NASDAQ OMX Copenhagen A/S
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DK-1007 Copenhagen K

Announcement no. 14 / 2015
26 March 2015

CVR no. 15701315

*Summary: In 2014, SP Group realised a profit before tax and non-controlling interests of DKK 51.5 million, which is an increase of 2.6% compared to 2013. EPS increased by 2.7%. Revenue increased from DKK 1,102.1 million in 2013 to DKK 1,164.9 million in 2014, corresponding to an increase of 5.7%. In Q4 2014, the Company realised a profit before tax and non-controlling interests of DKK 13.0 million.*

**Annual report 2014**

The Board of Directors of SP Group has today discussed and approved the annual report for 2014, which is enclosed in its entirety.

**Q4 2014**

- In Q4 2014, SP Group sold for DKK 293.8 million, which is 1.6% more than in the same period the year before.
- EBITDA amounted to DKK 28.7 million, which is a decrease of 3.9% compared to the same period the year before.
- Profit before tax and non-controlling interests amounted to DKK 13.0 million, which is a decrease of DKK 0.8 million compared to the same period the year before.
- In Q4, cash flows from operating activities amounted to DKK 13.2 million. Cash flows from investing and financing activities amounted to a positive DKK 29.1 million. The change in cash and cash equivalents was therefore positive by DKK 42.3 million.

**2014**

- Revenue increased by 5.7% to DKK 1,164.9 million compared to 2013.
- Sales to the healthcare industry increased by 8.0% and now account for 38.9% of revenue.
- Foreign sales increased by 5.8% and now account for 50.2% of revenue.
- EBITDA decreased with DKK 0.7 million to DKK 113.5 million.
- EBIT decreased with DKK 5.1 million to DKK 60.2 million.
- Profit before tax and non-controlling interests was improved by DKK 1.3 million, totalling DKK 51.5 million.
- Diluted earnings per share increased by 2.7% to DKK 19.25 per share.
- Cash flows from operating activities were positive, amounting to DKK 64.1 million.
- Net interest-bearing debt increased by DKK 37.2 million to DKK 467.2 million at the end of 2014.
- The Board of Directors proposes distribution of dividends of DKK 3.50 per share (2013: DKK 3.00) to the Company's general meeting.
- A new share buy-back programme of DKK 10.0 million will be initiated.

**Follow-up on previously published expectations**

- Profit for the year of DKK 51.5 million corresponds to the most recently published expectations on 4 November 2014 of '*a slightly larger profit before tax and non-controlling interests compared to 2013 (DKK 50.2 million)*'.
- Revenue amounted to DKK 1,164.9 million, which corresponds to the most recently published expectations on 4 November 2014 of '*a slightly higher level of activity than in 2013 (DKK 1,102 million)*'.
- Cash flows were adversely affected by the decreasing by inventory building.
- NIBD/EBITDA amounted to 4.1, which is slightly higher than the most recently published expectations (between 3 and 4).

**Outlook for 2015**

- Global economy is also expected to grow in 2015, but it is still fragile.
- In the neighbouring markets in Europe, a low growth rate is expected in the economy in general.
- A number of countries still have very large deficits on public finances and a large debt.
- SP Group will launch a number of new products and solutions to customers, particularly in the healthcare, cleantech, food-related and oil and gas industries. These new solutions are expected to contribute to both growth and earnings.
- 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 2014.
- Financial expenses are expected to be realised at the same level as in 2014.
- Strict cost control, early capacity adjustment and continued strong focus on risk management, cash management and capital management provide a good basis for SP Group in the future.
- A slightly larger profit before tax and non-controlling interests and a level of activity slightly higher than in 2014 are expected for 2015, but the market prospects for the year are still uncertain.

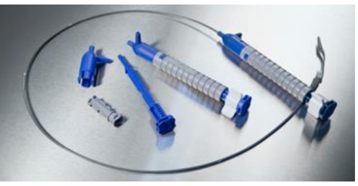
*CEO Frank Gad says: '2014 was our best year so far in terms of profit before tax and minorities. We expect to perform even better in 2015 if the global economy continues its positive development.'*

## Financial highlights for Q4 and the year

| DKK'000 | Q4 2014 (unaudited) | Q4 2013 (unaudited) | The year 2014 (audited) | The year 2013 (audited) |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Revenue | 293,785 | 289,173 | 1,164,942 | 1,102,053 |
| Profit before depreciation and amortisation (EBITDA) | 28,668 | 29,827 | 113,496 | 114,180 |
| Depreciation, amortisation and impairment losses | -13,493 | -11,209 | -53,329 | -48,838 |
| Profit/loss before net financials (EBIT) | 15,175 | 18,618 | 60,167 | 65,342 |
| Loss from financial income and expense | -2,130 | -4,809 | -8,691 | -15,180 |
| Profit before tax and non-controlling interests | 13,045 | 13,809 | 51,476 | 50,162 |
| Profit for the period | 10,319 | 10,293 | 39,809 | 39,077 |
| SP Group A/S' share | 10,378 | 10,224 | 39,020 | 39,039 |
| | | | | |
| Earnings per share, DKK per share | | | 19.87 | 19.91 |
| Diluted earnings per share, DKK per share | | | 19.25 | 18.74 |
| Cash flow per share, DKK | | | 31.6 | 32.1 |
| Total dividends for the year | | | 3.5 | 3.0 |
| | | | | |
| **BALANCE SHEET** | | | | |
| Non-current assets | | | 574,845 | 538,012 |
| Total assets | | | 943,421 | 884,740 |
| Equity | | | 266,731 | 243,996 |
| Equity, including non-controlling interests | | | 276,361 | 252,326 |
| | | | | |
| Investments in property, plant and equipment, excluding acquisitions | 21,111 | 30,247 | 77,791 | 67,242 |
| | | | | |
| **Net interest-bearing debt** (NIBD) | | | 467,197 | 430,030 |
| | | | | |
| **CASH FLOWS** | | | | |
| Cash flows from operating activities | 13,167 | 31,906 | 64,101 | 66,903 |
| Cash flows from investing activities | -17,817 | -12,765 | -64,330 | -60,135 |
| Cash flows from financing activities | 46,899 | -20,075 | 9,985 | -54,859 |
| Changes in cash and cash equivalents | 42,249 | -934 | 9,756 | -48,091 |
| | | | | |
| Average number of employees | | | 1,255 | 1,136 |
| | | | | |
| **FINANCIAL RATIOS** | | | | |
| Operating profit (EBITDA margin), % | 9.8 | 10.3 | 9.7 | 10.4 |
| Profit margin (EBIT margin), % | 5.2 | 6.4 | 5.2 | 5.9 |
| Profit before tax and non-controlling interests in % of revenue | 4.4 | 4.8 | 4.4 | 4.6 |
| Return on invested capital, including goodwill, % | | | 8.4 | 9.8 |
| Return on invested capital, excluding goodwill, % | | | 9.8 | 11.7 |
| Return on equity (ROE), excluding non-controlling interests, % | | | 15.3 | 16.6 |
| | | | | |
| Equity ratio, excluding non-controlling interests, % | | | 28.3 | 27.6 |
| Equity ratio, including non-controlling interests, % | | | 29.3 | 28.5 |
| Financial gearing | | | 1.7 | 1.7 |
| | | | | |
| Listed price, DKK per share, year end | | | 219.5 | 230.0 |
| Net asset value per share, DKK per share, year end | | | 135 | 125 |
| Listed price/net asset value, year end | | | 1.63 | 1.84 |
| | | | | |
| Average number of shares, year end | | | 2,024,000 | 2,024,000 |
| Portion relating to treasury shares, year end | | | 43,993 | 77,315 |

**For further information:**

**CEO Frank Gad**
**Telephone: +45 70 23 23 79**
**www.sp-group.dk**



## Development in segments in Q4 2014

### COATINGS
(Accoat)

| DKK'000 | Q4 2014 (unaudited) | Q4 2013 (unaudited) | The year 2014 (audited) | The year 2013 (audited) |
|---|---|---|---|---|
| Revenue | 41,679 | 49,078 | 167,914 | 183,500 |
| Profit before depreciation and amortisation (EBITDA) | 5,345 | 9,497 | 18,829 | 28,010 |
| Profit/loss before net financials (EBIT) | 3,062 | 7,307 | 9,748 | 19,257 |
| Average number of employees | | | 75 | 81 |

- In Q4, revenue amounted to DKK 41.7 million, which is a decrease of DKK 7.4 million compared to Q4 2013, corresponding to 15.1%. The decrease is attributable to a decrease in the number of large projects in the cleantech industry.
- EBITDA decreased to DKK 5.3 million in Q4 against DKK 9.5 million in the same period in 2013, corresponding to a decrease of 43.7%. The decrease is primarily attributable to a lower level of activity and a change in product mix.
- EBIT decreased to DKK 3.1 million in Q4 against DKK 7.3 million in Q4 2013. The decrease is primarily attributable to the lower level of activity.

### PLASTICS
Injection moulding (SP Moulding and SP Medical)
Vacuum (Gibo Plast)
PUR (Ergomat, Tinby, TPI Polytechniek and Bröderna Bourghardt)
Extrusion (SP Extrusion (from 2014))

| DKK'000 | Q4 2014 (unaudited) | Q4 2013 (unaudited) | The year 2014 (audited) | The year 2013 (audited) |
|---|---|---|---|---|
| Revenue | 249,123 | 237,059 | 999,317 | 920,789 |
| Profit before depreciation and amortisation (EBITDA) | 25,558 | 23,312 | 104,420 | 96,280 |
| Profit/loss before net financials (EBIT) | 15,333 | 15,072 | 63,430 | 59,364 |
| Average number of employees | | | 1,166 | 1,042 |

- In Q4, revenue amounted to DKK 249.1 million, which is an increase of DKK 12.1 million compared to the same period in 2013, corresponding to 5.1%. The increase is attributable to increased sales to all customer groups and increased sales from all three technologies (injection moulding, vacuum and PUR).
- EBITDA increased to DKK 25.6 million in Q4 against DKK 23.3 million in the same period in 2013, corresponding to an increase of 9.6%.
- EBIT increased to DKK 15.3 million in Q4 against DKK 15.1 million in Q4 2013. The increase is primarily due to increased revenue.

### OTHER (Parent and eliminations)

| DKK'000 | Q4 2014 (unaudited) | Q4 2013 (unaudited) | The year 2014 (audited) | The year 2013 (audited) |
|---|---|---|---|---|
| Revenue | 2,983 | 3,036 | -2,289 | -2,236 |
| Profit before depreciation and amortisation (EBITDA) | -2,235 | -2,982 | -9,753 | -10,110 |
| Profit/loss before net financials (EBIT) | -3,020 | -3,761 | -13,011 | -13,279 |
| Average number of employees | | | 10 | 13 |

# Annual Report '14

CVR no: 15 70 13 15

SP Group

# Contents



The picture on the front page shows a medico product manufactured by SP Medical A/S

# Company details

## Company details

**The Company**
SP Group A/S
Snavevej 6-10
DK-5471 Søndersø
Telephone: +45 70 23 23 79
Fax: +45 70 23 23 52

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

## 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

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

## Annual general meeting

The annual general meeting will be held on Tuesday 28 April 2015 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 1,255 people in 2014 and approx. 800 registered shareholders.

**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 B.V.**
      - TPI Polytechniek ApS
    - **Brdr. Bourghardt AB**
      - Baltic Rim Ltd.
  - **Vacuum**
    - **Gibo Plast A/S**
      - Gibo Sp. z o.o.
    - **SP Extrusion**
  - **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 healthcare, cleantech, food and oil and gas industries.

**Plastic solutions:** Generated by using one or more of the following technologies: Reaction injection moulding (polyurethane and Telene), 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 cleantech industry. Moreover, it manufactures ventilation equipment, ergonomic mats and striping products.
- Vacuum: Manufactures thermo-formed 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

2014 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 together with geopolitical unrest, adversely affects global growth.

The central banks' cure is still low interest rates and extensive cash 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 5.8% and now account for 50.2% of total sales.

Revenue in Denmark increased by 5.6% although there was a decreasing number of large projects compared to 2013.

Total revenue amounted to DKK 1,165 million, which is an increase of 5.7% compared to 2013 and at level with the most recently published expectations on 4 November 2014.

EBITDA decreased by 0.6% to DKK 113.5 million. EBIT decreased by 8.0% to DKK 60.2 million.

Profit before tax and non-controlling interests increased by 2.6% to DKK 51.5 million, which is our best results so far and at level with the most recently published expectations on 4 November 2014.

Diluted earnings per share increased by 2.7% to DKK 19.25 per share.

Cash flows from operating activities were positive by DKK 64.1 million.

Net interest-bearing debt increased by DKK 37.2 million to DKK 467.2 million at the end of 2014, which corresponds to 4.1 times EBITDA for the year.

2014 was an eventful year, and moreover:
- Our sales to the healthcare industry increased by 8.0% and now amount to 38.9% of revenue.
- Our sales to the food industry increased by 11.5% and now amount to more than 16.0% of revenue.
- Our sales to the cleantech industry increased by 4.2% and now amount to 27.8% of revenue. 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 a good potential for the future.
- We acquired 80% of the shares in Bröderna Bourghardt AB, a Swedish firm with production in Latvia of Telene (impact-resistant plastic suitable for large components) and prepeg (advanced glass fibre). This improved our overall service and product supply to our existing customers, and we have gained access to new customers.
- 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 2014.
- We launched a number of new and improved products in 2014 (guidewires, ergonomic mats and farm ventilation equipment). Moreover, we have developed new product to be launched in 2015. We have developed 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 77.8 million in new equipment, of which DKK 22.2 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 was not put into commercial operation until late 2014, and we lost money on the operation.
- We sold more new moulds to our customers than previously.
- The price of the SPG share decreased from 230,0 to 219.5 at the end of 2014, which provided our shareholders with a negative return of 3.3%. This is considerably less than the general returns in the market. However, over the past five years, the accumulated rate of return amounted to approx. 430%, including dividend.
- We distributed dividend of DKK 3.00 per share.

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

Based on the financial performance in 2014 (NIBD/EBITDA = 4.1, EBIT % = 5.2 and equity ratio including non-controlling interests 29.3%) and the outlook for 2015, the Board of Directors proposes dividends of DKK 3.50 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 2014, our tax expenses amounted to DKK 11.7 million, corresponding to an effective tax rate of 22.7%. We pay tax in the country 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. Our tax policy is available at the website www.sp-group.dk.

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, make more efficient – 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 our customers, shareholders and employees.

Frank Gad
CEO

# Group financial highlights

| DKK '000 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 1,164,942 | 1,102,053 | 1,108,527 | 976,805 | 851,902 |
| Profit before depreciation and amortisation (EBITDA) | 113,496 | 114,180 | 105,179 | 96,531 | 83,019 |
| Depreciation, amortisation and impairment losses | -53,329 | -48,838 | -47,066 | -43,770 | -41,327 |
| Profit/loss before net financials (EBIT) | 60,167 | 65,342 | 58,113 | 52,761 | 41,692 |
| Loss from financial income and expense | -8,691 | -15,180 | -16,502 | -18,486 | -12,894 |
| Profit/loss before tax and non-controlling interests | 51,476 | 50,162 | 41,611 | 34,275 | 28,798 |
| Profit/loss for the year | 39,809 | 39,077 | 31,837 | 25,906 | 25,281 |
| SP Group A/S' share | 39,020 | 39,039 | 31,563 | 22,832 | 21,440 |
| Earnings per share, DKK each unit | 19.87 | 19.91 | 15.66 | 11.28 | 10.59 |
| Diluted earnings per share, DKK each unit | 19.25 | 18.74 | 15.34 | 11.11 | 10.45 |
| **BALANCE SHEET** | | | | | |
| Non-current assets | 574,845 | 538,012 | 511,864 | 440,111 | 420,210 |
| Total assets | 943,421 | 884,740 | 836,333 | 769,107 | 741,653 |
| Equity | 266,731 | 243,996 | 227,046 | 191,090 | 176,217 |
| Equity, including non-controlling interests | 276,361 | 252,326 | 240,131 | 205,599 | 190,667 |
| Investments in property, plant and equipment, excl. acquisitions | 77,791 | 67,242 | 120,754 | 53,415 | 37,463 |
| **CASH FLOW STATEMENT** | | | | | |
| Cash flows from operating activities | 64,101 | 66,903 | 100,094 | 66,885 | 57,828 |
| Cash flows from investing activities | -64,330 | -60,135 | -87,624 | -51,852 | -46,889 |
| Cash flows from financing activities | 9,985 | -54,859 | 882 | -13,705 | 47,285 |
| Change in cash and cash equivalents | 9,756 | -48,091 | 13,352 | 1,328 | 58,224 |
| **FINANCIAL RATIOS** | | | | | |
| Net interest-bearing debt (NIBD) | 467,197 | 430,030 | 395,399 | 355,047 | 367,441 |
| NIBD/EBITDA | 4.1 | 3.8 | 3.8 | 3.7 | 4.4 |
| Operating profit (EBITDA margin), % | 9.7 | 10.4 | 9.4 | 9.9 | 9.7 |
| Profit margin (EBIT margin), % | 5.2 | 5.9 | 5.2 | 5.4 | 4.9 |
| Profit/loss before tax and non-controlling interests in% of revenue | 4.4 | 4.6 | 3.8 | 3.5 | 3.4 |
| Return on invested capital, including goodwill, % | 8.4 | 9.8 | 9.6 | 9.3 | 7.5 |
| Return on invested capital, excluding goodwill, % | 9.8 | 11.7 | 11.7 | 11.5 | 9.3 |
| Return on equity (ROE), excluding non-controlling interests, % | 15.3 | 16.6 | 15.1 | 12.4 | 13.2 |
| Equity ratio, excluding non-controlling interests, % | 28.3 | 27.6 | 27.1 | 24.8 | 23.8 |
| Equity ratio, including non-controlling interests, % | 29.3 | 28.5 | 28.7 | 26.7 | 25.7 |
| Financial gearing | 1.7 | 1.7 | 1.6 | 1.7 | 1.9 |
| Cash flow per share, DKK | 31.6 | 32.1 | 48.7 | 32.5 | 28.4 |
| Total dividends for the year per share, DKK | 3.5 | 3.0 | 2.5 | 2.0 | 0 |
| Listed price, DKK per share, year end | 219.5 | 230.0 | 120.0 | 91.0 | 84.5 |
| Net asset value per share, DKK per share, year end | 135 | 125 | 115 | 94 | 87 |
| Listed price/net asset value, year end | 1.63 | 1.84 | 1.04 | 0.96 | 0.97 |
| Average number of employees | 1,255 | 1,136 | 1,062 | 999 | 895 |
| 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 | 43,993 | 77,815 | 48,746 | 0 | 0 |

The key figures and ratios for 2010-2014 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

## 2014 in outline

Sales of plastic solutions increased by 8.5%, and sales of surface coatings decreased by 8.5%.

The Group's revenue increased by 5.7% to DKK 1,164.9 million from DKK 1,102.1 million in 2013. The increase is attributable to organic growth (3.4%), including existing and new customers, as well as the acquisition of Bröderna Bourghardt AB (2.3%) during the year.

Foreign sales increased by 5.8% and now account for 50.2% (up from 50.1% in 2013). Particularly in North America and Asia, growth rates were high, but also in Europe, growth rates were high. It is the second time our direct sales abroad amount to more than 50% of revenue.

Sales to the healthcare industry increased by 8.0% and were widely based on customers, products, geography and technology. Sales to the healthcare industry now account for 39% of our sales (against 38% in 2013).

Owing to political and market uncertainties in Europe, SP Group experienced a relatively large decline in the sale of TPI's farm ventilation components and Accoat's coating services to the cleantech and oil and gas industries.

The sale of own brands increased by 0.1%. SP Group experienced fair growth in the sale of ergonomic products (+3.8%) and guidewires (+11.9%) but a relatively large decline in the sale of farm ventilation components (-14.1%).

The Group's operating profit – EBITDA – decreased by 0.6% to DKK 113.5 million. The EBITDA margin amounted to 9.7%. 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 77.8 million, which is an increase of DKK 10.6 million compared to 2013. Investments for the year did essentially not include property investments.

Depreciation, amortisation and impairment losses amounted to DKK 53.3 million, which is an increase of DKK 4.5 million compared to 2013.

EBIT amounted to DKK 60.2 million, corresponding to 5.2% of revenue. EBIT decreased by DKK 5.2 million compared to 2013.

The Group's financial net expenses decreased from DKK 15.2 million in 2013 to DKK 8.7 million in 2014 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 2013.

Diluted earnings per share amounted to DKK 19.25, which is an increase of 2.7% compared to 2013.

At the end of 2014, interest-bearing debt can be specified by currency as follows:

| | | |
|---|---|---|
| DKK | DKK | 336 million |
| EUR | DKK | 136 million |
| PLN | DKK | 8 million |
| USD | DKK | -10 million |
| RMB | DKK | -3 million |
| Total | DKK | 467 million |

## Cash flows

Cash flows from operating activities decreased to DKK 64.1 million (against DKK 66.9 million in 2013) primarily due to increased funds tied up in working capital.

Cash flows from investing activities amounted to DKK 64.3 million, which partly related to capacity and competency development within the medical device industry (approx. DKK 27 million), the cleantech industry (approx. DKK 7 million) and food-related industries (approx. DKK 3 million) and partly to general productivity promoting and energy saving investments (approx. DKK 20 million). Moreover, 80% of the shares in Bröderna Bourghardt AB was acquired.

Instalments on non-current debt amounted to DKK 38.4 million, and new non-current loans raised amounted to DKK 60.0 million.

Dividend of DKK 6.8 million was paid to the shareholders, and treasury shares of DKK 4.9 were acquired, net.

The change in cash and cash equivalents was positive by DKK 9.8 million.

## Balance sheet

The balance sheet total was increased from DKK 884.7 million to DKK 943.4 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 467.2 million from DKK 430.0 million and amounted to 4.1 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 decreased from 24.0% to 23.5% of the balance sheet, and the non-current interest-bearing debt has increased from 27.8% to 29.2% of the balance sheet. The equity interest has increased from 28.5% to 29.3%, and non-interest bearing debt has decreased from 19.7% to 18.1%.

The net interest-bearing debt thus increased from 48.6% to 49.5% of the balance sheet.

In 2014, equity was positively affected by exchange rate adjustments (DKK 1.9 million) of the foreign companies. Equity was adversely affected by the acquisition of treasury shares at DKK 4.9 million, net, and the payment of dividend of DKK 6.8 million. Value adjustments of financial instruments acquired to hedge future cash flows, primarily forward contracts (PLN against EUR) adversely affected comprehensive income and accordingly equity by DKK 7.1 million.

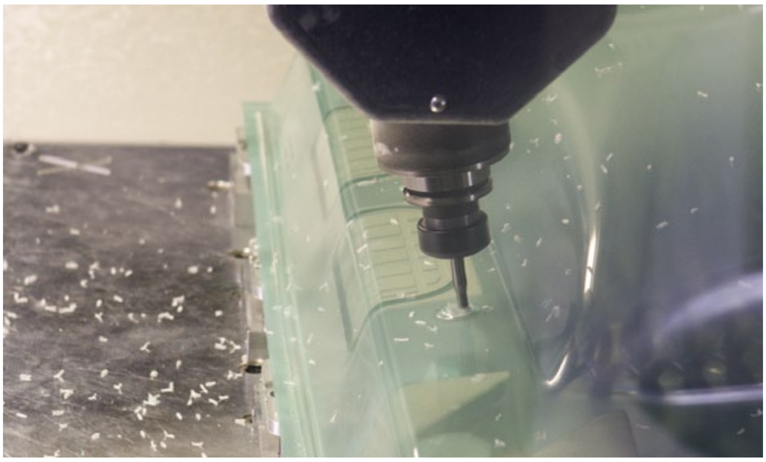
## Q4 2014

In Q4 2014, SP Group sold for approx. DKK 293.8 million, which is 1.6% more than in the same period the year before.

EBITDA amounted to DKK 28.7 million, which is a decrease of 3.9% compared to the same period the year before.

EBIT amounted to DKK 15.2 million, which is a decrease of DKK 3.4 million compared to the same period the year before.

Using a three-coordinate measuring machine, Linda Jespersen measures components for medical device customers



TrImning of a transparent part at Gibo Plast

Profit before tax and non-controlling interests amounted to DKK 13.0 million, which is a decrease of DKK 0.8 million compared to the same period the year before.

The EBITDA margin in Q4 was 9.8%, and profit/loss before tax and non-controlling interests amounted to 4.4% of revenue.

In Q4, cash flows from operating activities amounted to DKK 13.2 million (2013: DKK 31.9 million). Cash flows from investing and financing activities amounted to DKK 29.1 million (2013: a negative DKK 32.8). Accordingly, the change in liquidity was positive by DKK 42.3 million (2013: a negative DKK 0.9 million).

## Follow-up on previously published expectations

Profit for the year of DKK 51.5 million before tax and non-controlling interests thus corresponds to the most recently published expectations on 4 November 2014 of a slightly larger profit before tax and non-controlling interests compared to 2013 (DKK 50.2 million). Revenue amounted to DKK 1,164.9 million, which corresponds to the most recently published expectations on 4 November 2014 of "a continued slightly higher level of activity than in 2013 (DKK 1,102.1 million), but the market prospects are still uncertain".

**Previously published expectations:**

| | |
|---|---|
| 27 March 2014: | 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. NIBD/EBITDA of 3-4 at year end is expected. |
| 30 April 2014: | See above. |
| 21 August 2014: | See above. |
| 4 November 2014: | See above. |

NIBD/EBITDA of 4.1 slightly exceeds the most recently published expectations on 4 November 2014.

Cash flows were adversely affected by the decreasing sale of selected debt and adversely affected by inventory building.

## Events after the balance sheet date

As stated in company announcement no. 67/2014 on 24 November 2014, Gibo Plast A/S has entered into an agreement to acquire the activities in Scanvakuum ApS at 1 January 2015. Payment was made cash. Scanvakuum is a minor vacuum forming enterprise in Sorø. In future, the customers will be served by Gibo's customer service in Skjern where also the technical support is located. The factory in Sorø has been closed. All the employees at Scanvakuum have been offered other jobs in the Group which has so far owned Scanvakuum.

As stated in company announcement no. 11/2015 on 13 March 2015, SP Moulding A/S has entered into an agreement to acquire all the shares in Sander Tech ApS at 13 March 2015. Payment was made cash. Sander Tech is a minor, but highly specialised, injection moulding enterprise in Nibe. In future, the customers will be served by SP Moulding's customer service in Stoholm where also the technical support is located. The factory in Nibe will be closed during 2015.

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 Parent's financial position.

## Outlook for 2015

Global economy is also expected to grow in 2015, 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 healthcare, 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 2015; however, at a lower level than in 2014. 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 2014.

Financial expenses are expected to be realised at the same level as in 2014.

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 2014 are expected for 2015, but the market prospects for the year are still uncertain.

# Strategic development

## Financial goals are adjusted

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 2010-2014, 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 until later, due to the financial crisis and the subsequent global recession.

In continuation of our results for 2014, it is still our opinion that we will be able to meet the goals over a short span of years.

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 2015 and to maintain this level as long as the interest rate level is historical low and subsequently reduce it to 2.5 – 3.5.

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 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 25-40%. 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 2.0%. In 2013, the share price increased by 92% and yielded dividends of 2.0%. In 2014, the share price decreased by 4.6% and yielded dividends of 1.3%.

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

Dividends of DKK 3.5 per share for 2014 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.

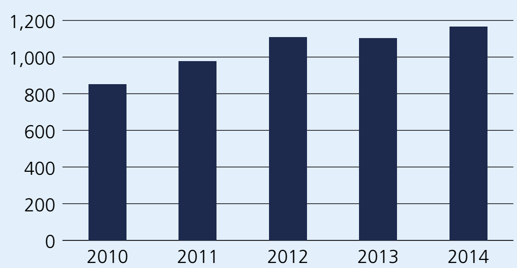
Customers' requirements and expectations are constantly growing as development offers more and more options, and a number of areas seem to be increasingly complex. Therefore, the customers benefit from SP Group's expertise when making decisions on plastic and surface coatings. SP Group's offer to its 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.

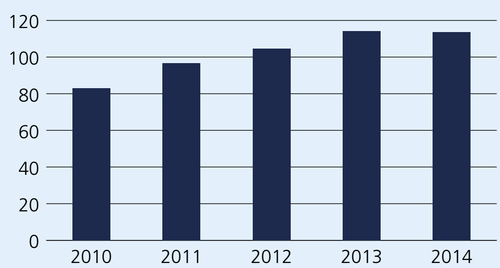
Advisory services within plastics and surface treatment are becoming increasingly important, and SP Group is using the Group's expertise and technologies to provide additional value to the customers' products. In 2014, the co-operation with leading universities in the EU was extended as was the co-operation 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 to approx. DKK 182 million from 2004 to 2014. A number of new products were developed and marketed in 2014. In addition to increasing the sale of the

**Group revenue 2010-2014 (DKK million)**




**Operating profit EBITDA 2010-2014 (DKK million)**



present products, the Group will continue to develop several new products under own brands.

Growth must also be generated with customers and growth industries. An obvious example is the medical device industry, which takes 31.5% of the Group's revenue. Since 2004, the sale to this industry has increased by more than 200% and in 2014 amounted to DKK 366.7 million. 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 figure on the next page shows the development in total healthcare sales, which amounted to 38.9% of revenue in 2014. Sales to the cleantech industry increased by 8.0% in 2014.

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

The figure on the next page shows the development in sales to the cleantech industry, which amounted to 27.8% of revenue in 2014. Sales to the cleantech industry increased by 4.2% in 2014.

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 16.0% of revenue in 2014 and amounted to DKK 186.8 million. Below, the development in sales to food-related industries is outlined. In 2014, sales to fool-related industries increased by 11.5%.

During recent years, we have developed a number of unique services to the oil and gas industry. These sales decreased by 13.7% in 2014 and now amount to almost 2% of the Group's sales.

The healthcare, cleantech, food-related and oil and gas industries accounted for 84.4% of revenue in 2014.

Sales to Automotive increased by 37.2% to DKK 41.3 million and now amount to 3.5% of revenue.

The geographic expansion will continue through increased sales from factories in Denmark, Latvia, Brazil, China, the USA and Poland with special focus on new markets in Eastern Europe, the Americas and Asia. International sales have increased over the past nine years from approx. 30% to approx. 50.2% of revenue, and the share is to be further increased.

## Efficiency and rationalisation

In 2014, 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 an extrusion factory.

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

In Poland, we increased the production from the new factory for manufacture of vacuum-formed components.

Gibo's factory in Denmark increased its efficiency significantly.

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

The acquired factory in Latvia increased its capacity and efficiency.

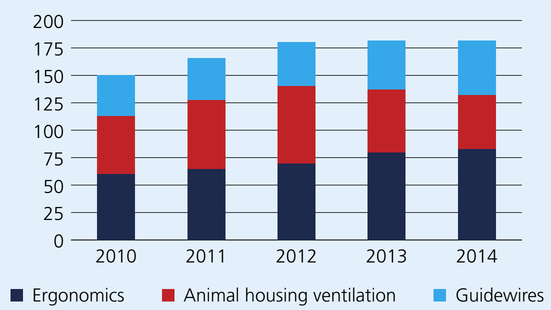
The reliability of delivery (on time delivery) from all factories was increased and has now reached 98-99% and must be further improved.

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

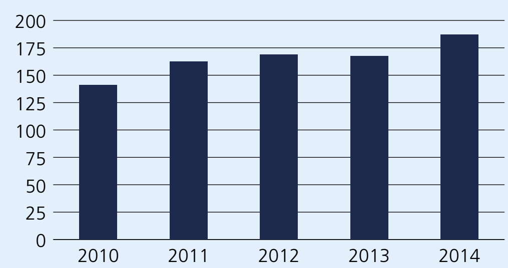
Apart from capacity adjustments, we focus on adjusting general costs on an ongoing basis. SP Group's goal is for all production facilities to manufacture and deliver better, cheaper and faster. On an ongoing basis, measures are taken to reduce the consumption of materials and resources ($CO_2$ reduction, 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.

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.

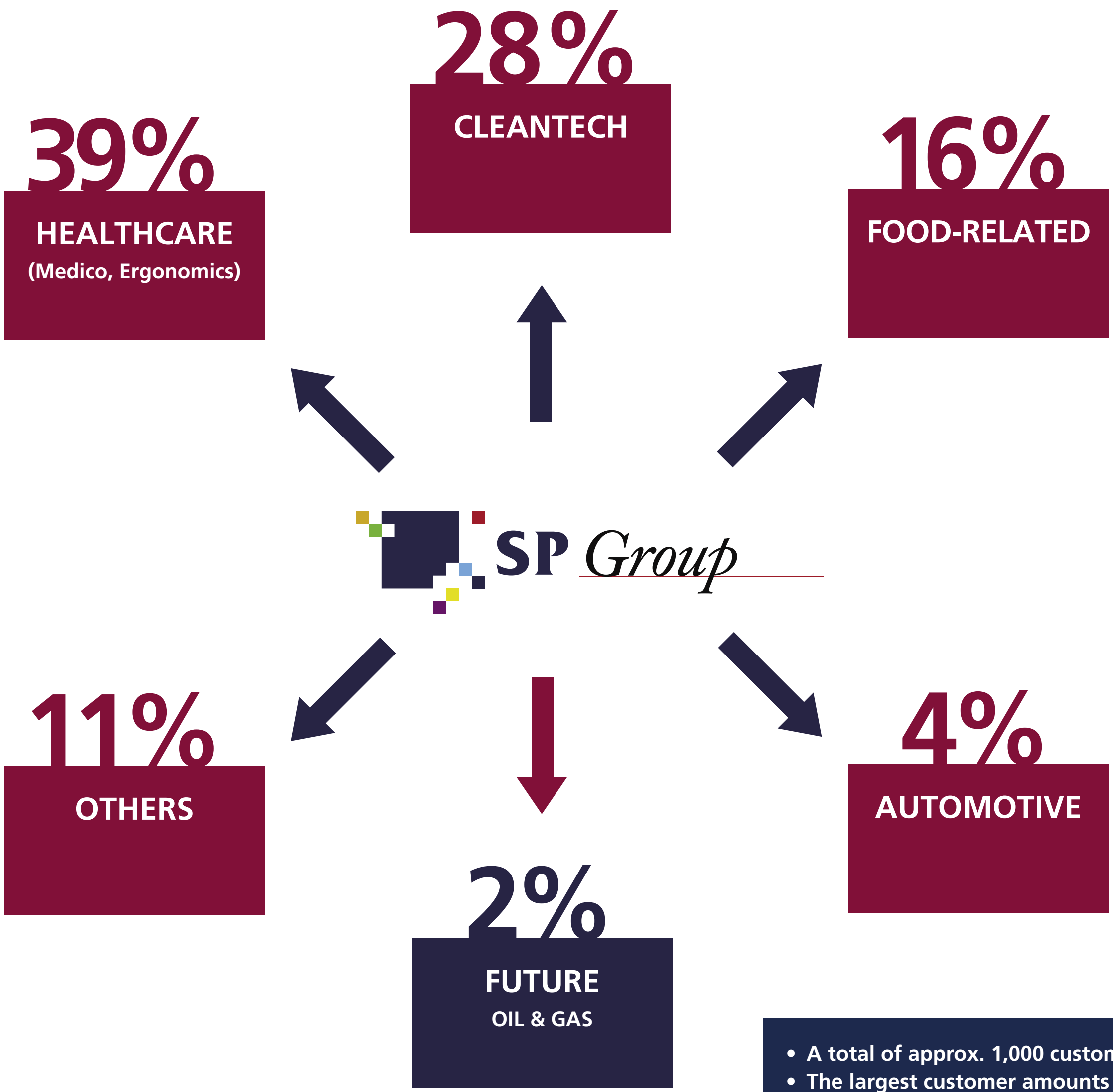
**Revenue under own brands 2010-2014 (DKK million)**




**Revenue from food-related industries 2010-2014 (DKK million)**

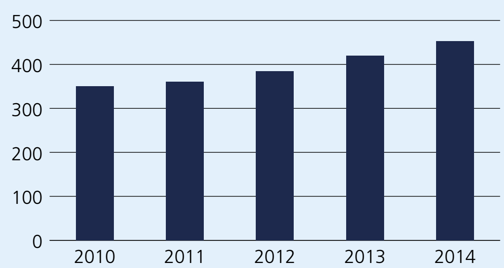


# SP Group's sales in 2014 broken down by customers groups

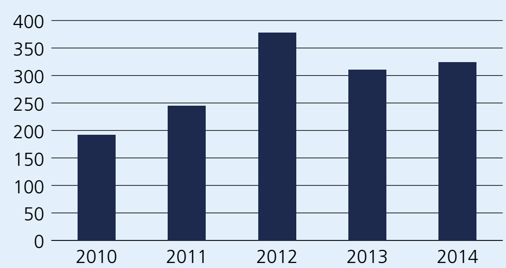



- A total of approx. 1,000 customers
- The largest customer amounts to 13%
- The 10 largest customers amount to 52%
- The 20 largest customers amount to 65%

**Revenue from healthcare products 2010-2014 (DKK million)**




**Revenue from cleantech industries 2010-2014 (DKK million)**



# Coatings

- Total solutions
- New tasks in the chemical industry
- More tasks in the medical device industry

## 2014 in outline

Revenue decreased by 8.5% to DKK 167.9 million. Revenue related to the medical device industry remained at the same level as last year, whereas revenue related to the oil and gas industry and the cleantech industry decreased due to a decrease in the number of large projects in 2014 compared to the previous years which saw an unprecedented level of activity.

Accoat increased its marketing efforts towards selected customers and reduced its general marketing efforts. Focus is on coatings that protect against corrosion for the chemical industry. We have increased our customer base in the cleantech industry and within equipment for the food industry. Accoat delivers globally; however, direct sales efforts are aimed at the neighbouring markets in Europe.

Operating profit (EBITDA) decreased as expected in 2014 compared to 2013 as the product mix was changed, and the level of activity was lower. EBITDA decreased from DKK 28.0 million to DKK 18.8 million.

Growth is expected in the coming years, but the level of activity will vary from year to year. 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.

In Brazil, investment was made in a small coating plant, which was put into operation at the end of 2010. The plant is used for coating tasks in the medical device 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:** | Jens Hinke, 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 fluoroplastic coatings such as for instance Teflon. With these facilities, Accoat is among the most modern and environmentally friendly coating enterprises in Europe.

During the year, Accoat performed tasks for customers in 17 countries.

## Markets and products

In 2014, Accoat 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 is able to coat all kinds of items but has decided to focus especially on high-build (multiple layers) corrosion-protective coatings as well as non-stick and low-friction coatings. In these areas, Accoat is a market leader in Scandinavia 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 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. Accoat adds value for its customers.

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.

Accoat 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.

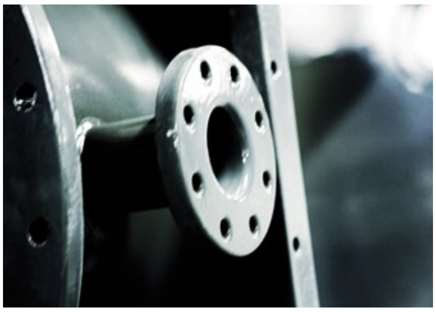
## Strategy

Accoat 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.

Shot blasting machine

Non stick coated welding tool

Accolan coated pistons for gas valves



Accotron coated vessel for the chemical industry

Moreover, Accoat is involved in research-related projects. Accoat participates in a project supported by Innovationsfonden (Innovation Fund Denmark).

Marketing is focussed on selected customers and customer groups. We are very good at what we do, and we will be even better. We have extensive experience in supplying production-optimising coatings for the food industry, improving the properties of medical devices and not least delivering unique corrosion-protective coatings for the chemical industry and cleantech.

Accoat delivers globally but focusses on direct sales efforts in European markets.

Sales are strengthened through more systems selling where Accoat advises customers on the construction of the components and on the choice of materials before the components are coated. Total solutions are easy for the customers, and we offer and supply solutions, of which we are responsible.

Accoat'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. The coating, which is based on graphene, is presented at the European Coatings Show in spring 2015.

## Outlook for 2015

Accoat expects increasing revenue in 2015, and the operating profit (EBITDA) is also expected to increase. However, the markets are very unstable, and the current relatively low price of oil materially affects the investment propensity in the oil and gas industry.

**Development in Coatings 2012-2014**

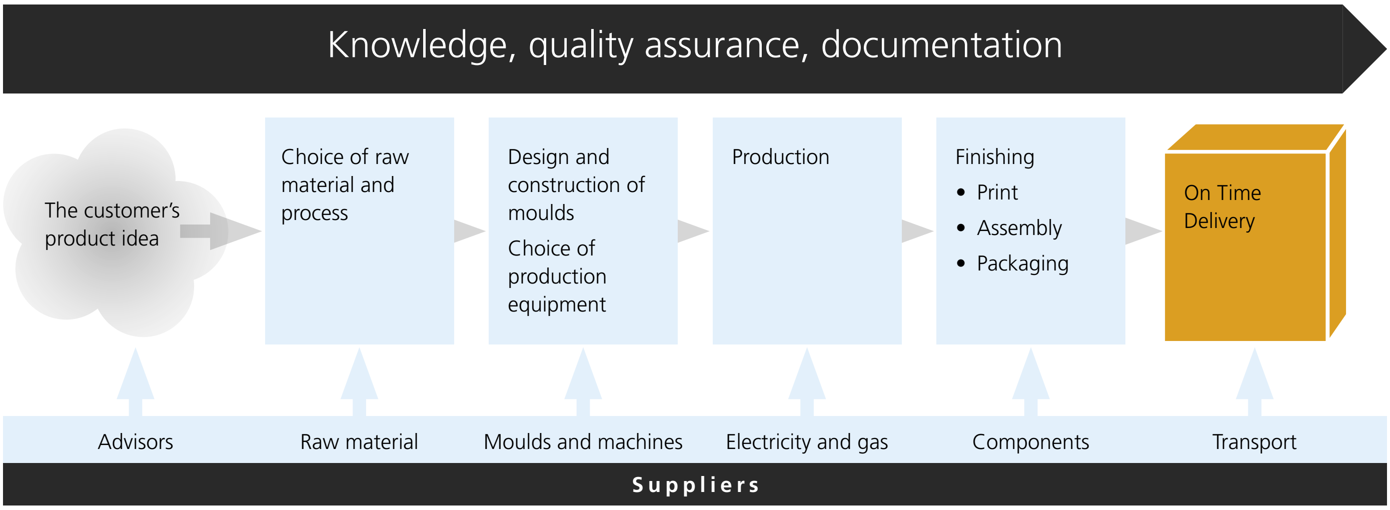
| DKKm | 2014 | 2013 | 2012 |
|---|---|---|---|
| Revenue | 167.9 | 183.5 | 212.4 |
| Profit before net financials, depreciation and amortisation (EBITDA) | 18.8 | 28.0 | 38.4 |
| Profit before net financials (EBIT) | 9.7 | 19.3 | 29.7 |
| Total assets | 111.5 | 120.3 | 124.4 |
| Average number of employees | 75 | 81 | 73 |

# Plastics

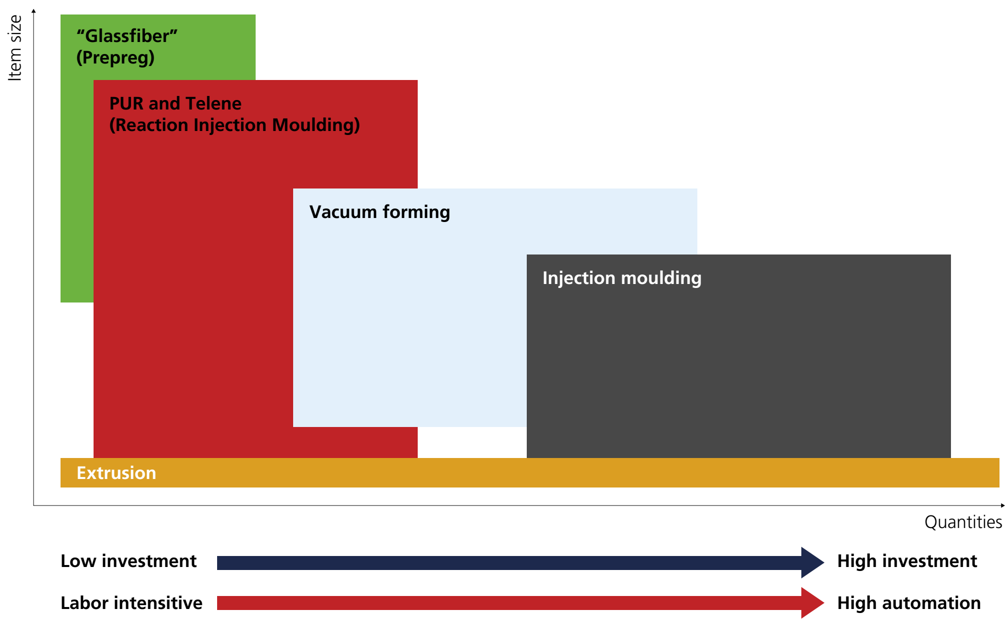
- New tasks in the healthcare industry
- New tasks in the cleantech industry
- More tasks in the food-related industries

*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.

We therefore report the plastic enterprises in:

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

collectively as PLASTICS.

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.


## 2014 in outline

Revenue increased by 8.5% to DKK 999.3 million, which is more than expected at the beginning of the year.

Operating profit measured by EBITDA amounted to DKK 104.4 million, which is 8.5% higher compared to 2013 and the best operating profit to date.

Very large investments were made in 2014, which adversely affected revenue. The investments are expected to contribute positively to results as from 2015.

The significant improvement in results is primarily attributable to Ergomat, Bröderna Bourghardt and Gibo Plast. Moreover, SP Medical and Tinby experienced progress. A decrease in results was realised in TPI, SP Moulding and SP Extrusion.

## Outlook for 2015

The business segment expects growth in revenue and earnings.

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

**Development in Plastics 2012-2014**

| DKK mio. | 2014 | 2013 | 2012 |
|---|---|---|---|
| Revenue | 999.3 | 920.8 | 907.8 |
| Profit before net financials, depreciation and amortisation (EBITDA) | 104.4 | 96.3 | 78.2 |
| Profit before net financials (EBIT) | 63.4 | 59.4 | 43.2 |
| Total assets | 835.4 | 803.6 | 720.2 |
| Average number of employees | 1,166 | 1,042 | 977 |

# Injection moulding

- Global progress
- Reasonable results
- Many new tasks

## 2014 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. The operating profit was almost unchanged.

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 2013 and 2014.

In 2014, 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, Sieradz (Poland), 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 2015. The machines are to be used to expand activities with existing customers.

For a third year in succession, SP Moulding has been 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 more than 30 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.

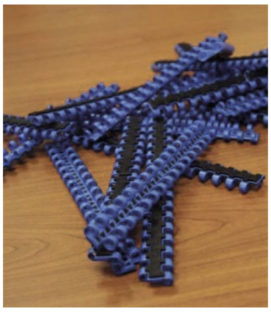
SP Medical addresses a potential market of approx. DKK 15 billion with annual growth of 5-7%. SP Medical ranks as the one of the 2-3 largest Nordic suppliers of injection-moulded plastics to the medical device industry, and in the niche of PTFE-coated guidewires for urology and radiology, etc., SP Medical 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.

Injection-moulded chair for Muuto. The part contains 25 % woodfibres

Guide wires and plastic components



Two-component part for Forbo - the part is a joint to a conveyor


Box for snuff for AG Snus

IInjection-moulded two-component plugs for Danfoss

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 activity
- New products
- Expansion in Poland, the USA, China and Latvia

| | |
|---|---|
| **Name:** | The business area consists of three activities with polyurethane (PUR) as the common denominator: Ergomat A/S, TPI Polytechniek B.V. and Bröderna Bourghardt AB. |
| **Websites:** | www.ergomat.com, www.tinby.dk, www.tpi-polytechniek.com, www.bourghardt.se |
| **Location:** | Søndersø, Zdunska Wola (Poland) and 's-Hertogenbosch (the Netherlands), Helsingborg (Sweden), Cleveland (the USA), Montreal (Canada), Suzhou (Kina) and Liepaja (Latvia). |
| **Executive Board:** | Claus Lendal, Managing Director of Ergomat A/S. Torben Nielsen, Managing Director of Tinby A/S, Loïc van der Heijden, Managing Director i TPI Polytechniek B.V. and David Bourghardt, Managing Director of Bröderna Bourghardt AB. |
| **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 B.V.** | 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. |
| **Brdr. Bourghardt AB** | specialised in composite processes: prepreg and manual lamination. Brdr. Bourghardt apply advanced varnishing methods. Scandinavia's leading manufacturer of Telene® products. |
| **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. |

## 2014 in outline

Ergomat experienced growth of 3.8 in the sale of ergonomic mats and the striping product DuraStripe® globally. The highest growth rates were seen in North America. Also Asia and the neighbouring markets in Northern Europe saw good progress.

In the USA, Ergomat has set 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.

Tinby experienced fair growth in global activities. Tinby has factories in Poland of approx. 16,000 sqm. and a factory in China of 2,400 sqm.

In the USA, Tinby has established a factory of 1,000 sqm., which is primarily used for cleantech production.

TPI has again experienced a decline in global activities. The project market has proven difficult, and investments were held off. Political issues have their effect on the market situation, and exchange rates have had a negative effect on sales in many countries. TPI was able to maintain and strengthen their activities in many countries and increase their dealer activities. Outside Europe, TPI has worked hard to increase their market share.

Bröderna Bourghardt with sales organisation in Sweden and production in Latvia was acquired in February 2014 and experienced good progress in sales.

## 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 2014, Ergomat successfully launched its logo mat concept in several markets, and this unique concept, which is patented, will be launched in the other markets in the coming years. In 2014, 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 2014.

TPI ventilation in a poultry house

TPI ABS air inlet valve

Various components made in hard PUR (polyurethane)

Diaper-changing pad made in 'soft touch' flexible PUR

Chair parts made in flexible 'in mould coated' comform foam

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 and components for the agricultural and industrial sectors. PUR is especially suitable for these purposes as the material is light, well-insulating and does not develop condensation when the temperature changes. Eastern European markets are still interesting, but the Middle East as well as Asia and North America are expected to increase sales for the next years.

TPI has launched several new and innovating products which have been received well in the market. With these new products, TPI will be able to serve customers better with their ventilation systems in intensive livestock houses. Also, the new vacuum-formed products produced by Gibo as well as the injection-moulded components manufactured by SP Moulding have been received well in the market, and possibilities are increasing for the total program of ventilation components. The new injection-moulded air inlet valve will also create new possibilities in new markets.

Bröderna Bourghardt is the leading manufacturer in Scandinavia of components in Telene (impact-resistant plastic suitable for large components) and manufactures advanced products in composite material ('prepeg'). The products are primarily sold to off highway companies (automotive) and marine applications.

## 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.

In Denmark, Tinby has production facilities of approx. 4,500 sqm. in Søndersø.

In Poland, Tinby now has production at four locations totalling 16,000 sqm. In 2014, 2,600 sqm. facilities were established for new, demanding activities. This factory has been fully commissioned.

Tinby's factory in China of 2,400 sqm. established in 2010 continues its positive development. In 2014, additional activities were initiated.

Tinby's establishment in North America in connection with Ergomat's facilities was initiated and audited in 2014. The production facilities and service centre comprise approx. 1,000 sqm.

At TPI, innovation and product development represent significant factors in the strategy. Next year, TPI will continue to improve and expand the product programme. The company is cultivating new markets in the Middle East, Asia and North America, and at the same time, the relationship with large turnkey suppliers in Europe is enhanced. With the launch of the new products and coming product launches, TPI will be able to increase flexibility and market shares.

Bröderna Bourghardt maintains focus on sales and technical support to existing as well as potential customers. With the current capacity, our opportunities to increase production output and make our production technologies even more well-known are fine. We continuously work on developing our processes and materials. We also aim to develop one or several products under own brand.

These mats are among the most durable in the world and have a unique capability to facilitate cleaning and withstand strong chemicals.

# Vacuum forming

- Improved operating results in 2014
- New tasks in several industries
- Expansion in Poland

## 2014 in outline

Activities have increased, and Gibo Plast succeeded in ensuring a solid improvement in operating profit and the level of activity. 2014 was an eventful year as Gibo Plast has worked intensely on improving efficiency in Denmark as well as Poland. Large amounts and efforts were invested in strengthening the expertise in production of tools for prototype devices and production of vacuum-formed plastics which facilitate better and more effective servicing of existing and new customers by reducing time-to-market in connection with new plastic components.

In Poland, investments have been made in new more effective production machinery. As expected, investments in new plant and the relocation of parts of the production to Poland have entailed lower costs and improved operating results.

Gibo Plast is one of the largest vacuum forming facilities in Scandinavia to perform complex tasks. 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. In addition, Gibo has further developed expertise in prototype devices and tools and in 2014 was able to develop and manufacture production tools for vacuum forming. This was in order to increase the competitiveness through a very short time-to-market for new plastic components.

| | |
|---|---|
| **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-formed 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

Gibo Plast regularly invests in new vacuum forming machines with robots and CNC-controlled millers. The production lines can manufacture 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 forming of large components. The components are to replace metal and glass fibre components in wind turbines, buses and trains. Plastic components in high volumes with high quality standards are manufactured on automated production lines where the production machinery is operated by robots. This ensures a high, uniform quality.

In 2011, the first assembly activities were established in Poland, and in Q1 2012, the first vacuum-forming machines were moved to the newly built factory in Poland. In 2013, the relocation from Denmark to Poland was completed, and today, the factory is a separate production unit with a very high level of service and quality.

Together with a continued improvement of the productivity in Skjern, these initiatives have contributed significantly to improving Gibo Plast's

Amigo trailer, a rolling boot mainly for small cars

Vacuum formed inner box for refrigerators

Volvo Pads for outriggers on excavators

Windhood, front manufactured for TPI, for airflow in stables

Ateljé-Lyktan, street- and park lighting

profitability in 2014, and they are expected to continue 2015. Gibo Plast has production plant of 12,000 sqm. in Skjern and 6,000 sqm. in Poland.

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 2015.

# 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.

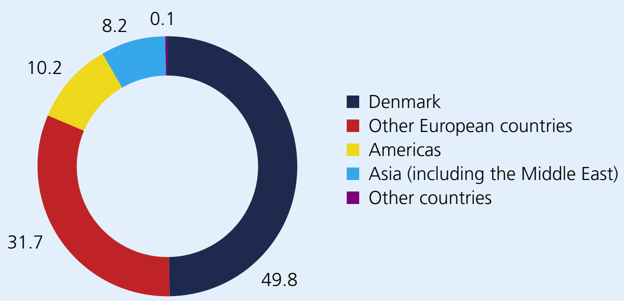
Several segments of SP Group's Danish primary market have been characterised by excess capacity, numerous small marketers, price pressure and customers requiring still smaller batches and more flexible production. Furthermore, SP Group is experiencing increased competition from the low cost producers 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 50.2% in 2014 (2013: 50.1%).

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 (most recently the acquisition of the activities from Scanvakuum and Sander Tech) or by merging own factories or insourcing the customers' own production (customers outsource the 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 % – 2014**




**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 remained unchanged compared to 2013. The 20 largest customers account for 65% of revenue (against 65% in 2013). The 20 largest customers are large consolidated, internationally operating industrial groups.

The largest single customer takes 12.5% of the Group's revenue (a decrease from 13.1% in 2013). At plant level, the dependence on single customers is higher as a result of the specialisation and focus on specific industries.

39% 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. Increasing climate effects 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 almost 16% of the Group's revenue in 2014, 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.

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 changes 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 changes 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, in spite of extensive safety procedures, the general as well as the working environment may not be affected by accident. (Moreover, reference is made to pages 29-30 on CSR and page 28 on environmental certification).

## 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 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 467.2 million. Approx. 17% 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 3.9 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 co-operative 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 co-operative partners are normally well-reputed companies operating in many different business sectors and countries, which reduces the overall credit risk. SP Group has not realised any credit losses over the past five years.

### 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. 80% of sales are thus recognised in DKK or EUR, and approx. 60% 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.

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 2014, we had hedged approx. 99% of the expected net cash flows for the coming 36 months.

29% 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 1.4 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 strive to act openly in relation to their work and their approach to management. Management follows the recommendations for corporate governance issued by the Committee on Corporate Governance in 2013 (last update November 2014) 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 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. Except for an audit committee, the members are the entire Board of Directors chaired by Hans-Henrik Eriksen.

## The work of the Board of Directors

In 2014, the Board of Directors held eight meetings, of which two 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.

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 aimed 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. Hans W. Schur is connected to a large shareholder of the Company, but has not 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 Hans-Henrik Eriksen is assessed to be independent in accordance with the criteria defined by the Committee on Corporate Governance. The other four 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 2014.

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 2014 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 2015 remains unchanged at DKK 400,000 to the chairman, DKK 250,000 to the deputy chairman and DKK 200,000 to other board members. Moreover, it is proposed that the chairman of the audit committee should receive a separate remuneration of DKK 50,000 in addition to the directors' remuneration.

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 5.6

Gibo's, Tinby's and Brdr. Bourghardt's booth at the Wind Energy Hamburg exhibition in 2014

million in 2014 against DKK 5.4 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 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 price 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. All warrants under the 2011 programme are hedged by means of treasury shares. Both Frank Gad and Jørgen Nielsen exercised their warrants in 2014. So did most of the other executives. At year end 2014, 4,000 warrants under the 2011 programme were outstanding.

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 price 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. Approximately half of the warrants are currently hedged by treasury shares.

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 price 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 are exercised. 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.

In 2014, the Board of Directors issued 50,000 warrants to the Executive Board and executives in the Group. Frank Gad received 6,000 warrants, and Jørgen Nielsen received 4,000 warrants. The remaining 40,000 warrants were distributed between 25 executives. The issued warrants can be exercised to subscribe for shares in the period 1 April 2017 to 31 March 2020; 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 price is fixed at DKK 280 based on the listed price immediately before the publication of the annual report on 27 March 2014 and up to 29 April 2014. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2014 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2014 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 appropriate 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 2015

**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: 29,725 personally owned (-2,000) and 15,100 through his own company (+9,600). Related party: 0 (-7,000).
Other directorships: Pigro Management ApS (D), 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 (0).
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), Erik Holm Holding ApS (D), Fondsmæglerselskabet Maj Invest A/S (D), Maj Invest Equity A/S (D) and Interbuild ApS (D), Muuto Holding A/S (BM) and Muuto A/S (BM).

**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 427,371 (+39,520).
Other directorships: Dansk Industri, Horsens (BM), Danmarks Industrimuseum (BF), Konsul Axel Schur og Hustrus Fond (BF), Schur International a/s (D and BM), Schur International Holding a/s (D and BM), Schur Finance a/s (BF), Schur Consumer Products Inc. (BF), International Packaging Group (BF), Conflex Packaging GmbH (BM), SP Moulding A/S (BM) and Dit Pulterkammer A/S (BM).

**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 (0) though his own company. Related party: 66,000 (+3,000).
Remuneration: DKK 200,000.
Other directorships: Nagel Danmark A/S (BM), Andresen Invest A/S (BF), B. Christiansen Holding A/S (BM), Ejendomsselskabet af 1. oktober 1999 A/S (BM), Ejendomsselskabet Petersbjerg Kolding 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), 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), Ferrum Holding A/S (BF), Ferrum A/S (BF), Innovest ApS (BM) and Pizzaflex ApS (BM).

**Hans-Henrik Eriksen,**
CEO, Risskov, born in 1960.
Member of the Board of Directors since 2013.
Remuneration: DKK 200,000.
No. of shares: 1,500 personally owned (0).
Other directorships: Colombus E. ApS (BF), Coffee Brewer Nordic A/S (BF), Digi Kiosk ApS (BF), Lysholt Erhverv A/S (NF), Buen 1 ApS (NF), L E 2 ApS (NF), 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 (BF), Limb Finance ApS (BF), 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), J-Flight ApS (D), Green Tech Houses ApS (BM), Jabami ApS (BF), Navest A/S (BM) and Ejendomsanpartsselskabet MT 04 (BM).

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 2014: DKK 3.8 million and a car.
Share-based salary in 2014:
DKK 20,865 *.
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: 103,966 personally owned (+20,000) and 234,273 (+804) 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 2014: DKK 1.6 million and a car.
Share-based salary in 2014:
DKK 35,699*.
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: 22,200 personally owned (+9,400).
* Assessed according to Black Scholes at the grant date.

## Management team

**Other executive employees of SP Group are:**
**Jens Hinke,** Director of R&D in SP Group A/S, and Managing Director of Accoat A/S from 12 May 2014
**Niels Uhrbrand,** Managing Director of Accoat A/S, resigned on 12 May 2014
**Lars Ravn Bering,** Managing Director of Gibo Plast A/S
**Torben Nielsen,** Managing Director of Tinby A/S
**Adam Czyzynski,** Managing Director of Tinby Sp. z o.o., Poland
**Jeroen van der Heijden,** Chairman, TPI Polytechniek B.V., the Netherlands
**Loïc van der Heijden,** Managing Director, TPI Polytechniek B.V., the Netherlands
**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
**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 Brdr. 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. Hans-Henrik Eriksen is independent member with accounting and audit qualifications. Hans-Henrik Eriksen is chairman of the audit committee and state authorised public accountant.

### 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 1 March 2015:**

| Board of Directors & Executive Board: | Private | Own company | Related party | Total | % of share capital |
|---|---|---|---|---|---|
| Niels Kristian Agner | 29,725 | 15,100 | | 44,825 | 2.2 |
| Erik Preben Holm | 31,750 | | | 31,750 | 1.6 |
| Hans Wilhelm Schur | | | 427,371 | 427,371 | 21.1 |
| Erik Christensen | 18,000 | 32,000 | 66,000 | 116,000 | 5.7 |
| Hans-Henrik Eriksen | 1,500 | | | 1,500 | 0.1 |
| Frank Gad | 103,966 | 234,273 | 3,990 | 342,229 | 16.9 |
| Jørgen Nielsen | 22,200 | | | 22,200 | 1.1 |
| | **207,141** | **281,373** | **497,361** | **985,875** | **48.7** |

# 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. At the general meeting, the Board of Directors will request that the authorisation should be extended by three years to 1 April 2018.

## 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 3.50 per share as the Group has reached its goal that EBIT must exceed 5% of revenue, that the equity ratio must exceed 25%. NIBD/EBITDA is 4.1.

During the year, the share was traded between price 190.0 and price 290.0. The share ended the year at a price of DKK 219.5, which corresponds to a market value of DKK 444.3 million. In 2014, the share return was ÷3.3%, including dividends of DKK 3.0 per share. The return on SP Group's shares was thus considerably lower than the general development on NASDAQ Copenhagen. However, over the past five years, the accumulated rate of return has been significant compared to market. See figure on page 27.

## Share buy-back programme

To partially hedge existing warrant programmes, SP Group A/S launched a new share buy-back programme on 19 April 2013 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).

A total of 87,323 shares were acquired at an average price of 206.12 under the programme, and DKK 18.0 million was used.

On 27 March 2014, the Board of Directors decided to initiate a new share buy-back programme under the Safe Harbour regulation of DKK 8.0 million starting on 11 April 2014 and expiring on 31 December 2014 (company announcement no. 15, 2014). The share buy-back programme was later extended up to and including 10 April 2015 and expanded to DKK 14.0 million (company announcement no. 61, 2014).

In 2014, 99,000 shares were sold via the exercise of warrants.

The holding of treasury shares at year end 2014 amounted to 43,993 shares equal to 2.17 %.

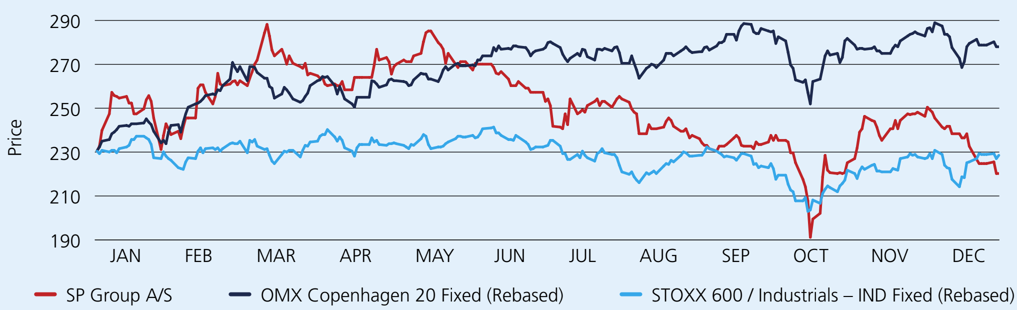
A new share buy-back programme will be initiated under the Safe Harbour regulation. The programme will be effective from 11 April to 31 December 2015 at an amount of up to DKK 10 million. The purpose is to partially hedge warrant schemes.

## Ownership and liquidity

At the beginning of March 2015, 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 38.0%. During the year, the number of registered shareholders decreased from 852 to 793, and the registered shareholders' total ownership interest now amounts to 88.1% of the share capital (against 91.1% at the beginning of March 2014).

The known shareholder base outside Denmark is still modest. 35 international shareholders with a total of 5.6% of the shares have been registered (against 39 at the beginning of March 2014).

**Development in the price of SP Group's shares from 1 January to 31 December 2014. Index 1.1.2014 = 230.0**



During the year, 422,982 shares were traded on Nasdaq, and 99,000 shares were traded outside Nasdaq, corresponding to 25.8% of the share capital. The share price of the traded shares amounted to DKK 118.8 million. Revenue measured in DKK increased by 23.3% compared to the previous year, and measured in number of components, the decrease in revenue was 8.8% 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 2014 and 2015:
Announcements are available at SP Group's website: www.sp-group.dk

## Financial calendar for 2015

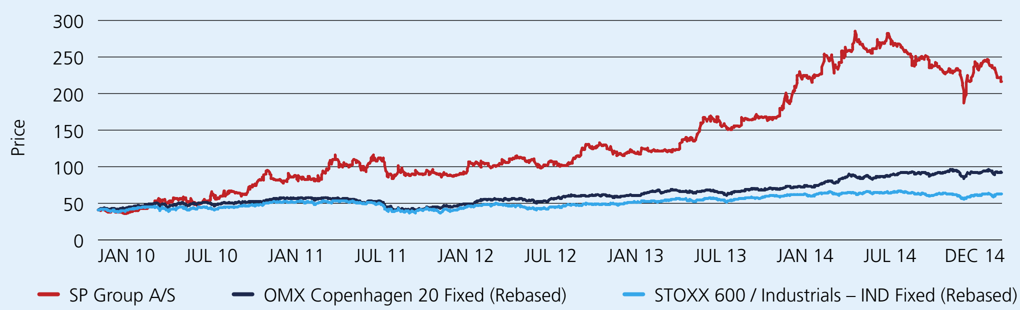
| | |
|---|---|
| **26 March** | Preliminary announcement of financial statements for 2014 |
| **28 April** | Annual general meeting and interim report for Q1 2015 |
| **20 August** | Interim report for H1 2015 |
| **3 November** | Interim report for Q3 2015 |

**Share information – SP Group A/S – beginning of March 2015**

| Name | Registered office | Number | Share (%) |
|---|---|---|---|
| Schur Finance A/S | Horsens | 427,371 | 21.1 % |
| Frank Gad, including related parties | Frederiksberg | 342,229 | 16.9 % |
| | | **769,600** | **38.0 %** |
| **Distribution of other shares** | | | |
| SP Group (treasury shares) | | 52,513 | 2.6 % |
| Registered shares below 5% | | 960,616 | 47.5 % |
| Non-registered shares | | 241,271 | 11.9 % |
| **TOTAL** | | **2,024,000** | **100.0 %** |

As of 1 March 2015, SP Group had 792 shares registered in the name of the holder (including 35 foreign shareholders).

**Development in the price of SP Group's shares from 1 January 2010 to 31 December 2014. Index 3.1.2010 = 42.9**



# Quality control

*At the end of 2014, all the Group's production sites in Denmark, Latvia, 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 | | | | |
| **Brdr. Bourghardt** | | | | |
| – Latvia | x | x | | |


Robot cell at work at the assembly factory at SP Moulding in Juelsminde

## R & D

By applying a layer of 50 nm, plastic and metal can be joined together by means of a new nanotechnology developed by Aarhus University, SP Group and another large Danish company. The "nanoglue" must be tailored to the materials. We expect that this technology will enable us to offer our customers unique solutions, both within injection moulding and corrosion protective coatings. Together with two large foreign customers, we have employed a post doc at Aarhus University who works on using the "nanoglue technology" in a special application. The project started in May 2014 and runs for one year. The 3 parties have applied for a patent.

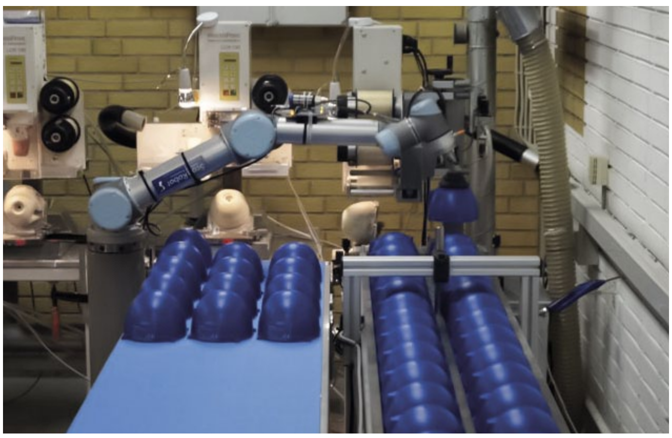
A product that we have high expectations for is composite materials consisting of plastics and graphene. We are part of two simultaneous and publicly subsidised projects within graphene, which were commenced in 2013. A number of companies and three universities participate, and the total budget for the project period is DKK 75 million. SP Group has developed a non-stick coating which is antistatic. The antistatic properties have been achieved by adding a few per milles of graphene.

Within 3D print, SP Group planned two large projects in 2014. As a manufacturer of plastic components, it is important that we are among the frontrunners and see the opportunities of 3D print. The process offers great freedom of design, and small series can be manufactured without costs for moulds.

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. During 2014, another publicly subsidised project was commenced. The purpose of this project is to build a fuel cell electric service car. The car is to be used in areas where polluting gasses should be avoided for environmental reasons.

The world's largest manufacturer of specific food has asked SP Group to develop a disposable product. In the light of the confidence shown to us by this large manufacturer, it is particularly gratifying that the project was successful. We have established a partnership, which is our preferred way of collaborating.

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



Robot cell at work at SP Moulding in Juelsminde

# Corporate social responsibility

## Corporate social responsibility

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 current energy and raw material prices and the 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.

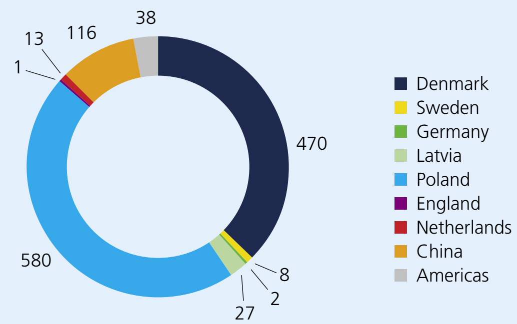
In 2013 and 2014, SP Group carried out tests using recycled plastics for selected products. The tests are expected to result in commercial production during 2015. Thus, SP Group will contribute to dramatically reducing not only its own but also others' environmental impact. The goal is to replace wood 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 $CO_2$ emission from the companies is limited, but $CO_2$ 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.

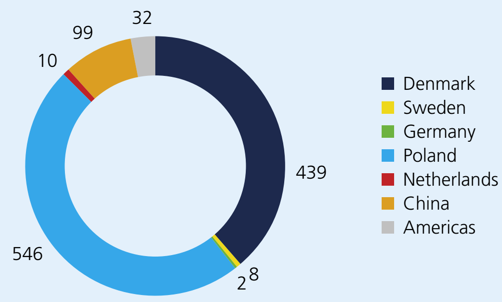
Health and safety have been taken into account in the production processes at the individual plants. SP Group continuosly focuses on reducing the effects of the Group's acitivites on the cliimate by reducing the water, electricity and heating consumption and reducing CO2 emissions and the optimising energy consumption. The goal is to create value for our customers, employees and the local communities in which we operate.

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% of revenue) is sold to the cleantech industry, which uses the products for:

**Distribution of employees by geographical area in 2014 (average)**




**Distribution of employees by geographical area in 2013 (average)**



- 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. 12.6 % to 785 employees in 2014. The number of employees in Denmark increased from 439 to 470. Globally, SP Group's staff increased from 1,180 at the beginning of the year to 1,310 at year end. On average, there were 1,255 employees in SP Group in 2014. At year end, 37.7% of the staff was employed in Denmark, and 62.3% was employed abroad. The year saw a shift of approx. 2 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 three years, and at year end, the share of women on the Board of Directors was 0%. No new members have been elected for the Board of Directors in 2014.

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 23%. Reference is made the overview on pp. 24-25. SP Group aims to ensure that at least one male and one female candidate are among the top-three candidates for new leadership positions.

Globally, SP Group will support and comply with international human rights and seek to remedy any violations of these rights. In 2014, SP Group has not been involved in or experienced violations of human rights in the Group or at subsuppliers.

## Fight against corruption

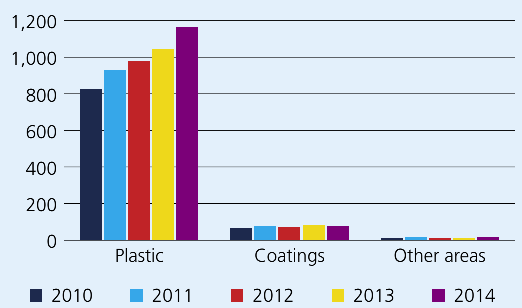
SP Group does not participate in corruption or bribery. Unfortunately, we are often met with requests for secret commission or the like, which we refuse.

## Continued CSR work

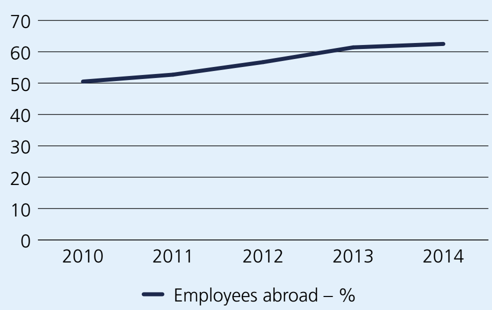
SP Group complies with the ten principles of the UN Global Compact in word and action and will sign the Global Compact charter. As of the beginning of 2012, SP Group's largest subsidiary, SP Moulding A/S, participates in the Global Compact. The Group will still focus on further promotion of the use of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

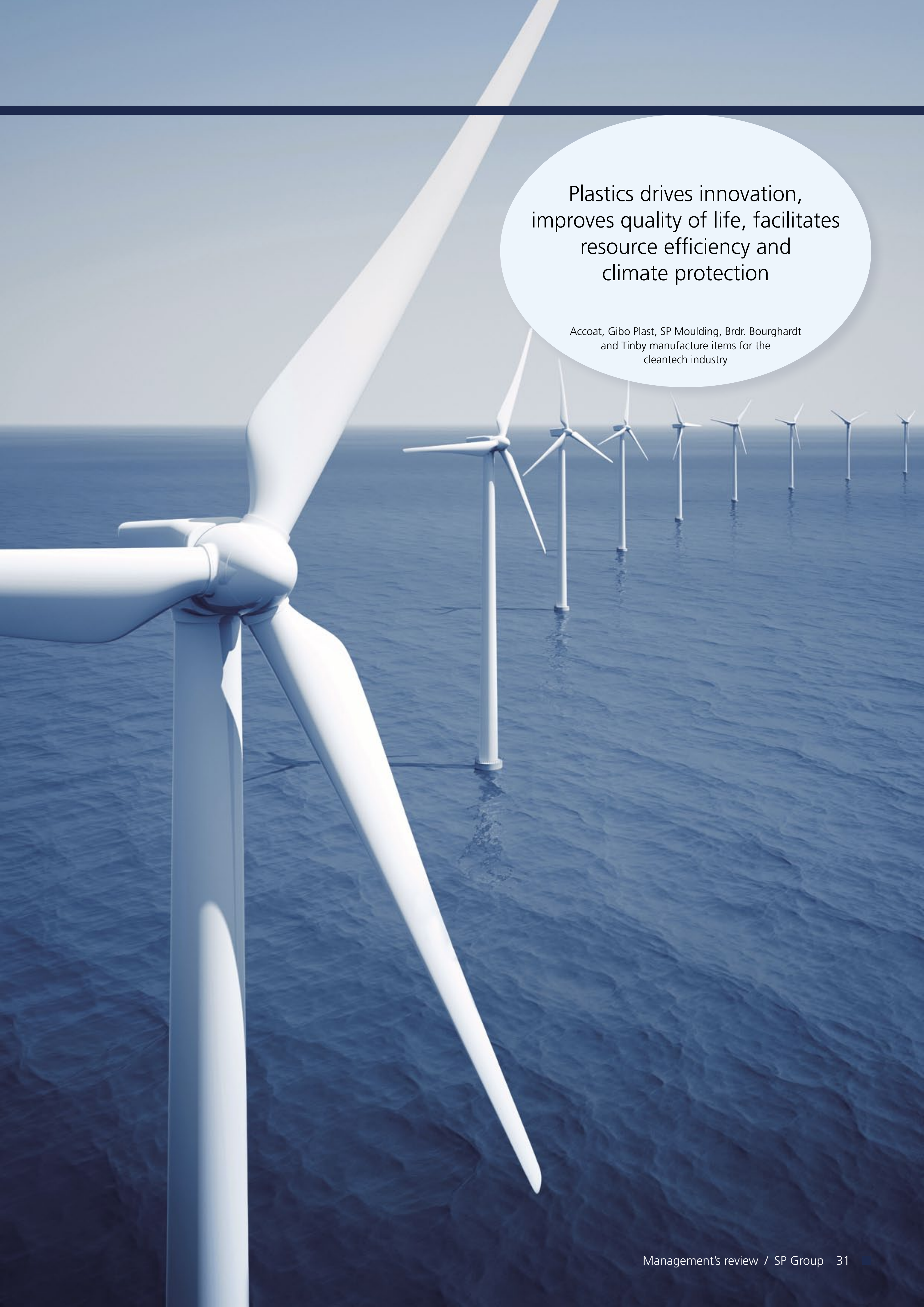
At present, SP Group has no plans to perform extensive systematic CSR control at the Group's suppliers of material as the majority of them are large well-reputed international groups which give a detailed account of their efforts within corporate social responsibility in information material made available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

**Distribution of employees (average) 2010-2014**




**Distribution of employees abroad (average) 2010-2014**





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

Accoat, Gibo Plast, SP Moulding, Brdr. Bourghardt 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 2014.

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 2014 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2014.

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, 26 March 2015

**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 auditors' report

**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 2014. 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 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 2014 and of their financial performance and cash flows for the financial year 1 January to 31 December 2014 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, 26 March 2015

**Ernst & Young**
Godkendt Revisionspartnerselskab

| | |
|---|---|
| Finn L. Meyer | Peter Gath |
| State Authorised Public Accountant | State Authorised Public Accountant |

# Income statement for 2014

| PARENT | | | | GROUP | |
|---|---|---|---|---|---|
| 2013 | 2014 | Note | DKK'000 | 2014 | 2013 |
| 9,152 | 10,341 | | Revenue | 1,164,942 | 1,102,053 |
| 0 | 0 | 3.6 | Production costs | -837,859 | -790,979 |
| **9,152** | **10,341** | | **Contribution margin** | **327,083** | **311,074** |
| 4,545 | 4,534 | 4 | Other operating income | 762 | 1,185 |
| -7,708 | -8,946 | 5 | External expenses | -75,431 | -67,961 |
| -12,329 | -12,342 | 5,6,7 | Staff costs | -138,918 | -130,118 |
| **-6,340** | **-6,413** | | **Profit/loss before depreciation, amortisation and impairment losses (EBITDA)** | **113,496** | **114,180** |
| -3,225 | -3,259 | 8 | Depreciation, amortisation and impairment losses | -53,329 | -48,838 |
| **-9,565** | **-9,672** | | **Profit/loss before financial items (EBIT)** | **60,167** | **65,342** |
| 26,462 | 20,000 | 9 | Dividends from subsidiaries | - | - |
| 562 | 2,045 | 10 | Other financial income | 5,393 | 514 |
| -7,051 | -5,356 | 11 | Financial expenses | -14,084 | -15,694 |
| **10,408** | **7,017** | | **Profit before tax** | **51,476** | **50,162** |
| 2,381 | 3,347 | 12 | Tax on profit for the year | -11,667 | -11,085 |
| **12,789** | **10,364** | | **Profit for the year** | **39,809** | **39,077** |
| | | | **Attributable to:** | | |
| | | | Parent's shareholders | 39,020 | 39,039 |
| | | | Non-controlling interests | 789 | 38 |
| | | | | **39,809** | **39,077** |
| | | | **Earnings per share (EPS)** | | |
| | | 13 | Earnings per share (DKK) | 19.87 | 19.91 |
| | | 13 | Earnings per share, diluted (DKK) | 19.25 | 18.74 |
| | | | **Proposed profit appropriation/distribution of loss** | | |
| 6,072 | 7,084 | | Dividends | | |
| 6,717 | 3,280 | | Retained earnings | | |
| **12,789** | **10,364** | | | | |

# Statement of comprehensive income 2014

| PARENT | | | | GROUP | |
|---|---|---|---|---|---|
| **2013** | **2014** | **Note** | DKK'000 | **2014** | **2013** |
| **12,789** | **10,364** | | **Profit for the year** | **39,809** | **39,077** |
| | | | Other comprehensive income: | | |
| | | | *Items which may be reclassified to the income statement:* | | |
| | | | Exchange rate adjustments relating to foreign | | |
| 0 | 0 | | subsidiaries | 1,856 | -3,775 |
| | | | Value adjustments of hedging instruments: | | |
| -162 | -1,505 | | Value adjustment for the year | -13,519 | -4,467 |
| 0 | 0 | | Value adjustments transferred to revenue | 3,858 | 3,817 |
| 1,067 | 1,037 | | Value adjustments transferred to financial expenses | 1,037 | 1,067 |
| -226 | 114 | 12 | Taxation | 1,526 | -64 |
| **679** | **-354** | | **Other comprehensive income** | **-5,242** | **-3,422** |
| **13,468** | **10,010** | | **Total comprehensive income** | **34,567** | **35,655** |
| | | | **Attributable to:** | | |
| | | | Parent's shareholders | 33,225 | 35,663 |
| | | | Non-controlling interests | 1,342 | -8 |
| | | | | **34,567** | **35,655** |

# Balance sheet at 31/12/2014

| PARENT | | | | GROUP | |
|---|---|---|---|---|---|
| **2013** | **2014** | **Note** | DKK'000 | **2014** | **2013** |
| 304 | 175 | | Software | 7,619 | 6,927 |
| 0 | 0 | | Customer files | 1,730 | 1,200 |
| 0 | 0 | | Goodwill | 108,982 | 104,363 |
| 0 | 0 | | Completed development projects | 19,992 | 9,985 |
| 0 | 0 | | Development projects in progress | 1,874 | 8,714 |
| **304** | **175** | 14 | **Intangible assets** | **140,197** | **131,189** |
| 69,226 | 67,589 | | Land and buildings | 128,042 | 129,244 |
| 0 | 0 | | Plant and machinery | 244,416 | 213,301 |
| 1,971 | 1,126 | | Fixtures and fittings, other plant and equipment | 19,723 | 18,361 |
| 0 | 0 | | Leasehold improvements | 11,886 | 13,026 |
| 0 | 0 | | Property, plant and equipment in progress | 23,298 | 26,945 |
| **71,197** | **68,715** | 15 | **Property, plant and equipment** | **427,365** | **400,877** |
| 346,311 | 356,174 | 16 | Investments in subsidiaries | - | - |
| 3,000 | 3,000 | | Deposits | 3,037 | 3,029 |
| 10,855 | 9,872 | 25 | Deferred tax assets | 4,246 | 2,917 |
| **360,166** | **369,046** | | **Other non-current assets** | **7,283** | **5,946** |
| **431,667** | **437,936** | | **Non-current assets** | **574,845** | **538,012** |
| **0** | **0** | 17 | **Inventories** | **207,870** | **198,744** |
| 205 | 345 | 18 | Trade receivables | 99,251 | 93,105 |
| 9,177 | 33,636 | | Receivables from subsidiaries | - | - |
| 0 | 0 | 19 | Construction contracts | 6,533 | 0 |
| 0 | 0 | | Corporation tax receivable | 891 | 562 |
| 7,028 | 510 | 20 | Other receivables | 14,873 | 16,312 |
| 2,056 | 2,134 | | Prepayments | 9,867 | 10,028 |
| **18,466** | **36,625** | | **Receivables** | **131,415** | **120,007** |
| **12** | **2,236** | 21 | **Cash** | **29,291** | **27,977** |
| **18,478** | **38,861** | | **Current assets** | **368,576** | **346,728** |
| **450,145** | **476,797** | | **Assets** | **943,421** | **884,740** |

| PARENT | | | | GROUP | |
|---|---|---|---|---|---|
| 2013 | 2014 | Note | DKK'000 | 2014 | 2013 |
| 20,240 | 20,240 | 22 | Share capital | 20,240 | 20,240 |
| 1,152 | 18 | 23 | Other reserves | 1,722 | 8,297 |
| -13,348 | -10,992 | | Reserve for treasury shares | -10,992 | -13,348 |
| 167,096 | 164,382 | | Retained earnings | 248,677 | 222,735 |
| 6,072 | 7,084 | | Proposed dividends | 7,084 | 6,072 |
| **181,212** | **180,732** | | **Equity attributable to Parent's shareholders** | **266,731** | **243,996** |
| **-** | **-** | | **Equity attributable to non-controlling interests** | **9,630** | **8,330** |
| **181,212** | **180,732** | | **Equity** | **276,361** | **252,326** |
| 41,778 | 77,774 | 24 | Bank debt | 77,774 | 41,778 |
| 104,289 | 101,133 | 24 | Financial institutions | 154,149 | 165,046 |
| 666 | 231 | 24 | Finance lease obligations | 43,190 | 39,087 |
| 0 | 0 | 25 | Deferred tax liabilities | 13,019 | 11,015 |
| **146,733** | **179,138** | | **Non-current liabilities** | **288,132** | **256,926** |
| 16,099 | 27,580 | 24 | Current portion of non-current liabilities | 47,790 | 33,081 |
| 53,607 | 20,388 | | Bank debt | 173,585 | 179,015 |
| 0 | 0 | | Prepayments received from customers | 218 | 257 |
| 766 | 485 | 26 | Trade payables | 103,749 | 116,796 |
| 45,797 | 57,749 | | Payables to subsidiaries | - | - |
| 0 | 0 | | Corporation tax | 939 | 1,974 |
| 5,931 | 10,725 | 27 | Other payables | 50,402 | 43,799 |
| 0 | 0 | | Deferred income | 2,245 | 566 |
| **122,200** | **116,927** | | **Current liabilities** | **378,928** | **375,488** |
| **268,933** | **296,065** | | **Liabilities** | **667,060** | **632,414** |
| **450,145** | **476,797** | | **Equity and liabilities** | **943,421** | **884,740** |

28-30 Charges and contingent liabilities, etc.

33-42 Other notes

# Statement of changes in equity for 2014

GROUP

| DKK'000 | Share capital | Other reserves | Reserve for treasury shares | Retained earnings | Proposed dividends | Equity capital attributable to the Parent's share- holders | Equity capital attributable to non- controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at 01/01/2013** | **20,240** | **11,352** | **-6,132** | **196,526** | **5,060** | **227,046** | **13,085** | **240,131** |
| Profit 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 |
| **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** |
| Profit for the year | 0 | 0 | 0 | 31,936 | 7,084 | 39,020 | 789 | 39,809 |
| Exchange rate adjustments relating to foreign subsidiaries | 0 | 1,303 | 0 | 0 | 0 | 1,303 | 553 | 1,856 |
| Value adjustment of financial instruments acquired to hedge future cash flows | 0 | -13,519 | 0 | 0 | 0 | -13,519 | 0 | -13,519 |
| Portion relating to value adjustments transferred to revenue | 0 | 3,858 | 0 | 0 | 0 | 3,858 | 0 | 3,858 |
| Portion relating to value adjustments transferred to financial expenses | 0 | 1,037 | 0 | 0 | 0 | 1,037 | 0 | 1,037 |
| Tax on other comprehensive income | 0 | 1,526 | 0 | 0 | 0 | 1,526 | 0 | 1,526 |
| **Comprehensive income for the financial year** | **0** | **-5,795** | **0** | **31,936** | **7,084** | **33,225** | **1,342** | **34,567** |
| Share-based payment | 0 | 399 | 0 | 0 | 0 | 399 | 0 | 399 |
| Share-based payment, exercised arrangements | 0 | -1,252 | 0 | 1,252 | 0 | 0 | 0 | 0 |
| Sale of warrants | 0 | 73 | 0 | 0 | 0 | 73 | 0 | 73 |
| Purchase of treasury shares | 0 | 0 | -16,495 | 0 | 0 | -16,495 | 0 | -16,495 |
| Sale of treasury shares, warrant programme | 0 | 0 | 18,851 | -7,295 | 0 | 11,556 | 0 | 11,556 |
| Purchase of shares from non-controlling shareholders | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Distribution of dividends | 0 | 0 | 0 | 0 | -6,023 | -6,023 | 0 | -6,023 |
| Distribution of dividends, treasury shares | 0 | 0 | 0 | 49 | -49 | 0 | 0 | 0 |
| Additions relating to acquisition of enterprise | 0 | 0 | 0 | 0 | 0 | 0 | 744 | 744 |
| Non-controlling interests' share of dividends in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 | -786 | -786 |
| **Other changes in equity** | **0** | **-780** | **2,356** | **-5,994** | **-6,072** | **-10,490** | **-42** | **-10,532** |
| **Equity at 31/12/2014** | **20,240** | **1,722** | **-10,992** | **248,677** | **7,084** | **266,731** | **9,630** | **276,361** |

| DKK'000 | Share capital | Other reserves | Reserve for treasury shares | Retained earnings | Proposed dividends | Total equit |
|---|---|---|---|---|---|---|
| | | | | | | **PARENT** |
| **Equity at 01/01/2013** | **20,240** | **152** | **-6,132** | **164,468** | **5,060** | **183,788** |
| Profit 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** |
| Profit for the year | 0 | 0 | 0 | 3,280 | 7,084 | 10,364 |
| Value adjustment of financial instruments acquired to hedge future cash flows | 0 | -1,505 | 0 | 0 | 0 | -1,505 |
| Portion relating to value adjustment transferred to financial expenses | 0 | 1,037 | 0 | 0 | 0 | 1,037 |
| Tax on other comprehensive income | 0 | 114 | 0 | 0 | 0 | 114 |
| **Comprehensive income for the financial year** | **0** | **-354** | **0** | **3,280** | **7,084** | **10,010** |
| Share-based payment | 0 | 399 | 0 | 0 | 0 | 399 |
| Share-based payment, exercised arrangements | 0 | -1,252 | 0 | 1,252 | 0 | 0 |
| Sale of warrants | 0 | 73 | 0 | 0 | 0 | 73 |
| Purchase of treasury shares | 0 | 0 | -16,495 | 0 | 0 | -16,495 |
| Sale of treasury shares, warrant programme | 0 | 0 | 18,851 | -7,295 | 0 | 11,556 |
| Distribution of dividends | 0 | 0 | 0 | 0 | -6,023 | -6,023 |
| Distribution of dividends, treasury shares | 0 | 0 | 0 | 49 | -49 | 0 |
| **Other changes in equity** | **0** | **-780** | **2,356** | **-5,994** | **-6,072** | **-10,490** |
| **Equity at 31/12/2014** | **20,240** | **18** | **-10,992** | **164,382** | **7,084** | **180,732** |

# Cash flow statement for 2014

| PARENT | | | | GROUP | |
|---|---|---|---|---|---|
| **2013** | **2014** | **Note** | DKK'000 | **2014** | **2013** |
| -9,565 | -9,672 | | Profit/loss before financial items (EBIT) | 60,167 | 65,342 |
| 3,225 | 3,259 | | Depreciation, amortisation and impairment losses | 53,329 | 48,838 |
| 885 | 399 | | Share-based payment | 399 | 885 |
| 586 | -2,562 | | Value adjustments, etc. | -2,499 | 937 |
| 27,580 | -1,694 | 31 | Changes in net working capital | -25,009 | -24,541 |
| **22,711** | **-10,270** | | **Cash flows from primary operating activities** | **86,387** | **91,461** |
| 562 | 212 | | Interest income, etc., received | 583 | 514 |
| -6,699 | -5,356 | | Interest expenses, etc., paid | -14,084 | -14,574 |
| 6,769 | 4,442 | | Income taxes received/paid | -8,785 | -10,498 |
| **23,343** | **-10,972** | | **Cash flows from operating activities** | **64,101** | **66,903** |
| 26,462 | 20,000 | | Dividends from subsidiaries | - | - |
| 0 | -5,901 | | Acquisition of enterprise | -5,901 | 0 |
| -333 | -12 | | Acquisition of intangible assets | -7,370 | -10,948 |
| -290 | -976 | | Acquisition of property, plant and equipment | -77,791 | -67,242 |
| 237 | 0 | | Portion relating to finance leases | 22,251 | 17,054 |
| 303 | 0 | | Sale of property, plant and equipment | 4,481 | 1,001 |
| **26,379** | **13,111** | | **Cash flows from investing activities** | **-64,330** | **-60,135** |
| 0 | 0 | | Dividends to non-controlling shareholders | -786 | -418 |
| -4,963 | -6,023 | | Dividends paid | -6,023 | -4,963 |
| -6,975 | 0 | | Acquisition of non-controlling interest | 0 | -6,998 |
| -17,853 | -16,495 | | Purchase of treasury shares | -16,495 | -17,853 |
| 5,712 | 11,556 | | Sale of treasury shares | 11,556 | 5,712 |
| 175 | 73 | | Sale of warrants | 73 | 175 |
| 237 | 60,000 | | Raising of long-term loans | 82,251 | 37,054 |
| -237 | 0 | | Portion relating to finance leases | -22,251 | -17,054 |
| -15,639 | -15,807 | | Instalments on non-current liabilities | -38,340 | -50,514 |
| **-39,543** | **33,304** | | **Cash flows from financing activities** | **9.985** | **-54,859** |
| **10,179** | **35,443** | | **Change in cash and cash equivalents** | **9,756** | **-48,091** |
| -63,774 | -53,595 | | Cash and cash equivalents at 01/01/2014 | -151,038 | -102,947 |
| 0 | 0 | | Additions relating to acquisition of enterprise | -3,012 | 0 |
| **-53,595** | **-18,152** | 32 | **Cash and cash equivalents at 31/12/2014** | **-144,294** | **-151,038** |

# Notes

## List of notes

# 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 2014 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 2014 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 2013 and the related notes, the balance sheet at 1 January 2013 and related notes have been omitted.

The Group's comparative figures for 2013 in respect of "production costs" and "external costs" as well as "staff costs" have been restated. The change has not affected EBITDA or the profit for year 2013.

## Change of accounting policies

Effective from 1 January 2014, SP Group A/S has implemented the following standards and interpretations, which may be relevant:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- Amendments to IFRS 10, 11, 12 and IAS 27
- IAS 27 (2011) Consolidated and separate financial statements
- IAS 28 (2011) Investments in associates and joint ventures
- Amendments to IAS 32 Offsetting financial assets and financial liabilities
- IFRIC 21 Levies
- Parts of Annual Improvements to IFRSs 2010-2012 Cycle concerning amendments to IFRS 2 Share-based payment and IFRS 3 Business combinations where the grant date and the date of acquisition, respectively is 1 July 2014 or later. Certain parts of Annual Improvements to IFRSs 2010-2012 have therefore been implemented in financial year 2014

None of the new standards and interpretations affected recognition and measurement in 2014 and thus did not affect profit and diluted earnings per share either.

## New accounting regulation

At the time of the publication of this annual report IASB has issued the following new financial reporting standards (IASs and IFRSs) and interpretations (IFRICs) that are not compulsory for SP Group A/S in the preparation of the annual report for 2014:

- IFRS 9 and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 14, IFRS 15, amendments to IAS 16 and IAS 38
- amendments to IAS 16 and IAS 41
- amendments to IAS 19
- amendments to IAS 27
- amendments to IFRS 11
- part of Annual improvements to IFRSs 2010-2012 cycle and annual improvements to IFRSs 2011-2013 cycle

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 recognition and measurement for 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.

### Consolidation principles

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 the consolidation are 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.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

### 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

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. 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 revaluations made.

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 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.

Contruction contracts for moulds and validation projects where assets are delivered with a high degree of individuel adaptation are recognised in revenue as production is carried out, which entails that revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised solely at an amount corresponding to the costs incurred if it is probable that they will be recovered.

### 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 costs

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 financial 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, they 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 more dividends are distributed than have in aggregate been earned by the enterprise since the Parent's acquisition of the investments, this is regarded as an indication of impairment, see above paragraph on impairment losses.

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.

**Construction contracts**
Construction contracts are measured at the selling price of the work performed less progress billings and expected losses. One of the characteristics of construction contracts is that the manufactured goods require a high degree of individualisation in respect of design. Also, it is a requirement that, prior to commencing the work, a binding contract has been made, under which payment of a penalty or compensation may be ordered in case of termination for cause.

The selling price is measured based on the stage of completion at the balance sheet date and the total expected income from the individual contract. The stage of completion is determined based on an assessment of the work performed, usually calculated as the proportion between the costs incurred and the total expected costs for the relevant contract.

When it is probable that the total contract costs to complete the contract will exceed the total contract revenue, the expected loss on the construction contract is recognised immediately as a cost and a provision.

When the outcome of a construction contract cannot be estimated reliably, the selling price is measured solely at costs incurred if it is probable that they will be recovered.

Construction contracts are recognised as receivables if the selling price of the work performed exceeds progress billings and expected losses. Construction contracts are recognised as liabilities if progress billings and expected losses exceed the selling price.

Prepayments from customers are recognised as liabilities.

Costs related to sales work and obtaining contracts are recognised in the income statement as they are incurred.

**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.

**Reserve for treasury shares**
Reserve for treasury shares comprises acquisition costs for the Company's holding of treasury shares. Dividend from treasury shares and gains and losses on the disposal of treasury shares is 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.

**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.

**Financial liabilities**
Financial liabilities comprise bank debt, trade payables, etc.

On initial recognition, 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.

Non-financial liabilities are measured at net realisable value.

**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 fair values.

# Notes

## 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 assessments

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 development costs, valuation of inventories and valuation of receivables as well as valuation of investments in subsidiaries in the parent company financial statements.

Assumptions and uncertainties relating to significant 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 2014 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 109 million at 31 December 2014. 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.

**Capitalised development projects**
An impairment test has been carried out of selected development projects that are in the early commercial phase. The impairment test is based on a discount rate of 9.0% before tax and 7.5% after tax and expected revenue and earnings on the projects. As the development projects relate to products that are in the early commercial phase, there is come uncertainty as to the expected future revenue and earnings from the projects. The imparment test shows that an impairment write-down is not needed.

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

**Receivables**
The Group has made 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.

**Acquisition of activity and subsidiary**
The Group has made an estimate in connection with the distibution of the aqusition costs in relation to the aqusition of activity and subsidiary.

| PARENT | | | GROUP | |
|---|---|---|---|---|
| 2013 | 2014 | DKK'000 | 2014 | 2013 |
| | | **3. Production costs** | | |
| 0 | 0 | Cost of sale | 670,437 | 647,484 |
| 0 | 0 | Write-down of inventories | 2,644 | 1,449 |
| 0 | 0 | Reversed write-down of inventories | -807 | -668 |
| 0 | 0 | Staff costs | 165,585 | 142,714 |
| **0** | **0** | | **837,859** | **790,979** |
| | | Reversal of write-down of inventories relates to disposal of inventories written down. | | |
| | | **4. Other operating income** | | |
| 4,545 | 4,525 | Rent | 188 | 140 |
| 0 | 9 | Gain from sale of non-current assets | 574 | 1,045 |
| **4,545** | **4,534** | | **762** | **1,185** |
| | | **5. Development costs** | | |
| 4,246 | 5,072 | Research and development costs incurred | 12,144 | 13,314 |
| 0 | 0 | Portion capitalised for accounting purposes | -7,072 | -9,068 |
| **4,246** | **5,072** | **Costs in the financial year** | **5,072** | **4,246** |
| | | Development costs substantially relate to payroll costs. | | |
| | | **6. Staff costs** | | |
| 10,409 | 10,852 | Wages and salaries | 261,421 | 234,452 |
| 328 | 348 | Pension contribution, defined contribution plan | 17,809 | 15,840 |
| 108 | 118 | Other social security costs | 14,985 | 12,830 |
| 599 | 625 | Other staff costs | 12,493 | 13,281 |
| 885 | 399 | Share-based payment | 399 | 885 |
| 0 | 0 | Refund from public authorities | -2,604 | -2,939 |
| **12,329** | **12,342** | | **304,503** | **274,349** |
| | | Staff costs can be specified as follows: | | |
| 0 | 0 | Production costs | 165,585 | 142,714 |
| 12,329 | 12,342 | Staff costs | 138,918 | 130,118 |
| 0 | 0 | Other cost groups | 0 | 1,517 |
| **12,329** | **12,342** | | **304,503** | **274,349** |
| **9** | **10** | **Average number of employees** | **1,255** | **1,136** |

## 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 | 2014 | 2013 | 2014 | 2013 |
| Remuneration of the Board of Directors | 1,250 | 1,190 | - | - |
| Wages and salaries | 0 | 0 | 5,591 | 5,231 |
| Share-based payment | 0 | 0 | 57 | 167 |
| | **1,250** | **1,190** | **5,648** | **5,398** |

| | | | | PARENT |
|---|---|---|---|---|
| | Board of Directors | | Executive Board | |
| DKK'000 | 2014 | 2013 | 2014 | 2013 |
| Remuneration of the Board of Directors | 1,250 | 1,190 | - | - |
| Wages and salaries | 0 | 0 | 5,231 | 4,871 |
| Share-based payment | 0 | 0 | 57 | 167 |
| | **1,250** | **1,190** | **5,288** | **5,038** |

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 | |
|---|---|---|---|---|
| 2013 | 2014 | DKK'000 | 2014 | 2013 |
| 328 | 348 | Contributions to defined pension plans taken to the income statement | 17,809 | 15,840 |

## 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 2014**

In 2014, the Group set up an incentive scheme for the Company's Executive Board and 25 executives. The scheme is based on warrants. A total of 50,000 warrants were issued, of which the Executive Board was granted 10,000, 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 280 per share of nominally DKK 10 plus 7.5% p.a. calculated from 1 April 2014 and until the warrants are exercised. The exercise price is fixed based on the listed price immediately before the publication of the annual report on 27 March 2014 and up to 29 April 2014. 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 2017 to 31 March 2020. Alternatively, the Executive Board and the 25 executive employees could purchase the warrants issued at market price as determined below by cash payment. The purchase option could be exercised until 30 June 2014. The Executive Board and ten executive employees chose to exercise the option.

The estimated fair value of the warrants issued is calculated at approx. DKK 153 thousand on the assumption that the granted warrants will be exercised in April 2016. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

| | |
|---|---|
| Volatility | 13% |
| Risk-free interest rate | 0.38% |
| Share price | 263 |

The estimated volatility is determined based on the Company's share prices during the six months preceding 22 April 2014.

**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 are exercised. 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 could 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. The valuation 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 price 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 could purchase the warrants issued at market price as determined below by cash payment. The purchase option could be exercised until 29 June 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. The valuation 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.

## 7. Share-based payment (continued)

**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 price 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. The valuation 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.

The incentive scheme has been exercisable since 1 April 2014. At year end 2014, 4,000 warrants had not yet been exercised.

**Financial review and follow-up on expectations expressed last year**

The development in unexercised warrants can be specified as follows:

| | Number warrants | Number warrants | Average exercise price, warrants | Average exercise price, warrants |
|---|---|---|---|---|
| Number | **2014** | **2013** | **2014** | **2013** |
| Unexercised warrants at 1 January | 303,000 | 274,834 | 150 | 115 |
| Granted in the financial year | 50,000 | 100,000 | 348 | 180 |
| Exercised in the financial year | -99,000 | -71,834 | 117 | 56 |
| Expired/cancelled in the financial year | 0 | 0 | 0 | 0 |
| | **254,000** | **303,000** | **200** | **150** |
| Exercisable at 31 December | 4,000 | 3,000 | | |

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 | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **Equity-settled share option plans, Parent and Group** | | |
| | | **Development in the financial year** | | |
| **885** | **399** | Share-based payment recognised in income statement, equity-settled share option plan | **399** | **885** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **8. Depreciation, amortisation and impairment losses** | | |
| 147 | 141 | Amortisation of intangible assets | 5,485 | 4,635 |
| 3,078 | 3,118 | Depreciation on property, plant and equipment | 47,844 | 44,203 |
| **3,225** | **3,259** | | **53,329** | **48,838** |
| | | **9. Dividends from group enterprises** | | |
| 26,462 | 20,000 | Dividends from subsidiaries | - | - |
| **26,462** | **20,000** | | **-** | **-** |
| | | **10. Other financial income** | | |
| | | Interest, etc. | 583 | 514 |
| 562 | 212 | Interest from subsidiaries | - | - |
| **562** | **212** | **Interest income from financial assets not measured at fair value through profit/loss** | **583** | **514** |
| 0 | 1,833 | Exchange rate adjustments | 4,810 | 0 |
| **562** | **2,045** | | **5,393** | **514** |
| | | **11. Financial expenses** | | |
| 4,887 | 3,262 | Interest, etc. | 13,047 | 13,507 |
| 1,067 | 1,037 | Value adjustment of hedging transactions | 1,037 | 1,067 |
| 745 | 1,057 | Interest to subsidiaries | - | - |
| **6,699** | **5,356** | **Interest expenses on financial liabilities not measured at fair value through profit/loss** | **14,084** | **14,574** |
| 352 | 0 | Exchange rate adjustments | 0 | 1,120 |
| **7,051** | **5,356** | | **14,084** | **15,694** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **12. Tax on profit for the year** | | |
| 0 | 0 | Current tax | 7,880 | 9,057 |
| -2,381 | -3,347 | Change in deferred tax | 3,744 | 2,082 |
| 0 | 0 | Adjustment concerning previous years, deferred tax | 43 | 29 |
| 0 | 0 | Adjustment concerning previous years, tax | 0 | -83 |
| **-2,381** | **-3,347** | | **11,667** | **11,085** |
| | | The current income tax for the financial year is calculated based on a tax rate of 24.5% (2013: 25%) for Danish enterprises. For foreign enterprises, the current tax rate in the country in question is used. | | |
| | | **Tax on other comprehensive income** | | |
| 226 | 114 | Value adjustment of financial instruments acquired to hedge future cash flows | -1,526 | 64 |
| **226** | **114** | | **1,526** | **64** |
| | | Tax on items recognised in other comprehensive income can be specified as follows: | | |
| 0 | 0 | Current tax | -283 | 0 |
| 226 | 114 | Change in deferred tax | -1,243 | 64 |
| **226** | **114** | | **-1,526** | **64** |
| | | **Reconciliation of tax rate** | | |
| - | - | Danish tax rate | 24.5 | 25.0 |
| - | - | Effect of differences in tax rates for foreign enterprises | -1.8 | -0.9 |
| - | - | Effect of changed corporation tax rate in Denmark | 0.0 | -2.0 |
| **-** | **-** | **Effective tax rate for the year** | **22.7** | **22.1** |
| | | The Parent's tax rate in 2014 as well as in 2013 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 | 3,857 | 4,615 |
| | | The USA | 1,126 | 1,263 |
| | | China | 382 | 382 |
| | | Sweden | 374 | 623 |
| | | Latvia | 0 | 0 |
| | | The Netherlands | 1,139 | 1,364 |
| | | Brazil | 1,002 | 810 |
| | | | **7,880** | **9,057** |

No tax has been paid in Denmark and Latvia as the Group here has tax loss carryforwards from previous years, including in particular from 2004, 2008 and 2009.
Reference is made to note 25.

| DKK'000 | GROUP 2014 | 2013 |
|---|---|---|
| **13. Earnings per share** | | |
| The calculation of earnings per share is based on the following: | | |
| **Profit/loss to the Parent's shareholders** | **39,020** | **39,039** |

| Number | 2014 | 2013 |
|---|---|---|
| Average number of shares issued | 2,024,000 | 2,024,000 |
| Average number of treasury shares issued | -60,655 | -63,031 |
| **Number of shares used to calculate earnings per share** | **1,963,345** | **1,960,969** |
| **Average dilution effect of warrants outstanding** | **64,128** | **122,640** |
| **Number of shares used to calculate diluted earnings per share** | **2,027,473** | **2,083,609** |

## 14. Intangible assets

| DKK'000 | Completed development projects | Software | Customer files | Goodwill | GROUP Completed development projects in progress |
|---|---|---|---|---|---|
| Cost at 01/01/2014 | 23,007 | 19,064 | 3,000 | 106,224 | 8,714 |
| Value adjustment | 63 | -37 | 0 | 1,449 | 0 |
| Reclassification | 0 | 0 | 0 | 0 | 0 |
| Additions relating to acquisition of enterprise | 0 | 0 | 1,000 | 3,170 | 0 |
| Retained | 8,351 | 0 | 0 | 0 | -8,351 |
| Additions | 5,561 | 1,809 | 0 | 0 | 1,511 |
| Disposals | 0 | -16 | 0 | 0 | 0 |
| **Cost at 31/12/2014** | **36,982** | **20,820** | **4,000** | **110,843** | **1,874** |
| Amortisation and impairment losses at 01/01/2014 | 13,022 | 12,137 | 1,800 | 1,861 | 0 |
| Value adjustment | 55 | -32 | 0 | 0 | 0 |
| Amortisation for the year | 3,913 | 1,102 | 470 | 0 | 0 |
| Reversal relating to disposals | 0 | -6 | 0 | 0 | 0 |
| **Amortisation and impairment losses at 31/12/2014** | **16,990** | **13,201** | **2,270** | **1,861** | **0** |
| **Carrying amount at 31/12/2014** | **19,992** | **7,619** | **1,730** | **108,982** | **1,874** |
| 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 |
| Retained | 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** |

| | PARENT | |
|---|---|---|
| DKK'000 | Software 2014 | Software 2013 |

## 14. Intangible assets (continued)

| | | |
|---|---|---|
| Cost at 1 January | 977 | 644 |
| Additions | 12 | 333 |
| Disposals | 0 | 0 |
| **Cost at 31 December** | **989** | **977** |
| | | |
| Amortisation and impairment losses at 1 January | 673 | 526 |
| Amortisation for the year | 141 | 147 |
| Reversal relating to disposals | 0 | 0 |
| **Amortisation and impairment losses at 31 December** | **814** | **673** |
| | | |
| **Carrying amount at 31 December** | **175** | **304** |

**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 | **2014** | **2013** |
| Coatings | 9,823 | 9,823 |
| Plastics | 99,159 | 94,540 |
| | **108,982** | **104,363** |

## 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 2014 or 2013.

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. Revenue from the segments is broken down by several industries and is therefore not particularly dependent on lines of business or individual customers.

The calculation of the value in use is based on the cash flows stated in the most recent management-approved budget for 2015 and forecasts for 2016 and 2017. 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:

| | 2014 | 2013 |
|---|---|---|
| Discount rate after tax | 7.5% | 7.5% |
| Discount rate before tax | 9.0% | 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.

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

## 15. Property, plant and equipment

| | | | | | |
|---|---|---|---|---|---|
| Cost at 01/01/2014 | 213,421 | 647,854 | 79,238 | 26,466 | 26,945 |
| Value adjustment | 0 | 173 | 39 | -152 | -43 |
| Additions relating to acquisition of enterprise | 0 | 5,074 | 121 | 97 | 0 |
| Additions | 4,486 | 67,392 | 8,237 | 1,280 | 17,219 |
| Disposals | 0 | -24,337 | -2,000 | 0 | -20,823 |
| **Cost at 31/12/2014** | **217,907** | **696,156** | **85,635** | **27,691** | **23,298** |
| | | | | | |
| Amortisation and impairment losses at 01/01/2014 | 84,177 | 434,553 | 60,877 | 13,440 | 0 |
| Value adjustment | 0 | 705 | 66 | 128 | 0 |
| Amortisation for the year | 5,688 | 33,604 | 6,315 | 2,237 | 0 |
| Reversal relating to disposals | 0 | -17,122 | -1,346 | 0 | 0 |
| **Amortisation and impairment losses at 31/12/2014** | **89,865** | **451,740** | **65,912** | **15,805** | **0** |
| | | | | | |
| **Carrying amount at 31/12/2014** | **128,042** | **244,416** | **19,723** | **11,886** | **23,298** |
| | | | | | |
| Portion relating to assets held under finance leases at 31/12/2014 | 0 | 63,549 | 877 | 0 | 0 |
| | | | | | |
| 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** |
| | | | | | |
| **Cost 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 | 54,321 | 1,318 | 0 | 0 |

| | | | PARENT |
|---|---|---|---|
| DKK'000 | Land and buildings | Other fixtures, etc. | Property, plant and equipment in progress |

## 15. Property, plant and equipment (continued)

| | Land and buildings | Other fixtures, etc. | Property, plant and equipment in progress |
|---|---|---|---|
| Cost at 01/01/2014 | 80,801 | 4,182 | 0 |
| Additions | 637 | 339 | 0 |
| Disposals | 0 | -884 | 0 |
| **Cost at 31/12/2014** | **81,438** | **3,637** | **0** |
| | | | |
| Amortisation and impairment losses at 01/01/2014 | 11,575 | 2,211 | 0 |
| Amortisation for the year | 2,274 | 844 | 0 |
| Reversal relating to disposals | 0 | -544 | 0 |
| **Amortisation and impairment losses at 31/12/2014** | **13,849** | **2,511** | **0** |
| | | | |
| **Carrying amount at 31/12/2014** | **67,589** | **1,126** | **0** |
| | | | |
| Portion relating to assets held under finance leases at 31/12/2014 | 0 | 467 | 0 |
| | | | |
| 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 |

| PARENT | | | |
|---|---|---|---|
| **2013** | **2014** | DKK'000 | |

## 16. Investments in subsidiaries

| 2013 | 2014 | DKK'000 |
|---|---|---|
| 580,171 | 587,146 | Cost at 1 January |
| 6,975 | 9,863 | Additions |
| **587,146** | **597,009** | **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** |
| | | |
| **346,311** | **356,174** | **Carrying amount at 31 December** |

Investments in subsidiaries comprise: :

| | Registered office | Ownership interest | | Share of voting rights | | Activity |
|---|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 | |
| 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% | 100% | 100% | Production and sale of extruded items |
| Brdr. Bourghardt AB | Sweden | 80% | - | 80% | - | Production and sale of Telene products |
| TPI Polytechniek B.V. | The Netherlands | 100% | 100% | 100% | 100% | Sale of ventilation components |

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

Note 42 includes an overview of all enterprises in the Group.

.

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **17. Inventories** | | |
| 0 | 0 | Raw materials and consumables | 92,835 | 88,435 |
| 0 | 0 | Work in progress | 8,231 | 15,900 |
| 0 | 0 | Finished goods and goods for resale | 106,804 | 94,409 |
| **0** | **0** | | **207,870** | **198,744** |
| 0 | 0 | Carrying amount of inventories recognised at net realisable value | 9,255 | 8,010 |
| | | **18. Trade receivables** | | |
| 0 | 0 | Write-down for the year recognised in the income statement | 116 | -34 |
| | | 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. (objective evidence of impairment). Trade receivables are written down to net realisable value. Moreover, reference is made to note 35. | | |
| | | The carrying amount of receivables written down to net realisable value based on an individual assessment amounts to DKK 1 thousand (2013: DKK 93 thousand). | | |
| | | Due receivables not written down: | | |
| 8 | 0 | Due by up to one month | 16,803 | 13,944 |
| 0 | 0 | Due between one and three months | 5,093 | 5,744 |
| 0 | 0 | Due by more than three months | 432 | 1,656 |
| **8** | **0** | | **22,328** | **21,344** |
| | | **19. Construction contracts** | | |
| 0 | 0 | Selling price of construction contracts | 9,805 | 0 |
| 0 | 0 | Progress billings | -3,272 | 0 |
| **0** | **0** | | **6,533** | **0** |
| | | recognised as follows: | | |
| 0 | 0 | Construction contracts (assets) | 6,533 | 0 |
| 0 | 0 | Construction contracts (liabilities) | 0 | 0 |
| **0** | **0** | | **6,533** | **0** |
| 0 | 0 | Prepayments from customers relating to contracts commenced | 0 | 0 |
| 0 | 0 | Payments withheld | 0 | 0 |
| 0 | 0 | The selling price of the year's production relating to construction contracts | 15,498 | 0 |

## 20. 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 2015.

## 21. 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.

## 22. 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 shares | | | |
|---|---|---|---|---|
| DKK'000 | Number | | Nom. value | |
| | 2014 | 2013 | 2014 | 2013 |
| 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 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| 1 January | 77,815 | 48,746 | 778,150 | 487,460 | 3.8% | 2.4% |
| Acquired | 65,178 | 112,903 | 651,780 | 1,129,030 | 3.2% | 5.6% |
| Sold | -99,000 | -83,834 | -990,000 | -838,340 | -4.9% | -4.1% |
| **31 December** | **43,993** | **77,815** | **439,930** | **778,150** | **2.2%** | **3.8%** |

Acquisitions in 2013 and 2014 were made in order to partially fund existing warrant programmes.

Sales in 2014 relates to the exercise of warrants and sales 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 25-40 %. 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 share-based payment | Hedging reserve | Total |

## 23. Other reserves

| DKK'000 | Reserve for exchange rate adjustments | Reserve for share-based payment | Hedging reserve | Total |
|---|---|---|---|---|
| Reserve at 01/01/2013 | 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** |
| | | | | |
| Exchange rate adjustment relating to foreign enterprises | 1,303 | 0 | 0 | 1,303 |
| Recognition of share-based payment | 0 | 399 | 0 | 399 |
| Share-based payment, exercised arrangements | 0 | -1,252 | 0 | -1,252 |
| Sale of warrants | 0 | 73 | 0 | 73 |
| Value adjustments of financial instruments acquired to hedge future cash flows, net | 0 | 0 | -7,098 | -7,098 |
| **Reserve at 31/12/2014** | **3,579** | **1,288** | **-3,145** | **1,722** |

| | | | PARENT |
|---|---|---|---|
| DKK'000 | Reserve for share-based payment | Hedging reserve | Total |
| Reserve at 01/01/2013 | 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** |
| | | | |
| Recognition of share-based payment | 399 | 0 | 0 |
| Share-based payment, exercised arrangements | -1,252 | 0 | 0 |
| Sale of warrants | 73 | 0 | 0 |
| Value adjustments of financial instruments acquired to hedge future cash flows, net | 0 | -354 | -354 |
| **Reserve at 31/12/2014** | **1,288** | **-1,270** | **18** |

The reserve for exchange rate adjustments comprises all exchange rate adjustments arising from the translation of financial statements 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 shares 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 | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |

## 24. Non-current liabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-current liabilities fall due as follows: | | | | | | |
| Within one year from the balance sheet date | 23,910 | 11,937 | 11,036 | 11,049 | 12,844 | 10,096 |
| Between one and two years from the balance sheet date | 23,910 | 11,937 | 73,584 | 11,099 | 13,529 | 18,925 |
| Between two and three years from the balance sheet date | 23,910 | 11,937 | 11,128 | 73,641 | 13,283 | 6,991 |
| Between three and four years from the balance sheet date | 17,954 | 11,937 | 9,205 | 11,182 | 10,452 | 7,494 |
| Between four and five years from the balance sheet date | 12,000 | 5,967 | 7,258 | 9,048 | 5,926 | 3,957 |
| After five years from the balance sheet date | 0 | 0 | 52,974 | 60,076 | 0 | 1,720 |
| | **101,684** | **53,715** | **165,185** | **176,095** | **56,034** | **49,183** |
| Liabilities are recognised in the balance sheet as follows: | | | | | | |
| Current liabilities | 23,910 | 11,937 | 11,036 | 11,049 | 12,844 | 10,096 |
| Non-current liabilities | 77,774 | 41,778 | 154,149 | 165,046 | 43,190 | 39,087 |
| | **101,684** | **53,715** | **165,185** | **176,095** | **56,034** | **49,183** |
| Fair value | 101,684 | 53,715 | 166,820 | 177,656 | 56,034 | 49,183 |

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 | | | | | |
|---|---|---|---|---|---|---|
| | Bank debt | | Financial institutions | | Finance lease liabilities (minimum lease payments) | |
| DKK'000 | **2014** | **2013** | **2014** | **2013** | **2014** | **2014** |

## 24. Non-current liabilities (continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-current liabilities fall due as follows: | | | | | | |
| Within one year from the balance sheet date | 23,910 | 11,937 | 3,235 | 3,224 | 435 | 939 |
| Between one and two years from the balance sheet date | 23,910 | 11,937 | 65,761 | 3,252 | 231 | 435 |
| Between two and three years from the balance sheet date | 23,909 | 11,937 | 3,288 | 65,780 | 0 | 231 |
| Between three and four years from the balance sheet date | 17,955 | 11,937 | 3,315 | 3,308 | 0 | 0 |
| Between four and five years from the balance sheet date | 12,000 | 5,967 | 3,341 | 3,337 | 0 | 0 |
| After five years from the balance sheet date | 0 | 0 | 25,428 | 28,612 | 0 | 0 |
| | **101,684** | **53,715** | **104,368** | **107,513** | **666** | **1,605** |
| Liabilities are recognised in the balance sheet as follows: | | | | | | |
| Current liabilities | 23,910 | 11,937 | 3,235 | 3,224 | 435 | 939 |
| Non-current liabilities | 77,774 | 41,778 | 101,133 | 104,289 | 231 | 666 |
| | **101,684** | **53,715** | **104,368** | **107,513** | **666** | **1,605** |
| Fair value | 101,684 | 53,715 | 105,957 | 109,019 | 666 | 1,605 |

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 | | | GROUP | |
|---|---|---|---|---|
| Deferred tax assets | Deferred tax liabilities | DKK'000 | Deferred tax assets | Deferred tax liabilities |

## 25. Deferred tax

| Parent: Deferred tax assets | Parent: Deferred tax liabilities | DKK'000 | Group: Deferred tax assets | Group: Deferred tax liabilities |
|---|---|---|---|---|
| 11,174 | 0 | Deferred tax at 01/01/2013 | 2,149 | 8,004 |
| 0 | 0 | Exchange rate adjustment | -99 | -31 |
| 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** |
| 0 | 0 | Exchange rate adjustment | 267 | 140 |
| 0 | 0 | Acquisition of enterprise | 1,699 | 0 |
| 0 | 0 | Other adjustments, reclassification of tax payable at beginning of year | -505 | -505 |
| 3,347 | 0 | Change in deferred tax recognised in the income statement | -730 | 3,014 |
| 114 | 0 | Change in deferred tax recognised in other comprehensive income | 598 | -645 |
| -4,444 | 0 | Transfer, subsidiaries | 0 | 0 |
| **9,872** | **0** | **Deferred tax at 31/12/2014** | **4,246** | **13,019** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | Deferred tax is recognised in the balance sheet as follows: | | |
| 10,855 | 9,872 | Deferred tax assets | 4,246 | 2,917 |
| 0 | 0 | Deferred tax liabilities | -13,019 | -11,015 |
| **10,855** | **9,872** | | **-8,773** | **-8,098** |

The Group's tax assets primarily relate to tax losses in SP Moulding (Suzhou) Co. Ltd. in China and in Baltic Rim, Ltd. in Latvia.

The assets are expected to be utilised within three years..

| 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** |

## 25. Deferred tax (continued)

| DKK'000 | 01.01 | Recognised in income statement | Recognised in other comprehen-sive income | Recognised in equity | Reclassifi-cation and other adjustments | 31.12 |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| Intangible assets | 11,735 | -90 | 0 | 0 | 0 | 11,645 |
| Property, plant and equipment | 16,599 | 6,219 | 0 | 0 | 0 | 22,818 |
| Inventories | 2,977 | 219 | 0 | 0 | 0 | 3,196 |
| Receivables | 56 | 121 | 0 | 0 | 0 | 177 |
| Liabilities | -5,885 | -3,279 | 0 | 0 | 0 | -9,164 |
| Value adjustment of derivative financial instruments | 1,232 | -28 | -1,129 | 0 | 0 | 75 |
| Tax loss carryforwards | -18,616 | 582 | -114 | 0 | -1,826 | -19,974 |
| | **8,098** | **3,744** | **-1,243** | **0** | **-1,826** | **8,773** |
| **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** |

**PARENT**

| DKK'000 | 01.01. | Transfer subsidiaries | Recognised in income statement | Recognised in other comprehen-sive income | Recognised in equity | 31.12. |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| Intangible assets | 67 | 0 | -28 | 0 | 0 | 39 |
| Property, plant and equipment | -4 | 0 | 290 | 0 | 0 | 286 |
| Liabilities | -79 | 0 | 79 | 0 | 0 | 0 |
| Tax loss carryforwards | -10,839 | 4,444 | -3,688 | -114 | 0 | -10,197 |
| | **-10,855** | **4,444** | **-3,347** | **-114** | **0** | **-9,872** |
| **2013** | | | | | | |
| Intangible assets | 29 | 0 | 38 | 0 | 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** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |

## 26. Trade payables

| 2013 | 2014 | DKK'000 | 2014 | 2013 |
|---|---|---|---|---|
| **766** | **485** | Trade payables | **103,749** | **116,796** |

Carrying amount is equal to the fair value of the liabilities.

## 27. Other payables

Other payables comprise items payable relating to payroll, withholding taxes, social contributions, holiday pay, derivatives, VAT and duties, etc.

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.

## 28. Charges

Mortgage debt DKK 89 million 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 60 million (2013: DKK 65 million).

| 2013 | 2014 | DKK'000 | 2014 | 2013 |
|---|---|---|---|---|
| **68,830** | **67,193** | Carrying amount of mortgaged properties | **127,645** | **128,847** |

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 27 million (2013: DKK 40 million).

| 2013 | 2014 | DKK'000 | 2014 | 2013 |
|---|---|---|---|---|
| **0** | **0** | Carrying amount of mortgaged operating equipment | **12,170** | **35,655** |

Bank debt is secured by way of mortgage on shares in the Group's Danish subsidiaries.

| 2013 | 2014 | DKK'000 | 2014 | 2013 |
|---|---|---|---|---|
| **298,288** | **298,288** | Carrying amount of pledged shares (cost) | | |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **29. Operating lease obligations** | | |
| | | For the years 2015-2021, 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: | | |
| 1,360 | 1,387 | Within one year from the balance sheet date | 17,687 | 16,822 |
| 5,716 | 5,831 | Between one and five years from the balance sheet date | 29,015 | 36,927 |
| 4,595 | 3,093 | After five years from the balance sheet date | 3,579 | 8,061 |
| **11,671** | **10,311** | | **50,281** | **61,810** |
| **1,333** | **1,360** | Minimum lease payments recognised in the income statement for the year | **17,328** | **15,293** |
| | | 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 2015-2016, 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 | 428 | 1,865 |
| 0 | 0 | Between one and five years from the balance sheet date | 61 | 2,163 |
| 0 | 0 | After five years from the balance sheet date | 0 | 0 |
| **0** | **0** | | **489** | **4,028** |
| **0** | **0** | Minimum lease payments recognised in the income statement for the year | **735** | **2,109** |
| | | For the years 2015-2020, 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: | | |
| 152 | 94 | Within one year from the balance sheet date | 2,215 | 2,388 |
| 64 | 0 | Between one and five years from the balance sheet date | 3,311 | 2,716 |
| 0 | 0 | After five years from the balance sheet date | 81 | 105 |
| **216** | **94** | | **5,607** | **5,209** |
| **167** | **167** | Minimum lease payments recognised in the income statement for the year | **2,501** | **2,137** |
| | | Overall, the rental and lease obligations can be specified as follows: | | |
| 1,512 | 1,481 | Within one year from the balance sheet date | 20,330 | 21,075 |
| 5,780 | 5,831 | Between one and five years from the balance sheet date | 32,387 | 41,806 |
| 4,595 | 3,093 | After five years from the balance sheet date | 3,660 | 8,166 |
| **11,887** | **10,405** | | **56,377** | **71,047** |
| **0** | **0** | Leases regarding acquisition of machinery for future delivery | **10,000** | **25,000** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |

## 30. 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.

| | | | | |
|---|---|---|---|---|
| **125,408** | **153,297** | Subsidiaries' bank debt | | |

The Parent has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.

| | | | | |
|---|---|---|---|---|
| **69,244** | **61,397** | Surety, guarantee and liability | | |

The Parent is jointly and severally liable for the subsidiaries' lease obligations.

| | | | | |
|---|---|---|---|---|
| **56,294** | **52,627** | Minimum lease payments | | |

On behalf of a subsidiary, the Parent has provided a payment guarantee of DKK 2,394 thousand to a supplier (2013: DKK 1,966 thousand).

The Parent is jointly taxed with other 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 2014, the jointly taxed companies' net liabilities to SKAT amounted to DKK 0 (31/12/2013: DKK 0).

## 31. Changes in net working capital

| PARENT 2013 | PARENT 2014 | DKK'000 | GROUP 2014 | GROUP 2013 |
|---|---|---|---|---|
| 0 | 0 | Change in inventories | 9,126 | 12,512 |
| -21,458 | 18,159 | Change in receivables | 11,079 | 13,955 |
| -6,122 | -16,465 | Change in trade payables, etc. | 4,804 | -1,926 |
| **-27,580** | **1,694** | | **25,009** | **24,541** |

| PARENT | | | GROUP | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | **32. Cash and cash equivalents** | | |
| 12 | 2,236 | Cash | 29,291 | 27,977 |
| -53,607 | -20,388 | Short-term bank debt | -173,585 | -179,015 |
| **-53,595** | **-18,152** | | **-144,294** | **-151,038** |
| | | **33. 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: | | |
| | | **EY** | | |
| 240 | 200 | Statutory audit | 750 | 840 |
| 0 | 0 | Other assurance engagements | 0 | 6 |
| 90 | 89 | Tax and VAT advice | 158 | 138 |
| 160 | 272 | Other services | 452 | 337 |
| **490** | **561** | | **1,360** | **1,321** |

## 34. 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 38.

For an outline of subsidiaries, see the group chart in note 42.

**Related party transactions, Group**

As in previous years, the Group has leased a production property from a company, in which members of the Group Executive Board and Board of Directors are indirectly shareholders. Rent amounted to DKK 1,360 thousand in 2014 (2013: DKK 1,333 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 property at the original selling price. The Group did not have any other related party transactions in 2013 and 2014 apart from remuneration of the Board of Directors and the Executive Board; see note 6.

**Related party transactions, Parent**

| Beløb i DKK 1.000 | **Rental income** | **Rental expenses** | **Sale of goods and services** | **Purchase of goods and services** | **Interest income** | **Interest expenses** | **Receivables** | **Payables** |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| From subsidiaries | 4,465 | 249 | 7,546 | 120 | 212 | 1,057 | 33,636 | 57,749 |
| **2013** | | | | | | | | |
| From subsidiaries | 4,496 | 212 | 7,004 | 120 | 562 | 777 | 9,177 | 45,797 |

In addition, SP Group A/S received dividends from subsidiaries in the amount of DKK 20,000 thousand (2013: DKK 26,462 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 28. 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 | |
|---|---|---|---|---|
| 2013 | 2014 | DKK'000 | 2014 | 2013 |
| | | **35. Financial risks and financial instruments** | | |
| | | **Classes of financial instruments** | | |
| 0 | 0 | Derivative financial instruments acquired to hedge future cash flows | 418 | 6,986 |
| **0** | **0** | **Financial assets applied as hedging instruments** | **418** | **6,986** |
| 3,000 | 3,000 | Deposits | 3,037 | 3,029 |
| 205 | 345 | Trade receivables | 99,251 | 93,105 |
| 9,177 | 33,636 | Receivables from subsidiaries | - | - |
| 7,028 | 510 | Other receivables | 14,873 | 16,312 |
| 12 | 2,236 | Cash | 29,291 | 27,977 |
| **19,422** | **39,727** | **Loans, receivables and cash** | **146,452** | **140,423** |
| 2,044 | 2,328 | Derivative financial instruments acquired to hedge future cash flows | 2,328 | 2,044 |
| **2,044** | **2,328** | **Financial liabilities applied as hedging instruments** | **2,328** | **2,044** |
| 107,322 | 122,072 | Bank debt | 275,269 | 232,730 |
| 107,513 | 104,368 | Financial institutions | 165,185 | 176,095 |
| 1,605 | 666 | Finance lease obligations | 56,034 | 49,183 |
| 766 | 485 | Trade payables | 103,749 | 116,796 |
| 45,797 | 57,749 | Payables to subsidiaries | - | - |
| **263,003** | **285,340** | **Financial liabilities measured at amortised cost** | **600,237** | **574,804** |

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 financial liabilities has increased by DKK 1.6 million (2013: increase of DKK 1.6 million) in the Group and DKK 1.6 million (2013: increase of DKK 1.5 million) in the Parent. The fair value the financial liabilities is determined based on discounted-value models, i.e. at level 1, bank debt and finance lease obligations at level 2 and derivative financial instruments at level 2.

## 35. 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. 80% of sales is thus recognised in DKK or EUR, and approx. 60% 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.

29% 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 1.4 million. To reduce the currency risk and match income and costs 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, which is 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 394.4 million (2013: DKK 346.7 million) and USD against DKK in the amount of DKK 11.8 million (2013: DKK 0 million) was concluded at 31 December 2014.

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 negatively affects the Group's equity by net DKK 8,6 million before tax and DKK 7.1 million after tax.

| | | | | | **GROUP** |
|---|---|---|---|---|---|
| DKK'000 | **Cash and cash equivalents** | **Receivables** | **Liabilities** | **Hedged portion** | **Net position** |
| EUR | 9,554 | 45,917 | -175,505 | 0 | -120,034 |
| PLN | 32 | 6,084 | -14,213 | 0 | -8,097 |
| USD | 7,559 | 19,201 | -18,531 | 0 | 8,229 |
| CAD | 3,550 | 637 | -133 | 0 | 4,054 |
| SEK | 2,374 | 2,098 | -5,789 | 0 | -1,317 |
| NOK | 0 | 0 | -11 | 0 | -11 |
| JPY | 24 | 0 | 0 | 0 | 24 |
| RMB | 4,509 | 12,338 | -12,435 | 0 | 4,412 |
| CHF | 0 | 0 | -75 | 0 | -75 |
| GBP | 147 | 86 | -29 | 0 | 204 |
| BRL | 641 | 1,670 | -615 | 0 | 1,696 |
| **31/12/2014** | **28,390** | **88,031** | **-227,336** | **0** | **-110,915** |
| 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 | 0 | -75 |
| GBP | 0 | 0 | -162 | 0 | -162 |
| BRL | 535 | 1,758 | -530 | 0 | 1,763 |
| **31/12/2013** | **26,692** | **93,710** | **-315,484** | **0** | **-195,082** |

| | | | | | **PARENT** |
|---|---|---|---|---|---|
| DKK'000 | **Cash and cash equivalents** | **Receivables** | **Liabilities** | **Hedged portion** | **Net position** |
| EUR | 5 | 145 | -61,926 | 0 | -61,776 |
| PLN | 0 | 0 | -22 | 0 | -22 |
| USD | 2,190 | 0 | 0 | 0 | 2,190 |
| **31/12/2014** | **2,195** | **145** | **-61,948** | **0** | **-59,608** |
| EUR | 5 | 182 | -131,690 | 0 | -131,503 |
| PLN | 0 | 0 | -26 | 0 | -26 |
| USD | 0 | 0 | 0 | 0 | 0 |
| **31/12/2013** | **5** | **182** | **-131,716** | **0** | **-131,529** |

## 35. 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 approx. DKK 467 million. 83% of the debt carried a floating rate, including mortgage debt with an average interest rate of approx. 1.1% 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 costs before tax of approx. DKK 3.9 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 |
|---|---|---|---|---|---|---|
| | Time of interest rate adjustment or maturity | | | | | |
| DKK'000 | Within 1 years | Between 1 and 5 years | After 5 years | Total | Fixed interest rate portion | Effective interest rate |
| Bank deposits | 29,291 | 0 | 0 | 29,291 | 0 | 0.8% |
| Financial institutions | -87,308 | -73,887 | -3,990 | -165,185 | 0 | 2.1% |
| Finance lease obligations | -56,034 | 0 | 0 | -56,034 | 0 | 2.3% |
| Bank debt | -275,269 | 0 | 0 | -275,269 | 0 | 2.0% |
| **31/12/2014** | **-389,320** | **-73,887** | **-3,990** | **-467,197** | **0** | |
| Bank deposits | 27,977 | 0 | 0 | 27,977 | 0 | 0.8% |
| Financial institutions | -94,388 | -81,707 | 0 | -176,095 | 0 | 2.1% |
| Finance lease obligations | -49,183 | 0 | 0 | -49,183 | 0 | 2.3% |
| Bank debt | -232,730 | 0 | 0 | -232,730 | 0 | 2.6% |
| **31/12/2013** | **-348,324** | **-81,707** | **0** | **-430,031** | **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 2,328 thousand (31/12/2013: DKK 2,044 thousand). Interest rate swaps will expire in 2016 and 2017.

| | | | | | | PARENT |
|---|---|---|---|---|---|---|
| | Time of interest rate adjustment or maturity | | | | | |
| DKK'000 | Within 1 years | Between 1 and 5 years | After 5 years | Total | Fixed interest rate portion | Effective interest rate |
| Bank deposits | 2,236 | 0 | 0 | 2,236 | 0 | 0.0% |
| Financial institutions | -39,081 | -65,287 | 0 | -104,368 | 0 | 2.2% |
| Finance lease obligations | -666 | 0 | 0 | -666 | 0 | 2.9% |
| Bank debt | -122,072 | 0 | 0 | -122,072 | 0 | 2.2% |
| **31/12/2014** | **-159,583** | **-65,287** | **0** | **-224,870** | **0** | |
| Bank deposits | 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** | **-144,148** | **-72,280** | **0** | **-216,428** | **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 2,328 thousand (31/12/2013: DKK 2,044 thousand). Interest rate swaps will expire in 2016 and 2017.

## 35. 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 | |
|---|---|---|---|---|
| **2013** | **2014** | DKK'000 | **2014** | **2013** |
| | | Due receivables not written down: | | |
| 8 | 0 | Due by up to one month | 16,803 | 13,944 |
| 0 | 0 | Due between one and three months | 5,093 | 5,744 |
| 0 | 0 | Due by more than three months | 432 | 1,656 |
| **8** | **0** | | **22,328** | **21,344** |

**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 has calculated the cash resources at DKK 85 million at year end 2014.

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** |
| **2014** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Bank debt | 197,495 | 77,774 | 0 | 275,269 |
| Financial institutions | 11,036 | 101,175 | 52,974 | 165,185 |
| Finance lease obligations | 12,844 | 43,190 | 0 | 56,034 |
| Trade payables | 103,749 | 0 | 0 | 103,749 |
| | **325,124** | **222,139** | **52,974** | **600,237** |
| **Derivative financial instruments** | | | | |
| Derivative financial instruments acquired to hedge future cash flows | 0 | 2,328 | 0 | 2,328 |
| | **325,124** | **224,467** | **52,974** | **602,565** |
| **2013** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Bank debt | 190,952 | 41,778 | 0 | 232,730 |
| 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 |
| | **328,893** | **184,115** | **61,796** | **574,804** |
| **Derivative financial instruments** | | | | |
| Derivative financial instruments acquired to hedge future cash flows | 0 | 2,044 | 0 | 2,044 |
| | **328,893** | **186,159** | **61,796** | **576,848** |

## 35. Financial risks and financial instruments (continued)

| | | | | PARENT |
|---|---|---|---|---|
| DKK'000 | Within 1 years | Between 1 and 5 years | After 5 years | Total |
| **2014** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Bank debt | 44,298 | 77,774 | 0 | 122,072 |
| Financial institutions | 3,235 | 75,705 | 25,428 | 104,368 |
| Finance lease obligations | 435 | 231 | 0 | 666 |
| Trade payables | 485 | 0 | 0 | 485 |
| | **48,453** | **153,710** | **25,428** | **227,591** |
| **Derivative financial instruments** | | | | |
| Derivative financial instruments acquired to hedge future cash flows | 0 | 2,328 | 0 | 2,328 |
| | **48,453** | **156,038** | **25,428** | **229,919** |
| **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** |

Derivative financial instruments are measured in accordance with a recognized valuation method according to which all material data are based on observable market data, i.e. at level 2. Apart from this, the Group has no assets and liabilities measured at fair value.

## 36. 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.

## 37. 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 IFRS 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 – 2014**

| DKK'000 | **Coatings** | **Plastics** | **Other*** | **Group** |
|---|---|---|---|---|
| Revenue, external customers | 159,094 | 1,002,047 | 3,801 | 1,164,942 |
| Revenue among segments | 8,820 | -2,730 | -6,090 | 0 |
| **Revenue** | **167,914** | **999,317** | **-2,289** | **1,164,942** |
| **Profit/loss before depreciation, amortisation and impairment losses (EBITDA)** | **18,829** | **104,420** | **-9,753** | **113,496** |
| Depreciation, amortisation and impairment losses | -9,081 | -40,990 | -3,258 | -53,329 |
| **Profit/loss before financial items (EBIT)** | **9,748** | **63,430** | **-13,011** | **60,167** |
| Financial income and financial expenses | | | | -8,691 |
| **Profit before tax** | | | | **51,476** |
| Tax on profit for the year | | | | -11,667 |
| **Profit for the year** | | | | **39,809** |
| Additions of non-current property, plant and equipment and intangible assets | 4,704 | 85,138 | 987 | 90,829 |
| Segment assets | 95,033 | 740,784 | 70,140 | 905,957 |
| Unallocated assets | | | | 37,464 |
| | | | | **943,421** |
| Segment liabilities, non-interest bearing | 25,384 | 122,717 | 8,513 | 156,614 |
| Non-allocated liabilities | | | | 510,446 |
| | | | | **667,060** |

*) Comprises eliminations and unallocated overhead costs.

**Disclosure of significant customers**

12.5% (2013: 13.2%) of the Group's revenue is attributable to a customer in the segment  Coatings and Plastics, and 12.4% (12.2% i 2013) is attributable to a customer in the segment Plastics.

The ten largest customers account for 52.2% (2013: 51.9%) of the Group's revenue. Similarly, the 20 largest customers account for 64.9% of revenue (2013: 64.6%).

## 37. Segment information for the Group (continued)

**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 financial expenses | | | | -15,180 |
| **Profit before tax** | | | | **50,162** |
| Tax on profit for the year | | | | -11,085 |
| **Profit for the year** | | | | **39,077** |
| Additions of non-current property, plant and equipment and intangible assets | 2,766 | 74,799 | 624 | 78,189 |
| 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.

## 37. Segment information for the Group (continued)

**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 | 2014 | 2013 |
|---|---|---|
| Denmark | 580,446 | 549,631 |
| Other European countries | 368,560 | 358,817 |
| Americas | 119,282 | 111,119 |
| Asia (incl. the Middle East) | 95,782 | 81,189 |
| Other countries | 872 | 1,297 |
| | **1,164,942** | **1,102,053** |
| Sales | 1,149,444 | 1,102,053 |
| The selling price of the year´s production relating to construction contracts | 15,498 | 0 |
| | **1,164,942** | **1,102,053** |

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 | **2014** | **2013** | **2014** | **2013** |
| Denmark | 437,987 | 409,413 | 67,908 | 57,527 |
| Sweden | 5,347 | 7 | 4,660 | 0 |
| Latvia | 664 | 0 | 226 | 0 |
| The Netherlands | 26,091 | 19,716 | 2,460 | 3,030 |
| Poland | 69,424 | 74,259 | 14,645 | 15,123 |
| North America | 17,712 | 15,805 | 1,087 | 2,383 |
| China | 9,810 | 11,495 | 553 | 79 |
| Brazil | 3,564 | 4,400 | 12 | 48 |
| | **570,599** | **535,095** | **91,551** | **78,190** |

## 38. Shareholder information

At the beginning of March 2015, 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 (21.1%)

Frank Gad (including related parties), Frederiksberg (16.9%)

## 39. Acquisition of subsidiary in 2014

On 24 February 2014, the Group acquired 80% of the shares in Bröderna Bourghardt AB in Sweden which is a leading manufacturer of Telene, and a minor production of components in PUR. 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.

The acquired enterprise is included in revenue at DKK 25,721 thousand and minor positive results for the period since the acquisition on 24 February 2014.

Total revenue for 2014 in the acquired enterprise amounts to DKK 30,38 thousand, and minor positive results have been realised for 2014.

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

| | |
|---|---|
| Property, plant and equipment | 5,390 |
| Customer files | 1,000 |
| Inventories | 1,875 |
| Receivables | 3,788 |
| Deferred tax | 1,699 |
| Cash | 345 |
| Bank debt | -3,357 |
| Trade payables | -2,417 |
| Other payables | -886 |
| **Net activities acquired** | **7,437** |
| Portion relating to non-controlling interests | -744 |
| Goodwill | 3,170 |
| **Cash consideration** | **9,863** |

| | |
|---|---|
| Cash consideration | 5,901 |
| Contingent consideration | 3,170 |
| Liability related to the put option | 792 |
| **Cash consideration** | **9,863** |

The consideration amounts to DKK 9,863 thousand, of which DKK 5,901 thousand has been paid in cash. In addition, there is a contingent consideration of DKK 3,170 thousand and an expected purchase price of the call/put option of DKK 792 thousand. The put option has been recognised as a liability in 2014 as it is expected to be exercised.

The contingent consideration of DKK 3,170 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 undiscounted amount is DKK 3,372 thousand.

The Group expects to exercise the option to acquire an additional 10% of the shares in 2016, and as a result, the Company will be 90%-owned afte the exercise of the call option.

The costs of purchase amounted to DKK 0.4 million, which has been expensed in 2014.

The acquired assets include trade receivables at a fair value of DKK 3,788 thousand. This corresponds to the contractual gross receivable at the date of the acquisition which was received after a short credit period.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in connection with the acquisition is calculated at DKK 3,170 thousand. Goodwill represents the expected value of synergies from the combination with SP Group. Goodwill is not amortisable for tax purposes.

## 40. Acquisition of activity and subsidiary in 2015

On 1 January 2015, the Group has acquired the activity in Scanvakuum ApS, which is a manufacturer of thermo-formed plastic components.

On 13 March 2015, the Group has acquired all the shares in Sander Tech ApS, which is a manufacturer of injection-moulded plastic components.

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

| | |
|---|---|
| Property, plant and equipment | 1,580 |
| Customer files | 1,600 |
| Inventories | 415 |
| Trade receivables | 1,731 |
| Other receivables | 149 |
| Deferred tax assets | 20 |
| Prepayments | 199 |
| Cash | 4 |
| Bank debt | -1,715 |
| Trade payables | -833 |
| Deferred tas liabilities | -308 |
| Other payables | -616 |
| **Net assets acquired** | **2,226** |
| Goodwill | 1,874 |
| **Cash consideration** | **4,100** |

For the financial year 2014, revenue from the acquired activity and the acquired enterprise amounted to a total of DKK 16 million, and total EBITDA amounted to approx. DKK 2 million.

The expected costs of purchase amounted to DKK 0.3 million, which will be expensed in 2015.

## 41. Events after the balance sheet date

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.

## 42. Group companies

| | | | Nom. share capital ('000) | Ownership interest |
|---|---|---|---|---|
| **SP Group A/S** | **Denmark** | **DKK** | **20,240** | |
| SP Moulding | 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 | 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. | The 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. | The 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, Ltd. | Latvia | EUR | 3 | 100% |

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

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