

# **LM Wind Power A/S**

**Jupitervej 6**

**6000 Kolding**

**CVR no. 76 49 05 11**

**Annual report for 2015**

Adopted at the annual general meeting on 21 April 2016

---

Peder Toft Nielsen  
Chairman

## Contents

	<b>Page</b>
<b>Management's Statement and Auditors' Report</b>	
Statement by management on the annual report	1
Independent auditor's report	2
<b>Management's Review</b>	
Company details	4
Financial highlights	5
Management's review	6
<b>Financial Statements</b>	
Accounting policies	9
Income statement 1 January - 31 December	16
Balance sheet at 31 December	17
Notes to the annual report	20

## **Statement by management on the annual report**

Today, the board of directors and the executive board have discussed and approved the annual report of LM Wind Power A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Kolding, 31 March 2016

### **Executive Board**

Marc de Jong

Nick Smith

### **Supervisory Board**

Søren Høffer  
chairman

Marc de Jong

Nick Smith

Thomas Lindharth  
staff representative

Niels Hansen  
staff representative

## **Independent auditor's report**

*To the Shareholder of LM Wind Power A/S*

### **Report on the financial statements**

We have audited the financial statements of LM Wind Power A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent auditor's report**

### **Statement on management's review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Vejle, 31 March 2016

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no.33 77 12 31

Jens Otto Damgaard  
State Authorized Public Accountant

Per Jansen  
State Authorized Public Accountant

## Company details

### The company

LM Wind Power A/S  
Jupitervej 6  
6000 Kolding

Tel: 79840000  
Fax: 79840001  
Website: [www.lmwindpower.com](http://www.lmwindpower.com)

CVR no.: 76 49 05 11  
Financial year: 1 January - 31 December  
Domicile: Kolding

### Supervisory Board

Søren Høffer, chairman  
Marc de Jong,  
Nick Smith  
Thomas Lindharth  
Niels Hansen

### Executive Board

Marc de Jong  
Nick Smith

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
7100 Vejle

### Consolidated financial statements

The company is included in the consolidated financial statements of LM Group Holding A/S

The consolidated financial statements of LM Group Holding A/S may be obtained at the following address:

Jupitervej 6  
6000 Kolding

## Financial highlights

5-year summary:

	2015	2014	2013	2012	2011
	t.kr.	t.kr.	t.kr.	t.kr.	t.kr.
<b>Key figures</b>					
Revenue	675.767	476.461	312.615	618.967	613.818
Earnings before interest, tax, depreciation and amortisation	218.726	159.160	-57.942	-91.746	-219.467
Result of net financials	270.985	121.708	51.268	156.272	250.823
Profit/loss for the year	266.320	44.891	-158.356	6.758	-40.589
Balance sheet total	2.609.218	3.460.632	3.149.012	3.183.386	3.133.425
Investment in property, plant and equipment	19.697	184.938	82.640	90.540	24.342
Equity	781.153	471.880	410.241	597.239	577.580
<b>Financial ratios</b>					
EBIT margin	17,5%	-4,0%	-50,5%	-32,3%	-56,3%
Solvency ratio	29,9%	13,6%	13,0%	18,8%	18,4%
Return on equity	42,5%	10,2%	-31,4%	1,2%	-6,8%

For definitions, see the summary of significant accounting policies.

Where the accounting policies have been changed, comparatives from 2011 onwards have been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

## **Management's review**

### **Principal activities**

LM Wind Power is the world's leading supplier of components for the wind turbine industry, with its main activity as the development, production and sale blades to wind turbine industry.

### **Post balance sheet events**

No events have occurred after the end of the financial year of material importance to the company's financial position.

### **Income statement**

LM Wind Power A/S comprised a revenue of TDKK 675,767 in 2015, an increase of 42% compared to 2014.

Profit/loss for the year was a profit of TDKK 266,320 compared to a profit of TDKK 44,891 in 2014. The result for 2015 was positively affected by increased turnover.

The result is in line with what the management's expectations for the company was at the beginning of the year.

The management expects that the activity levels for the company will remain the same for the coming financial period. The management expects the result for the coming financial period will be in line with what was seen in the result for the current period.

### **Other conditions**

No consolidated accounts have been compiled, as the company is a member of another group based within the EU.

With regard to evaluation of assets and liabilities, the financial performance and year-end result do not give rise to any conditions of significance not covered in the annual report in the opinion of the management.

### **Knowledge resources**

LM Wind Power is the only global blade manufacturer. We have reached this position by focusing on research, product development and top quality customer service.

To be able to continue to do so, it is essential that the company can recruit and retain highly qualified personnel, particularly within relevant engineering disciplines.



## **Management's review**

### **Statutory report on corporate social responsibility**

#### **Policies**

LM Wind Power A/S' policies in relation to social responsibility include our environmental and working environment policies. Our environmental policy concerns environment-friendly operations, and is a natural element of the Group's targets for product quality and productivity. Our working environment policy aims to create continuous improvements for the health and safety of our employees.

A description of the LM Wind Power group's social responsibilities is contained in the annual report for LM Group Holding A/S, which also includes the Group's policy about gender diversity.

#### **Statutory report on the underrepresented gender**

At the management level, LM Wind Power A/S still has a target to further promote gender diversity in its highest governance body, the Supervisory Board. In 2015, this body consisted of the Chairman, who is a representative from our owners, Doughty Hanson, and three members who are also in the executive management team of LM Wind Power. They are all male.

The company has set a target to also have one female member of the Supervisory Board by 2017. The Board did not progress toward this target in 2015 as generally, new members of the Board are not considered unless specifically requested by our owners and that has not been the case in 2015.

The company has established a Diversity Policy which reflects how we plan to ensure a more diverse employee mix at all levels of the company. This includes having a stronger focus on diversity aspects such as gender when designing and re-designing the organizational set up, structured career reviews of all salaried employees to ensure female talents are not overlooked, the establishment of a Diversity Committee to set clear targets for diversity and oversee progress for the short and long term.

The key focus in the short term, will be addressing imbalance at the top of the organization and explore how we match the aspirations of female employees already with us as well as those joining the company. This body reports to the Global HSE & Sustainability Council.

## **Management's review**

### **Research and development activities**

The underlying factors which drive the continued need for sustainable energy, such as generally rising global demands for energy plus environmental focus, are still present, and wind energy will remain an important element of efforts to deliver clean, competitive energy. LM Wind Power will invest in improving its competence within materials, aerodynamics, process optimisation etc. to support existing and new customers.

## **Accounting policies**

The annual report of LM Wind Power A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

The annual report for 2015 is presented in Danish kroner.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that the future economic benefits will flow to the company's and the value of assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow to the company's and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Conversion of foreign currencies**

Transactions in foreign currencies during the year were converted at transaction day rate.

Accounts receivable, payable and other monetary items in foreign currencies are converted to the balance sheet date exchange rate.

Realised and non-realised currency adjustments are recognised in the income statement under financial items.

## **Accounting policies**

Where foreign subsidiaries are recognised which are independent units, the income statement is converted into Danish kroner at the average conversion rate for the period. Balance sheet items are converted to Danish kroner using the rate of exchange in effect on the balance sheet date. Exchange rate adjustments arising from the conversion of foreign company equity at the start of the year and the difference when converting the income statement from average exchange rate to that on balance sheet date, are recognised directly in the equity.

### **Consolidated financial statements**

With reference to Section 112 of the Danish Financial Statements Act, no consolidated accounts are compiled for the sub-group LM Wind Power A/S, as LM Wind Power Holding A/S compiles consolidated accounts for the entire group.

### **Income statement**

#### **Revenue**

Recognition occurs when delivery has been made according to sales contracts.

#### **Other operating income**

Other operating income comprise group fees items of a secondary nature to the core activities of the enterprise, including gains on the sale of intangible assets and property, plant and equipment.

#### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### **Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

#### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

#### **Amortisation, depreciation and impairment losses**

## **Accounting policies**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Other operating costs**

Other operating costs include items of a special size or character relative to the company's earnings-generating operations, such as structuring of processes and basic structural changes, gains and losses in connection with the sale of activities. These items are presented separately to facilitate comparison in the income statement, including the provision of a better picture of the operating profit or loss.

### **Result from shares in subsidiaries**

The income statement includes the proportionate share of the result of individual subsidiaries after full elimination of internal profit/loss and deductions of amortisation and impairment of goodwill.

### **Result from shares in joint venture**

The income statement includes the proportional share of the result of individual joint ventures after proportional elimination of internal profit/loss and deduction of amortisation and impairment of goodwill.

## **Taxation**

Corporation tax charged to the income statement concerns the profit/loss for the period. The element which can be attributed to projected tax on taxable earnings for the period, less tax paid on account, is recognised on the balance sheet under tax liabilities/receivables, whilst that element which can be attributed to deferred tax is recognised at the relevant tax rate under deferred tax. If deferred tax is a positive amount, it is recognised on the balance sheet as a deferred tax asset, providing it is likely that the asset can be utilised in the foreseeable future.

Deferred tax is recognised as the difference between accounting and tax values of assets and liabilities.

Deferred tax is measured using the balance sheet liability method on all temporary differences between accounting and tax values of assets, with the exception of deferred tax on temporary differences concerning goodwill, which cannot be deducted from taxable income. The tax value of tax losses and negative deferred tax are recognised as assets when it is probable that they will reduce future tax payments within the near future.

Tax which can be attributed to equity transactions is recognised directly under equity.

LM Wind Power A/S is taxed jointly with Danish companies which are members of the LM

## **Accounting policies**

Wind Power Holding A/S group. The tax effect of joint taxation is distributed between profitable and loss-making Danish companies in relation to their taxable incomes (full distribution with refund concerning tax-related loss).

### **Balance sheet**

#### **Intangible assets**

Intangible assets are measured at cost price less accumulated amortisation and impairment or recoverable amount where lower.

The impairment period for goodwill is determined by the management for the period in which the company has the benefit of goodwill acquired. Goodwill is impaired using the straight-line method over 20 years.

Development costs are measured at costs which include wages and other costs directly or indirectly attributed to development activities. Clearly defined and identifiable development projects in which the degree of technical utilization rate, sufficient resources and a potential market or potential use can be demonstrated, and when there is an intention to produce, sell or use the project, are recognised as intangible assets, providing the cost price can be reliably established, and if there is sufficient certainty that present value of future earnings can cover production, sales and administration costs, plus development costs.

Recognised development costs are amortized on a straight line basis after completion of the development work over the expected economic life from the time the asset is ready for use. The amortisation period is 6 years.

#### **Property, plant and equipment**

Property, plant and equipment are measured at cost price less accumulated amortisations and impairments.

Public subsidies for the financing of capital expenditure are not offset in the acquisition price of the asset, but are recognised on the balance sheet as a prepayment, and recognised over service life for the assets they can be referred to.

Depreciation on property, plant and equipment are made using the straight-line method over the expected life of the asset, which is determined as follows based on individual assessment:

## Accounting policies

Buildings	25 years
Leasehold improvements	over the lease period, max 5 years
Extraction systems	25 years
Moulds	over the expected service life 2 - 4 years
Other assets	0 - 10 years

The cost price of moulds produced for the company's own use includes direct and indirect costs for materials, components, wages and subcontractors.

Leasing contracts in which the company bears all significant risks and rewards of ownership (financial leasing) are initially recognised in the balance sheet at the lower of fair value or present value of future minimum lease payments. When calculating present value, the internal interest rate for the leasing agreement is used as discount factor or an approximate value for the same. Financially-leased assets are recognised thereafter in the same way as the company's other fixed property, plant and equipment.

All other leasing contracts are recognised as operational leasing. Payments for operational leasing are recognised using the straight-line method in the income statement over the term of the lease.

### Impairment of assets

The book value of intangible and property, plant and equipment assets is evaluated annually to determine if there is any indication of impairment. If there is, assets recovery value is calculated.

Impairment of intangible and property, plant and equipment is charged in the income statement under the same entry as the related amortisations/depreciation.

### Investments

Investments in shares in subsidiaries and joint ventures are measured by using equity method less internal gains, plus goodwill. The goodwill is calculated when acquiring subsidiaries and joint ventures as the difference between the acquisition price and share in the equity method at the time of acquisition, calculated according to the accounting policies of the parent company. The balance amount is amortised using the straight-line method over 20 years.

Subsidiaries and joint ventures with negative equity value in the accounts are recognised at DKK 0. If the parent company has a legal or factual obligation to cover the company's deficit, a liability for this purpose is recognised to the extent the deficit does not exceed the parent company's re-

## **Accounting policies**

ceivables in the subsidiary and joint venture.

The share of the profit or loss from subsidiaries and joint ventures is recognised in a separate line in the income statement. Net revaluation of Investment of shares in subsidiaries and joint ventures is recognised under reserve according to the equity method under equity.

Other financial assets are valued at fair value.

### **Inventories**

Inventories are measured according to the FIFO method at cost price after the addition of indirect production costs, or at net realisation price if lower. Indirect production costs include indirect materials and wages, impairment and maintenance of production plant plus operation and costs for administration and management.

The cost price of goods for resale, raw materials and consumables covers all direct costs related to the purchase, including transport costs.

### **Receivables**

Receivables are measured at amortised cost price. Impairment is performed to account for the risk of loss based on individual assessment.

### **Provisions**

Warranty commitments covers obligations to repair blades delivered during their guarantee period. A general provision is made based on actual warranty costs and expected future costs. In addition, individual provisions are made to cover retrofit costs. No discounting of provisions is made for future warranty costs.

Costs for restructuring are recognised as liabilities when a detailed, formal plan for the restructuring is published no later than the balance sheet date for the notification of the people affected by the plan.

### **Derived financial instruments**

Interest rate swap, forward exchange contracts and other derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Negative fair values from derivative financial instruments are recognised under liabilities and positive fair values are recognised under assets.

Changes in fair value of interest swaps and other derived financial instruments included to secure future interest payments and acquisition and sales transactions are recognised directly in the equity. Earnings and costs concerning such hedging transactions are transferred from equity upon rea-



## Accounting policies

lisation of the item hedged and recognised in the same accounts entry as the item.

For derived financial instruments which do not fulfil the conditions for hedged instruments, the changes in fair value are recognised periodically into the income statement under financial items.

### Borrowing and loans

Liability to credit institutes is recognised at the date of borrowing as the net proceeds received less transaction costs paid. In subsequent periods, the liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

The capitalised remaining leasing obligation on financial leasing contracts is also recognised in financial liabilities.

Other liabilities are measured at amortised cost price, which usually corresponds to nominal value.

### Deferred income

Prepayments recognised under assets include costs paid related to the subsequent financial year. These typically comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred income recognised under liabilities covers payments received concerning income in subsequent years.

### Cash flow statement

With reference to section 86, subsection 4 of the Danish Financial Statements Act, no cash flow statement is compiled for LM Wind Power A/S, as LM Wind Power Holding A/S compiles a cash flow statement for the group.

### Financial highlights

Definitions of financial ratios:

EBIT margin	$\text{Profit/loss before financials} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$

## Income statement 1 January - 31 December

	Note	2015 DKK	2014 DKK
<b>Revenue</b>	1	<b>675.767.317</b>	<b>476.461.491</b>
Work performed by the enterprise and capitalised		502.523	-10.397.445
Other operating income		54.335.491	44.169.054
Raw materials and consumables		-52.178.451	-37.566.661
Other external expenses		-254.009.588	-126.643.722
<b>Gross profit</b>		<b>424.417.292</b>	<b>346.022.717</b>
Staff costs	2	-205.691.128	-186.863.074
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>218.726.164</b>	<b>159.159.643</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-93.673.752	-173.691.739
Other operating costs	4	-6.660.941	-4.456.271
<b>Profit/loss before financial income and expenses</b>		<b>118.391.471</b>	<b>-18.988.367</b>
Income from investments in subsidiaries		291.948.921	95.694.749
Share of result from equity accounted investments	11	-117.225.123	-61.548.000
Financial income	5	293.485.514	291.697.074
Financial costs	6	-197.223.901	-204.136.182
<b>Profit/loss before tax</b>		<b>389.376.882</b>	<b>102.719.274</b>
Tax on profit/loss for the year	7	-123.056.411	-57.828.264
<b>Net profit/loss for the year</b>		<b>266.320.471</b>	<b>44.891.010</b>
Reserve for net revaluation under the equity method		0	-102.050.890
Transfer for the year to other reserves		253.217.220	0
Retained earnings		13.103.251	146.941.900
		<b>266.320.471</b>	<b>44.891.010</b>

## Balance sheet at 31 December

	Note	2015 DKK	2014 DKK
<b>Assets</b>			
Goodwill		46.251.505	54.790.245
Completed development projects		200.749.469	151.528.000
Development projects in progress		31.171.333	32.970.000
<b>Intangible assets</b>	8	<b>278.172.307</b>	<b>239.288.245</b>
Land and buildings		339.285	381.653
Leasehold improvements		12.221.793	23.749.000
Plant and machinery		21.270.568	37.472.562
Other plans, operating equipment, fixtures and equipment		5.441.213	10.399.000
Property, plant and equipment under construction		71.826.977	56.552.000
<b>Tangible assets</b>	9	<b>111.099.836</b>	<b>128.554.215</b>
Investments in subsidiaries	10	1.497.941.118	1.037.633.357
Investments in joint ventures	11	0	0
Other securities		91.377	65.977
<b>Investments in subsidiaries</b>		<b>1.498.032.495</b>	<b>1.037.699.334</b>
<b>Fixed assets total</b>		<b>1.887.304.638</b>	<b>1.405.541.794</b>
Raw materials and consumables		4.226.051	10.380.607
Work in progress		5.716.815	5.897.292
Finished goods		780.270	88.196
<b>Stocks</b>		<b>10.723.136</b>	<b>16.366.095</b>

## Balance sheet at 31 December (Continued)

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
<b>Assets</b>			
Trade receivables		22.309.172	78.258.710
Receivables from group entities		591.531.454	1.810.080.647
Other receivables		20.120.605	29.603.971
Accrued expenses		8.175.779	9.095.032
Deferred tax asset	13	69.053.319	92.978.528
Corporation tax		0	18.707.118
<b>Receivables</b>		<b><u>711.190.329</u></b>	<b><u>2.038.724.006</u></b>
<b>Current assets total</b>		<b><u>721.913.465</u></b>	<b><u>2.055.090.101</u></b>
<b>Assets total</b>		<b><u>2.609.218.103</u></b>	<b><u>3.460.631.895</u></b>

## Balance sheet at 31 December

	Note	2015 DKK	2014 DKK
<b>Liabilities and equity</b>			
Share capital		10.000.000	10.000.000
Reserve for net revaluation under the equity method		253.217.220	0
Retained earnings		<u>517.936.125</u>	<u>461.879.763</u>
<b>Equity total</b>	12	<b><u>781.153.345</u></b>	<b><u>471.879.763</u></b>
Provisions	14	<u>115.358.782</u>	<u>98.575.743</u>
<b>Provisions total</b>		<b><u>115.358.782</u></b>	<b><u>98.575.743</u></b>
Payables to subsidiaries		<u>856.714.133</u>	<u>821.966.434</u>
<b>Long-term debt</b>	15	<b><u>856.714.133</u></b>	<b><u>821.966.434</u></b>
Loans and borrowings		121.761.430	7.394.414
Prepayments received from customers		203.953.099	251.853.949
Trade payables		80.768.386	67.954.796
Payables to subsidiaries		51.578.956	1.556.821.084
Corporation tax		41.515.136	0
Other payables		65.511.771	102.545.929
Deferred income		<u>290.903.065</u>	<u>81.639.783</u>
<b>Short-term debt</b>		<b><u>855.991.843</u></b>	<b><u>2.068.209.955</u></b>
<b>Debt total</b>		<b><u>1.712.705.976</u></b>	<b><u>2.890.176.389</u></b>
<b>Liabilities and equity total</b>		<b><u>2.609.218.103</u></b>	<b><u>3.460.631.895</u></b>
Rental agreements and lease commitments	16		
Collateral and security	17		
Fee to auditors appointed at the general meeting	18		
Related parties and ownership	19		

## Notes to the annual report

	<u>2015</u> DKK	<u>2014</u> DKK
<b>1 Revenue</b>		
Europe	161.378.630	112.878.938
Americas	252.539.389	186.000.193
Asia	<u>261.849.298</u>	<u>177.582.360</u>
<b>Revenue total</b>	<b><u><u>675.767.317</u></u></b>	<b><u><u>476.461.491</u></u></b>

The above turnover breakdown is taken from sales statistics which state the country where the invoice receiver is based. Consequently, this statistic does not take into account where blades are sent and their final erection site.

	<u>2015</u> DKK	<u>2014</u> DKK
<b>2 Staff costs</b>		
Wages and salaries	199.750.333	181.102.971
Other social security costs	<u>5.940.795</u>	<u>5.760.103</u>
	<b><u><u>205.691.128</u></u></b>	<b><u><u>186.863.074</u></u></b>

<b>Including remuneration to the Supervisory Boards</b>	<b><u><u>27.500</u></u></b>	<b><u><u>37.555</u></u></b>
---	-----------------------------	-----------------------------

Average number of employees	<u>366</u>	<u>404</u>
-----------------------------	------------	------------

## Notes to the annual report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation intangible assets	57.990.604	60.551.739
Depreciation tangible assets	<u>35.683.148</u>	<u>113.140.000</u>
	<b><u>93.673.752</u></b>	<b><u>173.691.739</u></b>
which breaks down as follows:		
Goodwill	8.538.740	8.538.739
Completed development projects	49.451.864	52.013.000
Buildings	42.368	42.000
Plant and machinery	17.138.991	97.814.000
Other fixtures and fittings, tools and equipment	6.974.582	8.782.000
Leasehold improvements	<u>11.527.207</u>	<u>6.502.000</u>
	<b><u>93.673.752</u></b>	<b><u>173.691.739</u></b>
<b>4 Other operating costs</b>		
Other expenses	<u>6.660.941</u>	<u>4.456.271</u>
	<b><u>6.660.941</u></b>	<b><u>4.456.271</u></b>
<p>This mainly relates to consultancy services provided to the - Brazil joint venture before acquisition took place.</p>		
<b>5 Financial income</b>		
Interest received from subsidiaries	145.952.879	157.400.473
Other financial income	34.138.563	352.237
Exchange adjustments	<u>113.394.072</u>	<u>133.944.364</u>
	<b><u>293.485.514</u></b>	<b><u>291.697.074</u></b>

## Notes to the annual report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
<b>6 Financial costs</b>		
Financial expenses, group entities	133.503.844	144.261.982
Other financial costs	28.110.117	17.536.615
Exchange adjustments costs	35.609.940	42.337.585
	<u><b>197.223.901</b></u>	<u><b>204.136.182</b></u>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	51.828.682	7.145.346
Deferred tax for the year	49.320.311	54.181.218
Adjustment of tax concerning previous years	4.654.550	-9.209.300
Foreign dividend tax	17.252.868	5.711.000
	<u><b>123.056.411</b></u>	<u><b>57.828.264</b></u>



## Notes to the annual report

### 8 Intangible assets

	Goodwill	Completed development projects	Development projects in progress
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cost at 1 January 2015	172.198.725	544.994.000	32.970.000
Additions for the year	0	98.673.333	0
Disposals for the year	0	-83.291	-1.798.667
Cost at 31 December 2015	<u>172.198.725</u>	<u>643.584.042</u>	<u>31.171.333</u>
Impairment losses and amortisation at 1 January 2015	117.408.480	393.466.000	0
Amortisation for the year	8.538.740	49.451.864	0
Reversal of impairment and amortisation of sold assets	0	-83.291	0
Impairment losses and amortisation at 31 December 2015	<u>125.947.220</u>	<u>442.834.573</u>	<u>0</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>46.251.505</u></b>	<b><u>200.749.469</u></b>	<b><u>31.171.333</u></b>

## Notes to the annual report

### 9 Tangible assets

	Land and bu- ildings	Leasehold improve- ments	Plant and machinery	Other plans, operating equipment, fixtures and equipment	Property, plant and equipment under con- struction
Cost at 1 January 2015	2.983.225	61.086.000	376.920.386	63.899.000	56.552.000
Additions for the year	0	0	936.997	2.016.795	16.743.122
Disposals for the year	0	0	-28.207.659	0	0
Transfers for the year	0	0	0	0	-1.468.145
Cost at 31 December 2015	<u>2.983.225</u>	<u>61.086.000</u>	<u>349.649.724</u>	<u>65.915.795</u>	<u>71.826.977</u>
Impairment losses and depreciation at 1 January 2015	2.601.572	37.337.000	339.447.824	53.500.000	0
Depreciation for the year	42.368	11.527.207	17.138.991	6.974.582	0
Reversal of impairment and deprecia- tion of sold assets	0	0	-28.207.659	0	0
Impairment losses and depreciation at 31 December 2015	<u>2.643.940</u>	<u>48.864.207</u>	<u>328.379.156</u>	<u>60.474.582</u>	<u>0</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>339.285</u></b>	<b><u>12.221.793</u></b>	<b><u>21.270.568</u></b>	<b><u>5.441.213</u></b>	<b><u>71.826.977</u></b>

## Notes to the annual report

	<u>2015</u>
	DKK
<b>10 Investments in subsidiaries</b>	
Cost at 1 January 2015	1.011.592.878
Additions for the year	197.388.840
Disposals for the year	-10.980
Transfer from joint venture	<u>35.753.160</u>
Cost at 31 December 2015	<u>1.244.723.898</u>
Value adjustments at 1 January 2015	26.040.479
Exchange adjustments	42.953.111
Transfer of shares from joint venture	-152.978.283
Net profit/loss for the year	181.520.000
Dividend to the Parent Company	-82.421.034
Other adjustments	-9.153.650
Change in intercompany profit	23.352.000
Net change in equity investments with negative net asset value amortised over receivables	<u>223.904.597</u>
Value adjustments at 31 December 2015	<u>253.217.220</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>1.497.941.118</u></b>
Goodwill invested in the above booked value. as at 31 December 2015	<u>254.277.737</u>
<b>11 Investments in joint ventures</b>	
Cost at 1 January 2015	35.753.160
Transfers from joint venture	<u>-35.753.160</u>
Cost at 31 December 2015	<u>0</u>
Value adjustments at 1 January 2015	-35.753.160
Transfer of shares from joint venture	152.978.283
Net profit/loss for the year	<u>-117.225.123</u>
Value adjustments at 31 December 2015	<u>0</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>0</u></b>

## Notes to the annual report

### 12 Equity

	Share capital	Reserve for net revalua- tion under the equity method	Retained ear- nings	Total
Equity at 1 January 2015	10.000.000	0	461.879.763	471.879.763
Exchange adjustment, foreign	0	0	42.953.111	42.953.111
Net profit/loss for the year	0	253.217.220	13.103.251	266.320.471
<b>Equity at 31 December 2015</b>	<b>10.000.000</b>	<b>253.217.220</b>	<b>517.936.125</b>	<b>781.153.345</b>

	Share capital	Reserve for net revalua- tion under the equity method	Retained ear- nings	Total
Equity pr. 1. januar 2014	10.000.000	102.050.890	298.189.863	410.240.753
Exchange adjustment, foreign	0	0	16.748.000	16.748.000
Net profit/loss for the year	0	0	146.941.900	146.941.900
Profit/loss from investments in associates	0	-102.050.890	0	-102.050.890
<b>Equity pr. 31. december 2014</b>	<b>10.000.000</b>	<b>0</b>	<b>461.879.763</b>	<b>471.879.763</b>

The share capital comprises of DKK 10,000,000 as shares of a nominal value of DKK 1,000, and multiples of the samt. The share capital is not divided into classes. No changes have occurred in the share capital during the last 5 years.

## Notes to the annual report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
<b>13 Provision for deferred tax</b>		
Intangible assets	49.091.573	15.932.446
Fixed asset	-63.950.580	-71.932.657
Inventories	157.657	164.824
Liabilities	-11.411.479	-11.411.479
Miscellaneous	-42.940.490	-25.731.662
Transferred to deferred tax asset	69.053.319	92.978.528
	<u><b>0</b></u>	<u><b>0</b></u>
<b>Deferred tax asset</b>		
Calculated tax asset	69.053.319	92.978.528
<b>Carrying amount</b>	<u><b>69.053.319</b></u>	<u><b>92.978.528</b></u>
<b>14 Other provisions</b>		
Balance at 1 January 2015	98.575.743	173.283.642
Additions in year	50.445.040	1.421.615
Used in year	-33.662.001	-76.129.514
<b>Balance at 31 December 2015</b>	<u><b>115.358.782</b></u>	<u><b>98.575.743</b></u>

A general warranty, which in the great majority of cases covers components defects, defective blades and functional errors is usually granted for two years from delivery of the product.

In addition to the general warranty provision, specific warranty provisions are made for the retrofitting of defective blades due to manufacturing errors. These specific provisions are reduced when used and increased if new specific errors occur that require specific provisions to be set up.

## Notes to the annual report

### 15 Long term debt

Repayments falling within 1 year are recognised under short-term liabilities. There are no non-currant loabilities which fall due for payment more than 5 years after the balance sheet date.

	<u>2015</u> DKK	<u>2014</u> DKK
<b>16 Rental agreements and lease commitments</b>		
<b>Rental and lease commitments</b>		
Operating lease commitments.		
Total future lease payments:		
Within 1 year	24.168.000	33.056.000
Between 1 and 5 years	44.503.000	76.174.000
After 5 years	10.066.000	26.090.000
	<u><b>78.737.000</b></u>	<u><b>135.320.000</b></u>

### 17 Collateral and security

**The following pledges and securities where given for the bank debt of the company and its parent company:**

All existing and future share cerifiates in LM Wind Power Blades Inc.	272.000.000	224.000.000
All existing and future share cerifiates in LM WP Patent Holding A/S	390.000.000	357.000.000
	<u><b>662.000.000</b></u>	<u><b>581.000.000</b></u>

## Notes to the annual report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
<b>18 Fee to auditors appointed at the general meeting</b>		
PricewaterhouseCoopers:		
Audit fee	469.000	626.600
Non-audit services	<u>1.656.000</u>	<u>3.530.875</u>
	<u><b>2.125.000</b></u>	<u><b>4.157.475</b></u>

## 19 Related parties and ownership

### Controlling interest

LM Wind Power Blades Spain S.A.

### Other related parties

Other related parties are the company's Management.

### Transactions

There have been no transactions apart from within the group which have been eliminated in the consolidated accounts for LM Wind Power Holding A/S with the Supervisory Board, Executive Board, management, shareholders, associated companies or other related parties.

### Ownership

According to the company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

LM Wind Power Blades Spain S.A.