in 2012 and 2013 apart from remuneration of the Board of Directors and the Executive Board, cf. note 6.

Related party transactions, Parent

DKK'000	Rental income	Sale of goods and services	Purchase of goods and services	Interest income	Interest expenses	Receivables	Payables
2013							
From subsidiaries	4,496	7,004	0	562	777	9,177	45,797
2012							
From subsidiaries	2,964	6,771	0	1,680	876	30,583	37,129

In addition, SP Group A/S received dividends from subsidiaries in the amount of DKK 26,462 thousand (2012: DKK 22,845 thousand).

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

Rental income relates to the Parent's renting of properties to subsidiaries. The rent is fixed on a cost basis.

Sale of services relates to assistance provided to subsidiaries. Intra-group acquisitions and sales are made at cost plus a market-based gain.

No security or guarantees have been provided for intercompany balances at the balance sheet apart from what is disclosed in note 27. Receivables as well as payables will be settled by cash payment. The Group has not realised bad debt losses from related parties or made write-downs for such probable bad debt losses.

Remuneration of the Board of Directors and the Executive Board

For information on the remuneration of the Group's Board of Directors and Executive Board, see note 6.

PARENT			GROUP	
2012	2013	DKK'000	2013	2012
		34. Financial risks and financial instruments		
		Classes of financial instruments		
0	0	Derivative financial instruments acquired to hedge future cash flows	6,986	6,823
0	**0**	**Financial assets applied as hedging instruments**	**6,986**	**6,823**
296	205	Trade receivables	93,105	81,906
30,583	9,177	Receivables from subsidiaries	-	-
7,107	7,028	Other receivables	16,312	16,817
194	12	Cash	27,977	32,255
38,180	**16,422**	**Loans and receivables**	**137,394**	**130,978**
3,223	2,044	Derivative financial instruments acquired to hedge future cash flows	2,044	3,223
3,223	**2,044**	**Financial liabilities applied as hedging instruments**	**2,044**	**3,223**
129,620	107,322	Bank debt	232,729	202,805
110,626	107,513	Financial institutions	176,095	186,033
1,923	1,605	Finance lease obligations	49,183	38,816
1,650	766	Trade payables	116,796	106,197
37,129	45,797	Payables to subsidiaries	-	-
280,948	**263,003**	**Financial liabilities measured at amortised cost**	**574,803**	**533,851**

The fair value of the financial instruments corresponds to the carrying amount, both in the Parent and in the Group, except for the fact that the fair value of the debt to financial institutions has increased by DKK 1.6 million (2012: increase of DKK 2.2 million) in the Group and DKK 1.5 million (2012: increase of DKK 1.4 million) in the Parent. The fair value of debt to financial institutions has been determined based on quoted values, i.e. at level 1, bank debt and finance leasing obligations at level 2 and derivative financial instruments at level 2.

34. Financial risks and financial instruments (continued)

The Parent's and the Group's foreign exchange risks and interest rate risks are shown below. The individual risks, including the Group's policy for control of financial risks and sensitivity provisions are further described in the Management commentary.

Currency risks

The Group is exposed to exchange rate fluctuations.

There is generally a good balance between income and expenses. Approx. 85% of sales is thus recognised in DKK or EUR, and approx. 70% of the Group's fixed costs is incurred in DKK or EUR. The most important commercial currency risk is indirect and relates to the customers' sales outside Europe. Similarly, purchasing is primarily conducted in DKK and EUR although the prices of the goods depend on the USD.

48% of the Group's financing has been obtained in EUR, and the remaining debt has mainly been obtained in DKK. A fluctuation of 1% in the EUR rate against DKK may therefore affect the financial performance by up to approx. DKK 2.0 million. To reduce the currency risk and match income and expenses even better, debt relating to the Chinese and Polish enterprises has been raised in USD, PLN and EUR.

In order to hedge the currency risk on future sale of goods in EUR from the Polish enterprises and sales in USD from several of the Group's enterprises, derivative financial contracts have been concluded, in accordance with the Group's currency policy as approved by the Board of Directors, hedging a part of the currency risk related to these sales for a period of up to three years.

Thus, a contract on the sale of EUR against PLN in the amount of DKK 346.7 million (2012: DKK 146.9 million) and USD against DKK in the amount of DKK 0 million (2012: DKK 5.9 million) was concluded at 31 December 2012.

Due to the Group's use of derivative financial instruments for hedging the Group's exposure in relation to expected sales transactions, recognition of the effective part of the changes in the fair value of the hedging instruments in the cash flow hedge reserve affects the Group's equity by net DKK 0.6 million before tax and DKK 0.4 million after tax.

					GROUP
	Cash and cash equivalents	**Receivables**	**Liabilities**	**Hedged portion**	**Net position**
EUR	7,706	48,091	-281,818	0	-226,021
PLN	1	17,044	-17,419	0	-374
USD	7,871	14,941	-867	0	21,945
CAD	830	1,010	-180	0	1,660
SEK	3,201	1,227	-1,720	0	2,708
NOK	0	1,891	-1,536	0	355
JPY	24	0	0	0	24
RMB	6,524	7,748	-11,177	0	3,095
CHF	0	0	-75		-75
GBP	0	0	-162		-162
BRL	535	1,758	-530	0	1,763
31/12/2013	**26,692**	**93,710**	**-315,484**	**0**	**-195,082**
EUR	9,407	45,514	-208,349	0	-153,428
PLN	271	12,512	-39,645	0	-26,862
USD	2,734	9,921	-5,893	0	6,762
CAD	416	2,170	-1,389	0	1,197
SEK	2,239	2,135	-3,868	0	506
NOK	0	2,245	-1,906	0	339
JPY	0	0	-180	0	-180
RMB	9,473	6,138	-9,637	0	5,974
BRL	510	585	-420	0	675
31/12/2012	**25,050**	**81,220**	**-271,287**	**0**	**-165,017**

					PARENT
	Cash and cash equivalents	**Receivables**	**Liabilities**	**Hedged portion**	**Net position**
EUR	5	182	-131,690	0	-131,503
PLN	0	0	-26		-26
USD	0	0	0	0	0
31/12/2013	**5**	**182**	**-131,716**	**0**	**-131,529**
EUR	71	225	-124,708	0	-124,412
USD	0	0	-4,037	0	-4,037
31/12/2012	**71**	**225**	**-128,745**	**0**	**-128,449**

34. Financial risks and financial instruments (continued)

Interest rate risks

Interest rate risks primarily relate to the interest-bearing net debt, i.e. mortgage debt and bank debt less cash and cash equivalents. At year end, net interest-bearing debt amounted to DKK 430 million. 80% of the debt carried a floating rate, including mortgage debt with an average interest rate of approx. 1.5% for the next six months. An increase in the general interest level of one percentage point will result in an increase in the Group's interest expenses before tax of approx. DKK 3.4 million.

SP Group focuses on increasing cash flows from operating activities so that the net interest-bearing debt can be reduced and the Group can finance investments via operating activities. The Group also aims at reducing debt by selling non-value creating assets and activities.

The interest rate risk related to financial assets and liabilities can be described as follows with the disclosure of date of interest rate adjustment or maturity, whichever occurs first, and effective interest rates.

GROUP

DKK'000	Time of interest rate adjustment or maturity: Within 1 years	Between 1 and 5 years	After 5 years	Total	Fixed interest rate portion	Effective interest rate
Bank deposit	27,977	0	0	27,977		0.8%
Financial institutions	-94,388	-81,707	0	-176,095		2.1%
Finance lease obligations	-49,183	0	0	-49,183		2.3%
Bank debt	-232,729	0	0	-232,729		2.6%
31/12/2013	**-348,323**	**-81,707**	**0**	**-430,030**	**0**	
Bank deposit	32,255	0	0	32,255	0	1.2%
Financial institutions	-100,593	-85,440	0	-186,033	-754	3.0%
Finance lease obligations	-38,816	0	0	-38,816	0	2.5%
Bank debt	-202,805	0	0	-202,805	0	3.3%
31/12/2012	**-309,959**	**-85,440**	**0**	**-395,399**	**-754**	

The fair value of the interest rate swaps outstanding at the balance sheet date entered into to hedge the interest rate exposure of floating-rate loans amounts to DKK 3,446 thousand (31/12/2011: DKK 2,116 thousand). Interest rate swaps will expire in 2016 and 2017.

PARENT

DKK'000	Time of interest rate adjustment or maturity: Within 1 years	Between 1 and 5 years	After 5 years	Total	Fixed interest rate portion	Effective interest rate
Bank deposit	12	0	0	12	0	0.0%
Financial institutions	-35,233	-72,280	0	-107,513	0	2.3%
Finance lease obligations	1,605	0	0	1,605	0	3.4%
Bank debt	-107,322	0	0	-107,322	0	2.6%
31/12/2013	**-140,938**	**-72,280**	**0**	**-213,218**	**0**	
Bank deposit	194	0	0	194	0	0.0%
Financial institutions	-36,189	-74,437	0	-110,626	0	2.3%
Finance lease obligations	1,923	0	0	1,923	0	4.0%
Bank debt	-129,620	0	0	-129,620	0	2.9%
31/12/2012	**-163,692**	**-74,437**	**0**	**-238,129**	**0**	

The fair value of the interest rate swaps outstanding at the balance sheet date entered into to hedge the interest rate exposure of floating-rate loans amounts to DKK 2,044 thousand (31/12/2012: DKK 3,446 thousand). Interest rate swaps expire at the end of 2017.

34. Financial risks and financial instruments (continued)

Credit risks

The Company's primary credit risk is related to trade receivables. SP Group systematically and continuously monitors the credit rating of customers and cooperative partners. Credit insurance and sale of invoices are used to partially hedge credit risks. However, trade with blue-chip groups is not subject to credit insurance. No individual customers or cooperative partners pose an unusual credit risk to the Group. The customers and cooperative partners are normally well-reputed companies operating in many different business sectors and countries, which reduces the overall credit risk.

PARENT			GROUP	
2012	**2013**	DKK'000	**2013**	**2012**
		Due receivables not written down:		
255	8	Due by up to one month	13,944	14,172
0	0	Due between one and three months	5,744	4,164
0	0	Due by more than three months	1,656	951
255	**8**		**21,344**	**19,287**

Liquidity risks

It is the Group's objective to have sufficient cash resources to be able to continuously make appropriate arrangements in case of unforeseen changes in cash outflows. It is Management's opinion that the Company still has reasonable capital resources compared to the Company's operations and sufficient liquidity to meet the Company's present and future liabilities. The Company has a long-term, good and constructive cooperation with its financial business partners. This is expected to continue. The Group has neither neglected nor been in breach of loan agreements in the financial year or the comparative year. The Group determined the cash resources at DKK 83 million at year end 2013.

The maturity of financial liabilities is specified below. The amounts specified represent the amounts falling due exclusive of interest.

				GROUP
DKK'000	**Within 1 years**	**Between 1 and 5 years**	**After 5 years**	**Total**
2013				
Non-derivative financial liabilities				
Bank debt	190,951	41,778	0	232,729
Financial institutions	11,049	104,970	60,076	176,095
Finance lease obligations	10,096	37,367	1,720	49,183
Trade payables	116,796	0	0	116,796
	328,892	**184,115**	**61,796**	**574,803**
Derivative financial instruments				
Derivative financial instruments acquired to hedge future cash flows	0	2,044	0	2,044
	328,892	**186,159**	**61,796**	**576,847**
2012				
Non-derivative financial liabilities				
Bank debt	148,091	48,748	5,966	202,805
Financial institutions	11,008	104,084	70,941	186,033
Finance lease obligations	6,952	29,955	1,909	38,816
Trade payables	106,197	0	0	106,197
	272,248	**182,787**	**78,816**	**533,851**
Derivative financial instruments				
Derivative financial instruments acquired to hedge future cash flows	0	3,446	0	2,044
	272,248	**186,233**	**78,816**	**537,297**

34. Financial risks and financial instruments (continued)

				PARENT
DKK'000	Within 1 years	Between 1 and 5 years	After 5 years	Total
2013				
Non-derivative financial liabilities				
Bank debt	65,544	41,778	0	107,322
Financial institutions	3,224	75,677	28,612	107,513
Finance lease obligations	939	666	0	1,605
Trade payables	766	0	0	766
	70,473	**118,121**	**28,612**	**217,206**
Derivative financial instruments				
Derivative financial instruments acquired to hedge future cash flows	0	2,044	0	2,044
	70,473	**120,165**	**28,612**	**219,250**
2012				
Non-derivative financial liabilities				
Bank debt	75,905	47,748	5,967	129,620
Financial institutions	3,105	75,206	32,315	110,626
Finance lease obligations	503	1,420	0	1,923
Trade payables	1,650	0	0	1,650
	81,163	**124,374**	**38,282**	**243,819**
Derivative financial instruments				
Derivative financial instruments acquired to hedge future cash flows	0	3,446	0	3,446
	81,163	**127,820**	**38,282**	**247,265**

In accordance with IFRS, the level used for measurement of the fair value of financial instruments must be disclosed. Derivative financial instruments are measured in accordance with a valuation method according to which all material data are based on observable market data. Apart from this, the Group has no assets and liabilities measured at fair value.

35. Sale of financial assets

As in previous years, the Group has sold selected trade receivables as part of its credit and risk management. The Group's continued involvement is limited to administration of the sold receivables and a limited guarantee regarding the risk of delayed payment. Thus, the Group has only maintained insignificant risks. The sale has not affected the income statement.

36. Segment information for the Group

Segments

Segments are reported in accordance with the internal reporting to the executive decision-maker. The executive decision-maker is the Board of Directors.

Segments are specified on the basis of the financial and operational reporting reviewed by the Executive Board. The segments are specified by differences in products and services.

Segment information is prepared in accordance with the Group's accounting policies and is based on the Group's internal management reporting in accordance with IFRS.

For management and reporting purposes, the Group is organised in two business segments which are considered the Group's primary basis of segmentation.

Transfers of sale of goods, etc., between the segments are calculated using actual transfer prices corresponding to estimated market prices of the goods, services, etc., in question.

Business segments – 2013

DKK'000	**Coatings**	**Plastics**	**Other*)**	**Group**
Revenue, external customers	176,891	923,015	2,147	1,102,053
Revenue among segments	6,609	-2,226	-4,383	0
Revenue	**183,500**	**920,789**	**-2,236**	**1,102,053**
Profit/loss before depreciation, amortisation and impairment losses (EBITDA)	**28,010**	**96,280**	**-10,110**	**114,180**
Depreciation, amortisation and impairment losses	-8,753	-36,916	-3,169	-48,838
Profit/loss before financial items (EBIT)	**19,257**	**59,364**	**-13,279**	**65,342**
Financial income and expenses				-15,180
Profit/loss before tax				**50,162**
Tax on profit/loss for the year				-11,085
Profit/loss for the year				**39,077**
Additions of non-current property, plant and equipment and intangible assets	2,766	74,799	625	78,190
Segment assets	105,096	672,323	75,506	852,925
Unallocated assets				31,815
				884,740
Segment liabilities, non-interest bearing	32,933	123,671	4,815	161,419
Non-allocated liabilities				470,995
				632,414

*) Comprises eliminations and unallocated overhead costs.

Disclosure of significant customers

13.2 % (2012: 12.0 %) of the Group's revenue from the segments Coatings and Plastics is attributable to sales to the Group's largest customer.

The ten largest customers account for 51.9 % (2012: 53.8 %) of the Group's revenue. Similarly, the 20 largest customers account for 64.6 % of revenue (2012: 67.0 %).

36. Segment information for the Group

Business segments – 2012

DKK'000	**Coatings**	**Plastics**	**Other*)**	**Group**
Revenue, external customers	207,434	899,530	1,563	1,108,527
Revenue among segments	4,879	8,305	-13,184	0
Revenue	**212,313**	**907,835**	**-11,621**	**1,108,527**
Profit/loss before depreciation, amortisation and impairment losses (EBITDA)	**38,374**	**78,804**	**-11,999**	**105,179**
Depreciation, amortisation and impairment losses	-8,689	-35,653	-2,724	-47,066
Profit/loss before financial items (EBIT)	**29,685**	**43,151**	**-14,723**	**58,113**
Financial income and expenses				-16,502
Profit/loss before tax				**41,611**
Tax on profit/loss for the year				-9,774
Profit/loss for the year				**31,837**
Additions of non-current property, plant and equipment and intangible assets	3,293	88,921	38,575	130,789
Segment assets	105,559	612,965	79,884	798,408
Unallocated assets				37,925
				836,333
Segment liabilities, non-interest bearing	28,001	124,385	7,106	159,492
Non-allocated liabilities				436,710
				596,202

*) Comprises eliminations and unallocated overhead costs.

36. Segment information for the Group

Geographical segments

The Group's activities are primarily located in Denmark, the other European countries, America and Asia. The following table shows the Group's sale of goods by geographical markets.

DKK'000	2013	2012
Denmark	549,631	597,726
Other European countries	358,817	329,378
Americas	111,119	98,473
Asia (incl. the Middle East)	81,189	82,176
Other countries	1,297	774
	1,102,053	**1,108,527**

The below table specifies the carrying amounts and additions for the year of non-current property, plant and equipment and intangible assets by geographical areas on the basis of the physical location of the assets.

	Non-current assets		Additions of intangible assets and property, plant and equipment	
DKK'000	2013	2012	2013	2012
Denmark	409,413	389,909	57,527	90,774
Sweden	7	127	0	131
The Netherlands	19,716	18,476	3,030	1,994
Poland	74,259	68,424	15,123	28,349
North America	15,805	12,896	2,383	908
China	11,495	13,973	79	4,368
Brazil	4,400	5,910	48	140
	535,095	**509,715**	**78,190**	**126,664**

37. Shareholder information

SP Group has registered the following shareholders as holding more than 5% of the voting share capital or of the nominal value of the share capital:

Schur Finance A/S, Horsens (19.2 %)

Frank Gad (including related parties), Frederiksberg (15.9 %)

38. Acquisition of subsidiary in 2014

On 24 February 2014, the Group acquired 80% of the shares in Bröderna Bourghardt AB in Sweden. The Group has a call option to acquire an additional 10% of the shares, and seller has a put option to sell 10% of the shares.

For the time being, the fair value of assets and liabilities at the date of acquisition has been distributed as follows (DKK'000):

Property, plant and equipment	5,903
Customer files	1,000
Inventories	2,259
Receivables	3,477
Deferred tax	1,927
Cash	1,113
Bank debt	-4,510
Trade payables	-2,865
Other payables	-883
Net assets acquired	**7,421**
Portion relating to non-controlling interests	-786
Goodwill	3,142
Cash consideration	**9,777**
Cash consideration	5,849
Contingent consideration	3,142
Llability related to the put option	786
Cash consideration	**9,777**

The consideration amounts to DKK 9,777 thousand, of which DKK 5,849 thousand has been paid in cash. In addition, there is a contingent consideration of DKK 3,142 thousand and an expected purchase price of the put option of DKK 786 thousand. The put option has been recognised as a liability in 2014 as it is expected to be exercised.

The contingent consideration of DKK 3,142 thousand has been recognised at fair value at the date of acquisition and at the maximum amount which may become payable as it is expected that the conditions for future earnings will be met.

The Group expects to exercise the option to acquire an additional 10% of the shares in 2016.

The revenue of the acquired company amounted to SEK 22.0 million is the most recent financial year, and EBITDA amounted to SEK 1.0 million.

The expected costs of purchase amount to approx. DKK 0.4 million, which will be expensed in 2014.

39. Events after the balance sheet date

Apart from the acquisition described in note 38 above, no significant events have occurred after the balance sheet date until the publication of this annual report which have not already been incorporated in this annual report and which change the assessment of the Group's or the Parent's financial position.

40. Group companies

			Nom. share capital ('000)	Ownership interest
SP Group A/S	**Denmark**	**DKK**	**20,240**	
SP Moulding A/S	Denmark	DKK	50,000	100 %
SP Medical Sp. z o.o.	Poland	PLN	1,000	100%
SP Moulding Poland Sp. z o.o.	Poland	PLN	1,100	100%
SP International A/S	Denmark	DKK	5,600	75%
SP Moulding (Suzhou) Co., Ltd.	China	USD	4,080	100%
Gibo Plast A/S	Denmark	DKK	30,000	100%
Gibo Sp. z o.o.	Poland	PLN	3,005	100%
Accoat A/S	Denmark	DKK	10,000	100%
Accoat do Brasil	Brazil	BRL	392	100%
Accoat Technology ApS	Denmark	DKK	200	100%
Ergomat A/S	Denmark	DKK	10,000	100%
Ergomat Sp. z o.o.	Poland	PLN	2.005	100%
Ergomat-Nederland B.V.	The Netherlands	EUR	75	100%
Ergomat Sweden AB	Sweden	SEK	100	60%
Ergomat Inc.	USA	USD	360	100%
Ergomat Canada Inc.	Canada	CAD	0	100%
Tinby A/S	Denmark	DKK	10,000	100%
Tinby Sp. z o.o.	Poland	PLN	50	100%
Tinby Denmark A/S	Denmark	DKK	500	100%
Tinby Co., Ltd	China	USD	210	100%
Tinby Inc.	USA	USD	100	100%
TPI Polytechniek B.V.	The Netherlands	EUR	113	100%
TPI Polytechniek ApS	Denmark	DKK	125	100%
SP Extrusion A/S	Denmark	DKK	5,000	100%
Bröderna Bourghardt AB	Sweden	SEK	100	80%
Baltic Rim, SIA	Latvia	LVL	2	100%

In 2014, 80% of the shares in Bröderna Bourghardt AB was acquired.

In 2013, the company Ergomat Sp. z o.o. was established.

In 2013, the ownership interest in TPI Polytechniek B.V. was increased from 90% to 100%.

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