

Interim report – First half-year of 2008

Summary: Although it had been expected that SP Group would record a profit decline relative to the year-earlier period, the decline proved to be more pronounced than anticipated. SP Group generated loss before tax and minorities of DKK 2.0m in the first half-year of 2008. Given the weaker economic growth combined with increased energy, raw materials, payroll and capital procurement costs, achieving the previous full-year profit guidance no longer seems realistic. SP Group still projects a profit for the year. Revenue is expected to be in line with or slightly higher than last year.

The Supervisory Board of SP Group A/S has today considered and approved the interim report for the six months ended 30 June 2008. Highlights of the interim report:

- Revenue was up by 0.5% to DKK 452m. Organic revenue growth was negative.
- EBITDA was DKK 33.6m compared with DKK 45.3m in H1 2007.
- EBIT was DKK 13.1m, down from DKK 26.4m in H1 2007.
- The Injection Moulding business area (including SP Medical) performed better than expected, recording an EBIT improvement of almost DKK 1m to DKK 7.6m on the back of a slight revenue improvement.
- Conversely, the Acccoat coating business and the Polyurethane business area posted revenue and earnings that were somewhat below expectations.
- The Vacuum business area recorded a revenue improvement as a result of the acquisition of DK1 Form. Earnings picked up in the second quarter, but integration costs prevented an improvement in H1 earnings.
- SP Group generated revenue improvements in major focus areas in the first half-year: international revenue, revenue from SP's in-house brand products and sales to the medical devices industry.
- There was a cash inflow from operating activities in the first half-year. Funds were used to acquire DK1 Form, a 10% stake in TPI Polytechnik, two large machines previously held under operating leases and new production equipment.
- Given the weaker economic growth combined with increased energy, raw materials, payroll and capital procurement costs, achieving the previous full-year profit guidance no longer seems realistic, because of the above-normal uncertainty prevailing as a result of the financial crisis, the exchange rate situation, the high raw materials prices and the economic downturn in certain markets. Accordingly, SP Group now expects revenue growth of 0%-7% instead of the previous guidance of 3%-7%. The profit before tax and minority interests is expected to be in the DKK 0-30m range instead of the previous forecast of around DKK 30m.

Niels K. Agner
Chairman

Frank Gad
Chief Executive Officer

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Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and approved the interim report of SP Group A/S for the six months ended 30 June 2008.

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate to the effect that the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2008 and of the results of the Group's operations and cash flow for the six months ended 30 June 2008.

In our opinion, the management's report gives a true and fair view of developments in the activities and financial position of the Group, the results for the period and of the Group's financial position in general and gives a fair description of significant risk and uncertainty factors that may affect the Group. The interim report is unaudited.

Søndersø, 20 August 2008

Executive Board

Frank Gad
Chief Executive Officer

Jørgen Hønnerup Nielsen
Chief Financial Officer

Supervisory Board

Niels K. Agner
Chairman

Erik P. Holm
Deputy Chairman

Erik Christensen

Hans W. Schur

Poul H. Jørgensen
Employee representative

Karen Marie Schmidt
Employee representative



FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q2 2008	Q2 2007	H1 2008	H1 2007	FY 2007
Income statement					
Revenue	224,572	228,904	452,098	454,134	869,687
Earnings before depreciation/amortisation and impairment losses (EBITDA)	16,280	21,493	33,622	45,280	72,914
Depreciation/amortisation and impairment losses	-10,028	-9,715	-20,571	-18,831	-38,348
Earnings before interest and tax (EBIT)	6,252	11,778	13,051	26,449	34,566
Net financials	-3,061	-2,387	-15,072	-5,745	-13,365
Profit before tax and minority interests	3,191	9,391	-2,021	20,704	21,201
Profit/loss for the period	2,393	9,417	-1,516	17,562	15,904
Share attributable to SP Group A/S	1,649	8,569	-2,541	15,727	12,577
Earnings per share (DKK)			-1.27	7.92	6.33
Diluted earnings per share (DKK)			-1.27	7.78	6.24
Balance sheet					
Non-current assets			420,194	388,020	383,064
Total assets			746,038	702,576	668,251
Equity			167,579	170,166	167,040
Equity including minority interests			177,477	182,418	178,949
Investments in property, plant and equipment (excluding acquisitions)	944	16,619	21,361	23,466	48,893
Net interest-bearing debt (NIBD)					
			376,467	332,558	333,330
Cash flows					
Cash flows from:					
- operating activities	25,046	15,506	19,227	31,868	53,623
- investing activities	-781	-15,451	-47,164	-27,939	-52,198
- financing activities	-2,336	16,360	-8,537	-4,838	9,662
Change in cash and cash equivalents	21,929	16,415	-36,474	-909	11,087
Average number of employees			1,035	946	954
Key ratios					
EBITDA margin (%)	7.2	9.4	7.4	10.0	8.4
EBIT margin (%)	2.8	5.1	2.9	5.8	4.0
Profit before tax and minority interests as a percentage of revenue	1.4	4.1	-0.4	4.6	2.4
Equity ratio including minority interests (%)			23.8	26.0	26.8
Market price, end of period (DKK per share)			127	220	175
Net asset value per share, end of period (DKK)			83	85	84
Market price/net asset value, end of period			1.53	2.59	2.10
Number of shares, end of period			2,024,000	2,000,000	2,000,000

Accounting policies: The Group's interim report for the six months ended 30 June 2008 has been prepared in accordance with IAS 34 Interim Financial Reporting and additional Danish disclosure requirements for interim reports. The application of IAS 34 means that the presentation is limited relative to the presentation of a full annual report and that the valuation principles are in accordance with the International Financial Reporting Standards (IFRS). The accounting policies are unchanged from the policies applied in the Annual Report for 2007. The financial ratios have been calculated on the basis of "Recommendations & Financial Ratios 2005", issued by the Danish Society of Financial Analysts.



H1 PERFORMANCE REVIEW

In the first six months of the year, SP Group continued to intensify marketing efforts towards both existing and potential customers, aiming to reduce the effects of slowing growth rates in a number of markets. The Group achieved a steady inflow of new customers and is taking an active approach to develop and market a number of new solutions to the energy, medical devices and other industries which the company believes to have a growth potential.

The global economic developments had a negative impact on some of the Group's businesses during the first half-year.

Rising electricity, oil and raw materials prices as well as rising interest rates had a negative impact on earnings. The SP Group continues the efforts to optimise the business by making production more efficient, aligning capacity and through tight cost management.

With effect from 1 January 2008, SP Group increased its ownership interest in TPI Polytechnik from 70% to 80%.

Gibo Plast took over DKI Form effective 2 January 2008 and is in the process of integrating the two companies. The integration process is progressing to plan.

With effect from 1 April, SP Group sold the property in Sønderborg which became vacant when SP Moulding relocated its injection moulding activities at year-end 2007. In addition, Accoat sold a property in Helsingør effective 1 May which became vacant when the guidewire production was relocated to Poland in 2007. The properties were sold at a total price of just over DKK 14m, which covers the book values, sales costs and vacancy costs until the take-over date.

As previously announced, the production of license plates ceased at the end of February. SP Group has submitted a tender bid for the future production of license plates. The Complaints Board for Public Procurement has decided in favour of SP Group, ordering SKAT, the Danish tax authorities, to rescind the contract SKAT previously entered into with a German license plate manufacturer. SKAT has not complied with the Complaints Board's decision, and as a result the case is pending before the courts.

FINANCIAL PERFORMANCE REVIEW

H1 revenue amounted to DKK 452m, against DKK 454m for the year-earlier period, equal to a drop of 0.5%. When adjusted for the acquisition and

divestment of enterprises, revenue declined by about 8%.

Sales to the medical devices industry, which is a key focus area for SP Group, increased by 6.6% relative to the corresponding period of last year to DKK 93.4m, corresponding to one-fifth of the consolidated revenue. Another focus area is the sale of products under own brands from Ergomat (ergonomic workplace equipment), SP Medical (guidewires) and TPI (ventilation equipment), and sales in this field rose by about 2.2% to DKK 70.1m. The growth rate in the second quarter was 9.8%. The improvement was driven by Ergomat's higher sales of ergonomic mats and SP Medical's increased sales of guidewires. TPI reported a fall in sales of stable ventilation equipment.

The Group continues to become more and more international and now generates 43.4% of revenue from outside Denmark as against 41.9% in the same period of last year. International sales rose by 3.2%. The Group's Danish customers export a large part of the products they buy from SP Group as a part of their own products.

SP Group had expected to experience a slowdown in the first half-year relative to the extremely strong performance of the year-earlier period. However, the slowdown proved to be more pronounced than anticipated. The weak growth combined with rising costs relating to electricity, raw materials and wages thus reduced the consolidated EBITDA performance to DKK 33.6m, equal to an EBITDA margin of 7.4%.

Earnings before interest and tax (EBIT) came to DKK 13.1m, down from DKK 26.4m for the same period of last year.

The decline was due to higher costs, a poorer product mix and poorer capacity utilisation in some of the businesses.

The EBIT margin was 2.9%.

Net financials amounted to a DKK 15m expense against an expense of DKK 5.7m in H1 2007. The increase was partly attributable to increased interest-bearing debt, partly to the above-mentioned unrealised exchange loss of DKK 3.5m on a CHF loan and to the higher level of interest rates.

The loss before tax and minority interests amounted to DKK 2.0m as against a profit of DKK 20.7m for the corresponding period of last year.

Total assets increased from DKK 703m last year to DKK 746m due to the acquisition of DKI Form and the purchase of two machines previously held under operating leases.



Net interest-bearing debt rose from DKK 333m to DKK 376m as a result of the acquisition of DK1 Form, an additional 10% of TPI and two machines previously held under operating leases. We remain strongly focused on reducing the interest-bearing debt from the current level by increasing the cash flow from operating activities and selling an additional two properties.

Cash flows

Cash flows from operating activities were DKK 19.2m.

In the first half-year, investments and acquisitions amounted to DKK 47.2m, the vast majority of which related to the previously mentioned company acquisitions and purchases of machines previously held under operating leases. Two properties were sold at prices totalling DKK 14.0m.

DKK 11.0m was applied to repay long-term debt and equity was increased by DKK 2.5m through a warrant programme.

Accordingly, the net change in cash and cash equivalents in the first half-year was an outflow of 36.5m.

Equity

Changes in equity since 1 January 2008:

DKKm	Equity attributable to parent company shareholders		Equity including minority interests	
	2008	2007	2008	2007
Equity at beginning of period (after tax)	167,040	154,220	178,949	167,075
Share issue	2,400	0	2,400	0
Share premium account	84	0	84	0
Acquisition of company	0	0	0	0
Change in ownership, minority interests	0	0	-2,729	-2,159
Recognition of share-based payment	882	476	882	476
Exchange rate adjustments	-286	-257	-593	-536
Profit/loss for the period (after tax)	-2,541	15,727	-1,516	17,562
Equity at end of period (after tax)	167,579	170,166	177,477	182,418

In the first half-year, the company's share capital increased by DKK 2.4m at a price of 103.49 per share. The capital increase was implemented with effect from 8 April by CEO Frank Gad exercising warrants to subscribe 24,000 new shares. As a result, SP Group's share capital now amounts to DKK 202.4m.

OUTLOOK FOR THE REST OF 2008

After a disappointing first half-year, achieving the previous full-year profit guidance no longer seems realistic, because of the above-normal uncertainty prevailing as a result of the financial crisis, the exchange rate situation, the high raw materials prices and the economic downturn in certain markets.

Due to the very strong performance by a number of the Group's businesses in the first half-year of 2007, and a second half-year 2007 characterised by closures and transfers, we expect a fair-sized improvement in the financial results for the second half of 2008 relative to the year-earlier period.

Accordingly, SP Group now expects revenue growth of 0%-7% instead of the previous guidance of 3%-7%. The profit before tax and minority interests is expected to be in the DKK 0-30m range instead of the previous forecast of around DKK 30m.

The revised forecast is based on the SP Group's current operations and market conditions. Changes in business activities, raw materials and energy prices, exchange rates and general economic trends may have an impact on expectations.

Forward looking statements

This interim report contains forward-looking statements reflecting management's current perception of future trends and financial performance. Statements relating to 2008 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange and economic conditions.

This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

**HIGHLIGHTS BY SEGMENT:****INJECTION MOULDING****(SP Moulding and SP Medical)**

DKK '000	Q2		H1	
	2008	2007	2008	2007
Revenue	117,706	136,207	256,301	272,965
EBITDA	5,464	7,819	19,502	17,567
EBIT	-515	1,992	7,600	6,214
Average no. of employees	-	-	636	593

H1 highlights

Q2 revenue fell by DKK 18.5m. Exports by a number of customers to markets outside Europe have been hard hit by the weak US dollar and this has an adverse effect on sales. There is a continued strong inflow of new medical devices customers as well as new customers in other industries. The two Polish factories and the Chinese factory continue their strong performances, and all three of them are now generating positive earnings and producing more jobs.

The H1 revenue fell by DKK 16.6m. As expected, the production of license plates ceased at the end of February.

The Q2 EBIT fell by DKK 2.5m due to weaker business activity and rising energy, transport and payroll costs.

The H1 EBIT improved by DKK 1.4m.

Another clean room at the factory in Karise, Denmark and a white room at the factory in Poland were established in the first half-year. These production units will be run in during the second half-year. The company will also invest in additional robots and various energy-efficient equipment.

The guidewire sales performance is progressing as planned, and SP Medical is working to scale up marketing efforts in a number of markets, including the USA, which is the world's largest market for guidewires. Guidewire sales rose by 20% in the first half-year.

The full-year forecast remains unchanged: a drop in revenue relative to 2007 is expected due to the ceasing of license plate production and to another major customer having reorganised its global supply chain. The decline is expected to be partly offset by sales to other customers and new customers. Earnings are expected to improve, but not to a satisfactory level.

POLYURETHANE**(Tinby, Ergomat, TPI Polytechnik)**

DKK '000	Q2		H1	
	2008	2007	2008	2007
Revenue	42,079	43,606	77,703	82,357
EBITDA	7,913	10,320	12,131	19,003
EBIT	6,182	8,574	8,529	15,638
Average no. of employees	-	-	193	216

H1 highlights

The Q2 revenue declined by DKK 1.5m as a result of weaker sales of stable ventilation equipment from TPI Polytechnik. In spite of the weak US dollar, Ergomat managed to win substantial orders for ergonomic mats in the USA and Canada from one of the world's largest car factories. The order will ship later this year. Ergomat sales to Europe are performing reasonably despite difficult market conditions.

Tinby has signed a multi-year agreement with a major wind turbine manufacturer for the supply of PUR components globally from the factories in Poland and Denmark.

The H1 revenue fell by DKK 4.7m.

The Q2 EBIT fell by DKK 2.4m due to the lower business activity, the poorer product mix and the higher costs resulting in part from the strong appreciation of the Polish zloty. The H1 EBIT dropped by DKK 7.1m.

The 2008 full-year revenue is expected to be in line with the 2007 figure. TPI's sales are impacted by the very low meat prices and high feed prices affecting the agricultural end-customers.

**VACUUM FORMING** (Gibo Plast)

DKK '000	Q2		H1	
	2008	2007	2008	2007
Revenue	38,140	20,296	70,587	42,677
EBITDA	1,920	-140	1,647	958
EBIT	725	-830	-777	-392
Average no. of employees	-	-	130	66

H1 highlights

The Q2 revenue improved by DKK 17.2m to DKK 38.1m.

The H1 revenue rose by DKK 27.9m, mainly as a result of the acquisition of DK1 Form at the beginning of the year. The company sells a large part of its production to customers in the automotive industry (cars, buses, lorries, contractors' equipment and agricultural vehicles).

Effective 1 January 2008, the Group acquired the entire share capital of DK1 Form A/S at a cost price of DKK 20.4m.

The integration of DK1 Form is progressing according to plan. A joint IT platform will be implemented during the autumn months, and the company continues to apply 'lean' principles in the efforts to optimise the interaction between the two production units at Skjern and Spentrup in Denmark and to improve capacity utilisation. In this connection, the facility at Skjern has been approved for production of large plastics components for Volvo and Toyota. In addition, we have purchased a large vacuum machine and a CNC machine for the production of skylights windows and dome skylights.

The Q2 EBIT improved by DKK 1.5m to DKK 0.7m. The H1 EBIT fell by DKK 0.4m due to recognised integration costs related to DK1 Form.

We retain our full-year forecast of higher revenue and improved earnings as compared with 2007.

In August, Gibo Plast put the property at Spentrup up for sale, which it took over when acquiring DK1 Form. Going forward, Gibo plans to rent its premises as it already does at Skjern.

Out of the Group's H1 profit, an expense of DKK 0.8m, excluding integration costs, is attributable to DK1 Form A/S.

COATINGS

(Accoat)

DKK '000	Q2		H1	
	2008	2007	2008	2007
Revenue	29,063	30,621	52,323	64,677
EBITDA	3,902	6,528	6,166	15,545
EBIT	3,270	5,414	4,295	13,457
Average no. of employees	-	-	68	64

H1 highlights

The Q2 revenue fell by DKK 1.5m relative to the year-earlier period. The H1 revenue was DKK 12.3m short of the figure for H1 2007 which was an extraordinarily busy period.

A couple of projects were postponed by the customers, causing H1 revenue to fall short of projections.

Accoat has stepped up its marketing efforts towards customers in the oil and gas industry in the USA, Russia and Norway, winning new jobs for future delivery. In the second half-year, for example, the company will supply drill pipe coatings to an international oil company.

A number of customers in the medical devices and chemical industries are increasingly demanding Accoat's services for friction reduction and corrosion protection.

In the first half-year, Accoat acquired a large blast cleaner that will increase capacity and improve efficiency in the pre-treatment of large steel pieces. The company will increase its oven capacity and acquire a phosphatising plant that will be used for coating jobs for customers in the oil and gas industry.

Accoat was affected by a small fire which fortunately did not cause personal injury. It did, however, result in the loss of a week's production output, extraordinary costs and quite a bit of equipment damage. None of the customers were affected by the fire.

The Q2 EBIT fell by DKK 2.1m. The H1 EBIT fell by DKK 9.2m to DKK 4.3m as a result of a change in the product mix and lower business activity.

Business activity is expected to pick up and earnings to improve in the second half-year. The



2008 full-year revenue and EBIT is expected to be in line with the 2007 figure.

About SP Group

SP Group manufactures moulded plastic components as well as coatings.

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries in Denmark and has increasing exports and growing production from own factories in China and Poland. SP Group has subsidiaries in Denmark, Sweden, Germany, the Netherlands, Poland, the USA, Canada and China. SP Group is listed on the OMX Nordic Exchange and had some 1,000 employees at 30 June 2008.

SP Group's four business areas have the following activities:

- *Injection Moulding*
- *Polyurethane*
- *Vacuum Forming*
- *Coatings*

